

THE EASTERN ECONOMIST

A WEEKLY REVIEW OF INDIAN AND
INTERNATIONAL ECONOMIC AFFAIRS

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(January to March, 1944)

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Economists in Conference

THE Indian Economic Conference which met at Madras after a break last year and concluded its three days' sitting on the first January devoted itself to a discussion of some of the topics of current importance. The charge can no longer be laid against it that it has little of interest to the public at large, being mainly occupied with academic, and theoretical disquisitions in which the man of affairs cannot obviously be interested. It is true that the Conference as such comes to no conclusions; and often this is puzzling to the public and even to Government. But the advantages of adopting and publishing conclusions and recommendations, even if they could be reached, would be more than counter-balanced by the necessarily limited measure of agreement that could be reached. The differences among economists arise not so much from differences in theory as from differences in their methods of approach and sometimes in the objectives sought after. On the whole the economists are perhaps wise in not seeking to draw up a scheme of agreed recommendations on the policies to be pursued and in being content with letting the public draw their own inferences from the nature of the discussions that take place at the Conference.

The session opened with a long and pedes-

trian but very comprehensive address from its President, Dr. B. V. Narayanaswami Naidu. It was packed with facts and suggestions. Although mainly dealing with post-war reconstruction it left nothing untouched. The range of the topics dealt with can be gathered from the fact that the address surveyed agricultural, industrial and financial problems and those of health, education and other social services and also embraced all questions of India's international economic relations. Where so much has been given it is ungracious to complain. But the public would have benefited even more if the address had been a little more selective rather than all embracing. As it is, what it gained in the peripheries was lost in the centre.

Dr. Naidu emphasized that any plan of post-war reconstruction must (a) reduce the impact of sudden and drastic changes on the economic position of the people of the country and (b) ensure that the changes from war to peace economy should be as smooth as possible. He rightly dwelt on the sociological aspects of reconstruction and pointed out that "health reconstruction should take precedence over any other kind of reconstruction." On the question of what we should plan for immediately after the war Dr. Naidu was emphatic. "It is a blot on civilization

that one-fifth of the human race should live in perpetual starvation perishing for lack of food, clothes and shelter, steeped in ignorance, harassed by disease and darkening the sunshine of the world's health and prosperity by serving as a perennial reservoir of diseases and epidemics." Who will deny that the provision of a National Minimum of Subsistence is the first task of Government in the post-war period? To fulfil the objective the plan must be comprehensive. In the field of agriculture, a rapid increase of agricultural output; in the field of industry, increasing use of all resources within the country and full employment and in the field of labour, minimum wages and social insurance. Dr. Naidu's suggestion that there should be constituted a Council of Industry for the purpose of proper and sound utilization of our sterling assets which will be composed of representatives of industry, banks and the general public deserves to be accepted by the Government.

Three questions of importance were discussed at the Conference: (1) Economic Controls; (2) Regulation of Banking; and (3) Currency Expansion. On economic controls almost all speakers agreed upon the necessity of controls during war time. But the widest possible differences were noticeable in respect of the limits of control, its nature and practicability. Whatever theoretical justification may be found for blanket control of all commodities, few of the economists assembled at the Conference were willing to mark their approval on it. It was felt that in a country like India with its vast area, the extremely small size of the units of trade and industry, lack of trade organizations, the large number of very small producers, the insufficiency of the necessary administrative staff specially trained for the purpose economic controls were difficult of success. Through selective rather than through all-embracing controls can greater success be achieved. Several economists also drew particular attention to the fact that while improving the expert character of the administrative machinery would undoubtedly help in inspiring the confidence of the people, real success could not be hoped for until the controls were exercised by a Government commanding the confidence of the people, and from this point of view the political aspect of economic controls was a matter of fundamental importance. The Conference also generally expressed itself in favour of price control rather than mere profit control, for profit control without fixing the prices of various articles and factors of production would only result in Government's using industry as instrument of war finance without doing anything to relieve the consumer.

The Reserve Bank's suggestions for banking reform came in for rather strong and varied criticism at the hands of those who read papers and participated in the discussions. The fear was expressed that these regulations however well-meant were likely to hamper the banks in their main function of lending credit to trade and industry. In particular the restrictions sought to be placed in the matter of the minimum capital requirements, the ratio between subscribed and paid up capital and the percentage of the liabilities to be held in Government securities were felt to be too severe and as likely to injure the small banks which despite some lapses had been rendering useful service to the public. If a check on branch banking was required, the better way would have been to prescribe that the opening of a branch should be subject to the approval of the Reserve Bank. The small banks were often holding a larger share of its total liabilities in the form of fixed deposits and hence it was not necessary to impose such a severe restriction as that thirty per cent. of the total deposit liabilities should be held in Government securities.

Of the greatest interest was the discussion on expansion of currency. Many of the economists assembled expressed themselves strongly that from now at least not a single rupee should be added to currency nor a single pound to sterling balances. But the two ideas while having much in common were really different in their manner of approach. The former looked at it from the monetary point of view, and would recommend the flotation of rupee loans by the British Government for their expenditure in India, greater taxes, larger loans, voluntary and compulsory and in short all financial measures which would limit the increase in rupee currency or alternatively withdraw the currency in circulation. Those pressing the other view, while not necessarily opposed to the above, were more practical in their approach. According to them, given the existing total amount of resources available in the country the method of currency expansion adopted through sterling balances constituted an unwarranted inroad upon civilian consumption. The people of India were already on starvation standard and unless the resources were multiplied, the Government should stop this increasing and never-ending draft on the margins available for civil consumption and find all resources from elsewhere. There was no reason why even yet production should not be increased at such a rate as would ensure a minimum for all and yet leave sufficient for all war purposes. Although a few expressed doubts as to the possibility of increased production as bottlenecks had perhaps emerged at a few points the general opinion was that there were still unemployed resources which could be tapped, provided the Government was serious. Thus a somewhat unexpected measure of agreement was noticeable between those who approached the problem from the monetary standpoint and those who did so from the point of view of scarcity. Indeed as one pointed out the difference lay more in the respective assumptions rather than on fundamentals. Some doubted the practicability of increased production whereas others were more hopeful.

Several suggestions were also made to reduce inflation: the sale of gold, increase of interest rates, compulsory borrowing, higher agricultural tax etc. There was no unanimity in regard to any of them. In particular there was disapproval of the proposal to increase interest rates and some also felt that limits to taxation had been reached.

The continuous accumulation of sterling balances was felt to be not without its dangers, even apart from its being based on India's privation and distress. The future of sterling, the possibility of revision of financial settlement against India, the adverse effect on India's export trade, the possibility of its being treated as war debt, the transfer problem involved, and the danger of the assets being illusory—all these pointed to the need for financing the war through other means. Indeed as some economists have often pointed out, the fact of India's vast sterling assets cloaks her suffering and distress. If, as it should be, the criterion of war finance is equality of sacrifice and equality of minimum of subsistence India has been asked to shell out far more towards war expenditure than she can really afford and is called upon to undergo a sacrifice which she cannot bear without unduly straining and even destroying the whole of her economic system. The Conference was undoubtedly valuable as enabling the economists to exchange their thoughts and served as a clearing house of information and knowledge. Its omission to discuss the currency plans and India's attitude towards them undoubtedly disappointed those who looked forward to it and let us hope that this omission will soon be repaired.

Planning and Freedom

ADDRESSING the 27th annual meeting of the National Industrial Conference Board, (U.S.A.), Mr Virgil Jordan made some very interesting observations by way of 'preface to post-war planning.' 'Planning' has indeed become the magic word of this age, but in different contexts it bears such widely different meanings that it stands in peril of losing any coherence in its significance unless we view it in a "common frame of reference," as Mr Jordan puts it in his speech published elsewhere in this issue. That frame of reference, Mr. Jordan insists, can only be the "simple frame of freedom, opportunity and effort, the setting and master plan for all post-war plans." Unfortunately, our planners are of varied tribes and whether working on the national or the international plane, they tend to be oblivious of this essential frame of reference. The practical business man, who is distrustful of the efficiency of the Government in managing the economic affairs of the nation and pleads for "self-government in industry," carries different connotations of freedom; and planning to him only means the organization of special interests. There are other planners who would depend on expert evaluations of our needs and requirements and in their planning from top, the preferences of the individual either as consumers or as producers have no place. On the international plane also there may be benevolent planning of colonial countries by a paternal imperial government which "can assume to mark off and apportion the freedom of the peoples of the world on a point system."

To a country which has not yet shaken off its political dependence, planning by an irresponsible government is only a synonym for more efficient rule, although it cannot be expected that the full economic potentialities of the country would be developed by such a government. To such a country the attainment of political freedom is necessarily of first priority. But even in a country which is free from the political domination of another country, a planned economy may possibly impose a degree of regimentation by a bureaucratic machinery which will render nugatory freedom for the great masses of its citizenry. The advocates of the liberal economic system have argued that the planned economy is both antagonistic to political freedom and, from the economic aspect, is inefficient and wasteful. The school of economics under the leadership of Prof. von Mises indeed tried to demonstrate that a planned economy because of its gigantic dimensions and inter-related complexities, is beyond human capacity to organize successfully and is bound to be incomparably inefficient. Even those who were before the war doubtful about the results of economic planning in Russia, have been impressed by the amazing strength and resiliency which the Russian economic system has shown under difficult war conditions. Whatever be the advantages of freedom and initiative and the market mechanism in the capitalist economy, the planned economic system has one decisive advantage over the former. In the planned economy, after the initial period, almost any percentage of national income can be devoted to capital formation and consequently, apart from considerations of trade cycles in the *laissez faire* system, the planned economy can provide for a much higher rate of economic development. In the capitalist economy the rate of economic development has averaged barely three or four per cent. while in Russia, in spite of the enormous burden of armaments, it has been as high as 14 or 15 per cent.

It is clear, therefore, that the advent of the planned economy is inevitable, because as an economic technique it is several times more powerful than the *laissez-faire* system: any country which does not turn to

planning will lag in the rate of growth of economic power and consequently in military power and cannot in the long run survive. The planned economy will replace the *laissez-faire* economy, for the same reason that the power loom replaced the hand loom, viz., superior technical efficiency.

Nevertheless, it cannot be doubted that the advent of the planned economy raises the question of freedom to the forefront. The centralization of control which is implicit in a planned economy, makes it possible for a minority to capture the bureaucratic machinery and monopolize power from "key" positions in the administration. It is quite true, however that with a clearer understanding of the true nature of power in the modern State, we have come to regard the liberal conception of liberty as erring on the side of simplicity. In any society, there is always the possibility of a determined minority capturing the basic institutions and thus holding the liberty of the people at ransom. If in a planned economy, it is possible for a minority to capture the bureaucratic machinery and control the State, it is no less possible for the minority to capture the financial machinery in a capitalist society and nullify the formal liberty enjoyed by the people. Whatever the organization of society and whatever the economic system, the price of liberty is always eternal vigilance. The problem is to ensure that the entire State machinery will remain fully and continuously amenable to democratic control. If the advent of planned economy is inevitable, the practical question becomes: Can we foster new institutions and arrangements to sustain the system of liberties in the State and encourage the continuous sense of participation in the decisions taken by the State. The form of freedom must necessarily change with the form of the State. The mistake of the Mises school lies in rigidly connecting liberty with the institutions of market and private property, so that the ability to buy low and sell high becomes the supreme manifestation of freedom. Thus Prof. Hayek wrote in his article in our issue of October 29, 1943, "The distinction between the creation of a permanent framework of laws within which productive activity is guided by individual decisions and the direction of productive activity by authority is thus a particular case of the more general distinction between Rule of Law and arbitrary government." The free market and private property were no more than mere symbols of the liberal faith and if they retard the full development of our economic potentialities, they cannot be made into the immutable dogmas of political freedom. If the extension of the area of political freedom has been contemporary with rise and growth of the liberal economy, it has been not because of the potent influence of the market mechanism but because of great increase in productive capacity which has released more and more economic classes from the servitude and sternness of the economic struggle and given them the leisure and resources for higher pursuits. To the extent that planned economy can provide a rapid economic development and so give the masses "freedom from want," it can provide them the leisure and the material foundations of freedom.

The distrust of the State is as old as the rise of the Liberal school. But even that sturdy individualist, Bagehot recognized as early as 1867 that the means and the ends need not be confused and that "the English State is but another name of the English people and to be afraid of it is to be afraid of ourselves." With the rise of the giant corporations, the classical entrepreneur has already become a mythical figure as "economic progress tends to become depersonalized and automatized, and bureau and committee work tends to replace

individual action." The progressive increase in the size of industrial concerns and the concentration of financial power have already narrowed the choice not between private enterprise and state control but between control by irresponsible financial lords and responsible State control. The demonstration of the manifest superiority of the centrally planned economic system over the *laissez faire* system, has only hastened the advent of State planning. Even as the steam engine greatly increased the productive capacity of men, so the planned economy is capable of vastly improving our productive capacity, and the new economic technique of planning ranks with the steam engine as one of the major innovations in our economic annals. And it is curious to note that the same question of freedom was raised at the time of introduction of the factory system, viz., that the power loom would rob men of freedom. Idyllic pictures were, for example, drawn of labour conditions in handlooms and spinning and it was said that in the factories the workers lose the freedom of work enjoyed in the domestic system; the tempo of their work being set by the machine, they become part of the machine and there is loss of freedom. Today it is contended in much the same strain that in the planned economy man will become part of the bureaucratic machine and to that extent there will be loss of freedom. Yet we know today in retrospect that the introduction of machine led not to loss of freedom but a vast increase in productive capacity and extension of the liberal system of freedom. The planned economy will increase our productive capacity at an even greater rate and is capable of providing the material foundations for the organization of an adequate and satisfying cultural and political life. Like all techniques the technique of economic planning is neither good nor bad in itself.

The reason why the conception of planned economy has been so persistently associated with the conception of dictatorship is at least in part historical. Planned economy certainly did not find in Russia the best field for experimentation. In an extremely backward country with the tradition of authoritarian rule and devastated by long years of war and civil war, the new Bolshevik regime, rightly or wrongly, felt itself militarily insecure so long as it was surrounded by powerful, highly industrialized capitalist countries and from consideration of sheer survival of the regime, felt impelled to industrialize at a very rapid rate without regard to human cost. The Five-Year Plans could have been carried out in a more humane way, if only the rate of industrialization had been slowed down. It is easy to see today that the fear of external attacks was something real and not merely an excuse. If Stalin had a less unbending resolution and shrunk from the cost, the economic development of Russia would have been far less advanced and in that case it is unlikely that Russia could have offered any effective resistance to Germany in this war. Those who are shrill over the human cost of the First Five-Year Plan in Russia should weigh it with the fearful cost which Russia is paying during the war and ponder that had it not been for the success of the Five-Year Plan, the cost to Russia would have been immeasurably higher. Sir John Maynard with his vast knowledge of Russia says, "It is my considered opinion that a more merciful ruler would have made greater dangers for his people," and "There are emergencies to which the untrained democracy is unequal: and the question how long a particular emergency is to last, is one of practice, not of theory." Nor must we forget that the cen-

tralization of authority which is so impressive in Russia, does not in fact exclude the existence of a great deal of initiative from below, especially in economic matters. In Russia there is in a very real sense economic freedom—such as exists in no other country. As for consumers' choice, there is certainly more choice for consumers with a rapidly increasing national income than with a fluctuating national income increasing only at an average rate of 3 per cent. as in *laissez faire* economy.

Freedom is always a function of security. The primary reason why liberty has flourished best in Great Britain or the United States is that these countries have enjoyed economic and political security to an extra-ordinary extent owing to insular position and command over great economic resources. The ascending degree of political freedom allowed in, say, France, Great Britain and the United States during war-time, reflect in a large measure, their comparative security from external danger. It is certain that the "richness of life lies in pluralistic and not in monistic solution, and the greatest danger which faces planned economy is the tendency towards monistic solutions." But monistic solutions become inevitable when the aggregate available resources in the State become inadequate in relation to the essential requirements of security and there is no margin of safety. As Russia is faced from the pre-occupation of security, it may be expected to be more tolerant and free; and already the trend towards greater tolerance is discernible. If the planned economy is inevitable, the only practical problem is to ensure that it is democratically operated and in the interest of all. There is no essential incompatibility between a planned co-operative economic system and political freedom; although there is need as in every society, to ensure that the minority with will to dominate is kept away from capturing the essential institutions of the State. The central problem is the *taming of power*—a difficult but by no means an insoluble problem; and on this the *qui bono* of the totalitarian economy depends. As Mr Jordan says, liberty in a state does not depend on constitutional or other institutional arrangements: "Liberty springs solely from the spirit of those common citizens who have the will and the courage to create it for themselves, the strength and integrity to accept its responsibilities and pay its price, the valor, vigilance and fortitude to defend it even with their life against its unseen, incessant and insidious enemies—indifference, ignorance, indolence and injustice." If the great mass of the citizens are animated with the "will to liberty," there is little danger of the "mastery of the central key-board of planned economy" falling in evil hands, and "choosing the planners" and keeping them under continuous democratic control would present no special difficulty.

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Foreword by G. D. Birla.

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The Week's Notes

SCIENTIFIC RESEARCH

The Indian Science Congress has met. The Viceroy gave the opening address. Prof. A. V. Hill, Secretary of the Royal Society, read the messages of eminent men, diffused much good will, pleaded for true comradeship between Indian and British men of science and assured the co-operation of his British colleagues without limit or qualification. There was general recognition of the need for scientific research and applying its fruits to human betterment, especially in a country like India living on sub-human standards. As Prof. S. N. Bose said in his presidential address, "many of us expected that a deliberate programme of the future scientific activities of the country would probably be a feature of the opening speech of this Congress." But the Viceroy in his opening address gave nothing of the kind. He seemed content with narrating grandfatherly anecdotes and allusions to Arabian Nights. Few in India will be satisfied with it. Scientific research, whether in industry, agriculture, medicine or public health, is still in its rudimentary stage of organization in India though the contribution of Indian scientists in every sphere, considering the poverty of amenities, has been considerable. The axe of retrenchment invariably falls on research, whenever there is a search for economy. Even an industrially advanced country like England has found that her expenditure on research is only one-tenth of what U.S.A. spends and very much less than that in Russia. The Parliamentary and Scientific Committee in England has suggested a ten-fold increase in the provision for research. In India, Government provision is meagre; contribution by industry, whether in the form of aid to independent research bodies or their own research schemes, is negligible. The idea of research associations with a view to pooling financial and technical resources is still germinating in the minds of industrialists. Of co-ordination of the different kinds of research there is very little. Surely this is a bad state of affairs. The remedy must come only on Government initiative. Sir J. C. Ghosh, in his address last week to the National Institute of Sciences of India, suggested a scheme of a National Research Council to plan and co-ordinate the main lines of scientific work done by various bodies outlined its constitution, and pressed for an annual grant of Rs. 25 crores. If only we devote 1 per cent. of our national income to research, he pleaded, we will be getting back 10 or 20 or 200 per cent. in dividends. These suggestions deserve careful consideration. Government should lose no time in eliciting opinion, securing co-operation and making the right start.

WANTED AN ECONOMIC CIVIL SERVICE

Students of public administration have for a long time taken pride in the efficiency and integrity of the civil services in this country. Recruited on the English pattern on grounds of general education and ability as contrasted with the American preference for specialized or technical skill, the civil servants might have done well in an age in which the main business of the State, as in India at all times, was rigorous policing and maintenance of law and order. They might perhaps have fared quite as well in such a task as famine relief, where the rules of the code had crystallized into routine though the experience of Bengal belies even this claim. But faced with the complex problems of economic administration which have been increasingly coming within the purview of the State, first as the sequel to the depression and now due to war, the civil servant acting on precedent, lacking in initiative and devoid of technical know-

ledge has proved to be lamentably unequal to the task. The working of war-time economic controls in India amply bears this out. Equally it shows that controls can be efficient if business men in the know of things are effectively associated with them. But there is a danger. To leave the industry to run its own show on behalf of Government will be to invite the risk of being led by the nose by them and of affording scope for anti-social elements to gain control of the State machinery. And this will be no better than ignorant bureaucratic muddling. How to steer clear of both these dangers? We want a body of civil servants who will possess knowledge and *experience* of industrial and commercial affairs, can make decisions in the interests of the well-being of the community as a whole and implement those decisions for the State. This does not mean that the civil services will consist simply of different departments of technicians, e.g., textile experts for controlling the cotton trade, steel experts to supervise the iron industry and so on. What is wanted is not a body of Government experts for the technical aspects of production in each trade and industry, but a class of servants who will be specialists in economic administration and Government and also possess high general education and ability. They are bound to form an important and valuable section of the services, if created. This reorientation to the recruitment and methods of civil service will have to be done in a variety of ways. The study of economics in our universities will have to be reorganized. Education in commercial organization and methods will have to be given a more practical bent without prejudice to the teaching of theoretical principles, and even a period of probation or practical experience over a period in a business firm may be made a condition of the award of the diploma or recruitment to service. Research facilities will need to be multiplied a hundred times for conducting rural and industrial surveys, field investigations and the like, which will give trainees the requisite grasp of the working of economic processes. All this will entail prolonged and expensive training for some years after a person has finished his general education. The State will have to provide for these facilities and recruit from among the trainees. Economic administrators will not come about automatically. The *laissez faire* State is definitely over and not only during the war but increasingly after the war, the State will be expected to manage the economic affairs of the nation. What is wanted is a radical change in the character of our civil service; forsooth, we need an economic civil service.

FUTURE OF RUBBER CONTROL

The Inter-Governmental Rubber Agreement concluded in 1938 for the international regulation of rubber production and exports was to have expired on December 31, 1943. A colonial office announcement explains that the British, Netherlands and Indian Governments only signatories to the agreement available, feel that the International Rubber Committee should be broadened to include all other countries with a substantial interest in rubber or rubber substitutes, whether producers or consumers, that the present committee is unsuited for the task after the war when different principles of commodity schemes might be adopted and that the Agreement be extended for a final period of four months from January, 1944. The Government of India is accordingly extending its part of the agreement. This extension does not mean the continuance of regulation. The provisions of the Agreement lost their significance when the Far Eastern rubber estates in Malaya and Dutch Indies were lost to Japan, and the synthetic plan was set

up in the U.S.A. and the Indian and Ceylon estates were put to intensive and slaughter tapping with arrangements for Government taking over the entire quantity. The difficulty will come after the war. Mr. William Jaffers, the U.S.A. Rubber Director, recently stated that America could produce 850,000 tons of synthetic rubber per annum. At present the cost of synthetic production is estimated to be 20 cents to 35 cents per lb. above that of natural rubber. But technical developments are often rapid and unexpected and may bring down costs. President Roosevelt might not assure tariff aid to the industry. But a nucleus of the synthetic capacity is likely to be retained as a military necessity. International regulation should take account of the principle of expanding consumption after the war as laid down at Hot Springs and not seek price-raising restriction as heretofore. The British, Netherlands and Indian Government recognize this. Producers can be guaranteed costs of production according to approved standards of efficiency without injuring consumption. Being an organized and compact industry, success in rubber control will immeasurably help the implementation of more ambitious schemes of regulation in wheat, cotton, etc., which are so necessary for mitigating economic fluctuations. India's rubber industry has expanded production, helped the war effort and has been promised post-war aid. This need not necessarily be in the form of a tariff or a ban on imports. Given efficiency, it can easily hold its own. It need not suspect the present termination of the Agreement. A new one, if framed to foster consumption by a genuinely representative body, will do much to help the Indian industry.

SCURRYING FOR SAFETY

In our issue of October 29th last we commented on the way Germany has stretched out the tentacles of economic domination throughout the continent of Europe, especially during the last four years of war. The process of integration of the entire European economy under German leadership and control has been most complete and it has necessarily forced a great measure of interpenetration of German and European industrial organization and financial interests. German policy has hitherto been the transfer of all industries, especially heavy industries to Germany or German ownership, so that decisive industrial and military power may be concentrated in Germany and the rest of the continent may be reduced to the position of primary-producing feudal estates. German control has been extended through various devices, e.g., direct financial control and indirect technical control. Very often decisive financial control has been acquired by seemingly legal means by purchasing the shares—though out of occupation costs imposed on the same countries. In this way the economy of the entire continent has been woven into a new fabric of interdependence—all threads of ultimate control being gathered up in German hand. Nevertheless today with the prospects of victory receding, Germany has been showing anxiety about the future of her industries. She is not certain that the Allies will not impose on her a measure of economic disarmament. There are already interesting evidences that she is not sure that she can retain after the war the new industrial power which she has gained at the expense of the occupied countries either by force or ruse, and she is now trying to salvage as much as possible from the impending wreck. Thus she is trying to move many of her interests out of Germany proper, in the hope that in that case they would escape the notice of the Allies. Thus the two of the largest Viennese banks, the Creditanstalt-Wiener Bankverein and the Laenderbank Wien, which are controlled by Deutsche Bank, Berlin, have been given

seeming autonomy and independence. These two banks dominate the entire Balkan areas and the Germans hope that by these devious means they would be able to retain their financial control of the Balkan areas after the war while the Allied wrath expends itself on the Deutsche Bank alone. Similarly, recently the Germans have been trying to transfer the assets of financial and industrial institutions to *ad hoc* neutral ownership. The financial or industrial interests which they acquired in occupied countries by force or ruse, are being given fictitious or innocent-seeming independence. As the Allies have declared that particular guilt will attach to the members of the Nazi Party, Nazi Party officials have been forbidden to have any business interests. Again, during the war a system had grown up by which private enterprise could use State-owned machines which were framed out to different sectors of the economy, according to requirement. Private firms have now been directed to buy these machines outright. The anticipation is that the Allies will show greater respect for private property than for State property. Thus by a variety of devices, the close economic integration of the continent under German control which was growing, is being deliberately undone and German industrial interests are trying to put up diverse baffle walls to salvage something out by the impending wreck after the war. Not under weight of bombs but under the stretching shadow of defeat, German industry is today scurrying in search of avenues of safety and survival.

REPARATION AGAIN?

German reparations after the last war was one of the three colossal follies that wrecked the Versailles settlement, the other two being the unilateral disarmament of Germany and the territorial cessions imposed on her. The story of the sheer waste of labour involved in the unworkable Dawes and Young Plans, which sought to fix the instalment scales for the reparations payments and the final abolition of reparations at the Lausanne Conference in 1932, is too well known to need recollection here. As the victor nations refused anything but money payments and as Germany had neither gold nor foreign balances after the last war, the complicated financial farce was staged by which the U.S.A. and Britain advanced credit to Germany to enable the latter to make reparations payments, with the comical result that under the various schemes, and including deliveries in kind, Germany paid 17,000 million marks, but borrowed 27,000 million marks to do so. As neither interest nor principal was paid on these loans, and they are never likely to be repaid, Germany actually made a profit in the transaction. Even if the victors had consented to payment through German exports there was not much that a broken German production could offer and that the recipients did not have. The whole business, in short, demonstrated the utter futility of trying to collect the costs of a modern war from the defeated party.

But despite this proved economic and political failure of reparations the question of placing indemnities on Germany after this war has recently been propped up again. Though Soviet Russia, among the United Nations, has already given expression to her designs in the matter the provocation to discussion of the question has come from the levies imposed by Germany herself on the countries occupied by her at present, as costs of occupation, from the compulsory drafting of labour and other productive resources in those countries for German war effort and from the payment for them in blocked Reichmarks. When Germany

is finally overthrown these costs will have to be refunded to the respective countries whose only fault for bearing that burden was not being on Germany's side in the war. Further, a series of acts of vandalism and vindictive destruction, not quite relevant to regular military operations, have been credited to the German jackboot in the occupied countries, and if proved, it does seem fair that Germany should be asked to pay for the restoration and rehabilitation of areas and peoples subjected to such treatment. Thus it has been suggested by the London *Economist* in a recent issue that while there should be no reparations after this war for the general costs of the war, restitution payments may be imposed on Germany by which only the invaded countries of Europe, including Russia will benefit and not every victor nation. Though this apparently looks a reasonable *via media*, the size of the payments that would have to be collected for special costs alone and the manner in which alone they can be collected are bound to invoke those very economic confusions and political passions that contributed to wreck the peace settlement after the last war. Our contemporary is quite alive to this but seems to give way to an imagined inevitability of some sort of reparations after this war. It has been estimated that for five years of war Germany will be liable for £6,200 million of restitution payments which is about the same amount as the final reparations fixed on her under the Young Plan. This may really not be beyond Germany's domestic solvency, as the raising of finances for her huge rearmament programme since 1934 would indicate, but certainly beyond her capacity to pay by exports. And, as the recipient countries do not want German dumping even if she undertook to pay by exports, it has been suggested that German labour and equipment may be sent to the present occupied countries to undo their war mischief. Russia at present is bent on exacting reparations in kind and labour from Germany and in her case where industries are owned by the State there is no insuperable difficulty in making reparations in the form of actual materials, equipments and labour power. In the case of other countries with capitalist organization the difficulty in accepting reparation payments may be real and even insuperable. The political considerations in sending a large German labour force to Russia have also to be taken account of. The argument that in case German labourers have to be taken to Russia to repair the damages, the burden of making reparations fall on working classes alone and not on the whole nation as in the case of financial payment, is not, however, very strong. For these labourers will be working in Germany in any case (unless there is unemployment which is worse) and the fact that they will now work in Russia will not presumably add to their daily exertions; meanwhile to the extent that these workers even though they are working in Russia are clothed and fed at the cost of Germany, the cost will on the German nation. They will, however, of course have to leave their homes for that period and work in a foreign country, in a foreign environment, and this is a real disability. In view of the hugeness of the cost of rehabilitation and reconstruction of the devastated countries, we may also consider an alternative plan for a common pool for repairing war damage in all the belligerent countries—a pool in which Germany will make a substantial contribution.

REGIONAL ECONOMIC INTEGRATION

During the war there have been various arrange-

ments to ensure effective pooling of resources or various countries in the interest of maximum war effort. The arrangements for the pooling of raw materials resources of the French and the British empires in the initial days of the war, are quite well known. The formation of the sterling area, again enables Great Britain to command the resources of the Empire without being fettered by the limitations of having to acquire other empire currencies. The Lease-Lend and ancillary arrangements are again nothing but means whereby the resources of the United Nations are pooled so that they may be available where they would be most needed, without reference to the supply of dollar and other currencies. We are familiar with instances, of customs union or *zollverein*, but not so much with pooling of economic resources in peace time. Except in the case of giant federations like the United States or the Soviet Union, the economic resources of most countries are too meagre for any ambitious economic planning, which may consequently demand some sort of regional economic integration. It is a fair question to ask how far economic unification is possible without a parallel political unification. However a very interesting blueprint for regional economic integration comes from Canada. It will be recalled that Canada has always been within the gravitational field of the dollar and in many respects Canada might be regarded as the economic annexe of the United States. Recognizing the large measure of common economic interests between the United States and Canada, economists from the Universities of Manitoba and Minnesota have submitted their unanimous report, "The Midcontinent and the Peace," which emphasizes the basic identity of economic problems of the Canadian and the American Mid-West and propose a regional economic integration. It is proposed *inter alia*, that the United States and Canada would "pool" their motor industries, subject to the condition of maintaining the level of employment in the United States; and secondly, that the agriculture of the Prairie provinces of Canada and of the Central North-West United States would follow the lines of war-time agricultural specialization. These are most daring proposals and differ radically from establishment of "(Canada) Ltd." factories by parent United States firms in Canada to evade tariff disadvantages. As the authors themselves recognize, these proposals will mean a transfer of productive capacity from Canada to the United States. Guarantees of existing level of employment in Canada will be unable to capture for her the dynamic advantages which flow from progressive capital-intensification and mere reduction of cost of automobiles and farm trucks to Canadian farmer would be of net advantage only under very special circumstances. There are many cultural and political affinities between Canada and the United States which would facilitate free migration of men and resources between the two countries and this will considerably mitigate the sternness of impact of such integration on the economically weaker areas. Chances of economic union between Canada and the United States are consequently much brighter than that between most other countries. But there is a considerable hiatus between the blue-prints of economists and attainment of the goal. Such regional studies have great interest to us. The economic unity of India is vital to us for the success of any ambitious economic plan. Yet we have a strong secessionist movement in India, pledged to break up India into a number of States. Can we preserve the economic unity of India without retaining the political unity?

SPECIAL ARTICLES

A National Minimum Wage

By Radhakamal Mukerjee

INDIA comprises different Provinces and regions in which the conditions of agricultural unemployment and wages and the supply and demand for industrial labour are markedly divergent. The pace of industrialization has been different in different regions. In some regions the development of organized industries has been confined to a circumscribed area along a river or a railway and restricted to a few industrial towns. The progress of the labour movement and hence of collective bargaining has been also different in different regions. All these have brought about wide differences in the wage levels between province and province and between agricultural and industrial areas within the same province. Where there is such wide disparity in the levels of wage rates an attempt to enforce immediately a uniform national minimum wage scale is not practical since it would involve too considerable alterations in present wage rates in the various provinces. The danger of declaring a living wage markedly divergent from the current ruling rate has been avoided in the minimum wage policy of Australia.

An approach to a national minimum should, however be made in this country, and this would involve several stages in the development of the wage policy in the different provinces on certain common scientific principles. Firstly, we have to lay down certain norms of food requirements according to physiological research and also standards for other elements of human consumption and welfare which make up a decent standard of living acceptable for the community. It is on this scientific basis that "the living wage standard" should be fixed forming the basis of the minimum wage regulation which would safeguard, in the words of the Federal Arbitration Court in Australia "the normal needs of the average employee regarded as a human being living in a civilized community."

Regarding the norm of nutrition we have fixed a minimum standard of daily intake of 3,000 to 3,400 calories for an adult industrial worker in India adopting the standards of the Health Organization of the League of Nations. This is higher than Aykroyd's minimum of 2,600 calories which he has based on the assumption of only "6 hours of 'moderate' work at the lowest reckoning." The Indian industrial worker however works on an average not 6 but 8 to 9 hours a day (apart from the extension of hours of employment in war time). At the pre-war level of prices in Cawnpore a diet which would represent this absolute minimum of 3,000 calories has been estimated to cost Rs. 3-8-8 per mensem.

On the assumption that the average industrial worker's family is 4.8 (based on enquiries in Bombay of 2,473 families engaged in all industries) and applying Lusk's co-efficients, the dietetic expenditure for the family would work out at Rs. 12-8. With other items of consumption represented by clothing, fuel and light, rent, education, recreations etc. the national minimum wage standard for a worker's family of four persons would come to Rs. 30 in Northern India at the pre-war level of prices. The norms of the different elements of consumption as well as the costs of standard budgets have been elaborated, for setting up the living wage standard, in the writer's *The Indian*

Working Class now in the press.

Throughout India industrial wages are much below a living wage standard. Even in the Tata industrial plant at least 20 per cent of the workers obtain less than the living wage, if the cost of living be taken into account. In the Province of Bihar as a whole, the Labour Enquiry Committee found that the model rate of wages was between Rs. 9 and Rs. 10. Among the industrial workers it is the unskilled women and children who obtain the lowest wages. Thus in Cawnpore while the average age of the male unskilled worker comes to Rs. 14-8 the average wage of women workers come to only Rs. 10-6-7. Children's wages are the least. In the mica industry in Bihar children comprising about 10 per cent of the total labour force earn on an average Rs. 0-2-0 per mensem as sorters and Rs. 1-12-0 as splitters. Children's earnings in the *bidi* industry vary between Rs. 0-1-0 to P.s. 0-2-6 per diem in different parts of India.

No doubt, the national minimum wage regulations in India should begin with the industries in which the largest number of women and children are now employed. Minimum wage rates should be laid down for women and children workers, covering industries such as cotton, jute, mica and shellac manufacture, *bidi* making, carpet weaving, cloth printing, dyeing and weaving where "sweating" has gone on for decades with impunity. In the case of the minimum wage for the woman worker the wage rate should be so fixed as to supply the necessary cost of living to maintain her good health and also to protect her morals. In several states in America the statute requires that the minimum wage rates for women shall be adequate for the protection of morals as well as health. An Indian Minimum Wage Act should be passed by the Government of India serving as an incentive to fair labour standards in the Provinces and States as well as to greater uniformity in this type of legislation. We have already estimated the norm of Rs. 30 per mensem for the average family unit in Northern India at the pre-war level of prices which should be implemented by the minimum wage regulations. The gulf between this norm and the prevailing wage rates should not be a deterrent.

Even in Great Britain where the average wage of industrial workers is 16 to 20 times greater than the industrial wage in India, Sir John Orr's well known investigation has shown the marked deficiencies in terms of his norms for a considerable proportion of the British working class. Thus in India a cautious but systematic beginning has to be made in laying down minimum wage standards. This can be best done in the following manner:—

1. By grading the wage regulations gently so as to prevent abrupt change of economic conditions. The Indian Minimum Wage Act may set a general minimum of Rs. 20 per month for its first year and Rs. 21 in the second year until at the end of 10 years the norm is to become Rs 30. As in the Fair Labour Standards Act in the U.S.A. the minimum wage fixation may be linked in India with a statutory reduction of wages. Thus the maximum hours of 53 per week in the first year of minimum wages regulations will

be reduced to 52 in the second year, 51 in the third year, until 44 hours per week will be reached in the tenth year. It is expected that during a decade most industries would adjust themselves. On the other hand, if industries show at the end of the five years by overwhelming evidence that the enhanced wage would throw many persons out of work, they will be allowed to pay less than Rs. 25 as the lowest wage for the unskilled workers but not less than Rs. 20 per month.

2. By introducing flexibility in the minimum wage regulations through the establishment of a Government wage-fixing authority made up of representatives of the public, employers and workers which will conduct cost of living, family budget and other enquiries for determining the minimum wages. Though this authority would permit variations in the minimum wage fixation to meet changing economic conditions or special circumstances, the lowest rate of Rs. 20 established in the statute should not be over-ridden.
3. By limiting the scope of minimum wage regulations for the present to municipalities with a population over 20,000 persons. Workers come to work in the small town from their village homes. Their cost of living is low while industrial wage in their case supplement their chief source of livelihood from agriculture. For the sake of quickening the pace of industrialization agricultural industries which do not employ labour for more than a few weeks at a stretch should be treated on a par with agriculture. Agriculture and occupations identical to it like the processing of agricultural products, fishery and related industries should be outside the scope of minimum wage regulations.
4. By adopting differentials for different industries on the basis of their capacity to pay and economic conditions of the industry, provided that the general national minimum of Rs. 20 for the lowest paid workers is adhered to. The wage-fixing authority will decide differentials for the various industries and for individual establishments within an industry. Thus exemptions could be granted to single units.

In the U.S.A. Fair Labour Standards Act, 1938, which comprises the minimum wage regulations, there is provision for granting exemptions to particular industrial establishments from the minimum wage norm and for deciding differentials between the competing groups within a certain sector of industry by considering transportation, living and production costs. On the other hand, in a protected industry it is expected that workers should share in the benefits of production, and thus the differential for a protected industry should be guided by the consideration of the special interests of labour these deserve. The plantations will present a problem of minimum wage of

their own and will have to be treated by different kinds of minimum wage regulations. Here the consumption and the work unit is the family. The earnings of the husband, wife and children will all have to be taken into account in fixing the minimum wage on the garden, while the cost of living enquiry will have to reckon with the concessions in respect of fuel, timber, monetary advances and plots of land granted to the workers on all plantations and which also vary from region to region. The minimum wages should be implemented here by fixing a basic rate and standardized piece rates.

5. By adopting differentials for small towns with less than 20,000 persons, i.e., lower minimum wage rates based on the cost of living of semi-urban workers, provided that the industry even though operating for a season employs more than 50 workers. The wage-fixing authority might prescribe in small town a minimum wage for unskilled workers less than the statutory rate of Rs. 20 on the basis of the study of cost of living, economic conditions and capacity of industry to pay.
6. By fixing lower minimums for women and children workers, apprentice and handicapped workers. For the women and children workers the norms might be as follows.

Sex	Minimum wage for the lowest paid workers.			
Women	..	..	..	Rs. 16
Children	..	..	..	.. 10
Apprentices	..	..	..	.. 12

Where a lower minimum is fixed for apprentices it will be necessary to define the period of apprenticeship in the wage regulations.

In the present Indian labour situation, the approach to a national minimum should be gradual and extended over a number of years to prevent economic unsettlement and by the prescription of a minimum wage for unskilled workers which will be applicable to all industries established in municipal towns of more than 20,000 persons. There should be differential rules for industries in small towns with less than 20,000 persons. There should be age and sex "differentials" or lower minimum for women and children. There should also be industrial differentials, i.e., different minimum wages in different industries fixed at a point as close to Rs. 30 as it can be without substantially reducing employment. Finally, there should also be flexibility in the application of the minimum wage regulations, which would not establish specific minimum rates, but indeed provide the machinery by which these are to be established or varied to meet changes in the cost of living of economic conditions generally. All industries, seasonal or perennial, will have an opportunity to present their case before the Governmental wage-fixing authorities for the revision of the minimum rates

between Rs. 20 and Rs. 30. As the minimum wages for the unskilled workers are fixed, these would form the basis for fixation of the various occupational minima or of standardized rates, industry by industry. Thus the entire wage structure of the Country will be linked to the minimum wage by a system of differentials for various kinds of skill, together with allowances for disagreeable, dirty and hazardous work, as well as industry or "prosperity" allowances that would be granted to workers in an industry particularly prosperous at the time. In the system of wage regulation in Australia, New Zealand and the U.S.A. a considerable spread has been maintained between the bare minimum wage and the minimums for skilled workers by calculations of margins for skills of various kinds. In India, on the other hand, it appears that not only the gap between wages of the unskilled and skilled workers, but also that between wages of skilled workers, and the higher clerical occupations, of these latter and salaries of overseas foremen, technicians and the supervisory staff is extremely wide. In certain establishments the manager's and superintendent's salaries are more than 200 times the average wage of unskilled workers. Such a considerable spread would have to be reduced by the progressive increase of the unskilled and skilled minimums and reduction of the unreasonably high differentials in sheltered "soft" occupations. It is in this manner that the national minimum will be increased gradually taking into consideration the improvement of health and efficiency of the workers and what the industry can bear. Differentials will be permitted only where necessary to prevent serious injury to the industry and consequent economic unsettlement while at the same time avoiding encourage-

ment of a continuous subsidy from the workers to the industry to the detriment of their own health, efficiency and general well-being. Thus fair and reasonable standards will be established for decent civilized existence of the Indian working class as the common denominator for Indian industry.

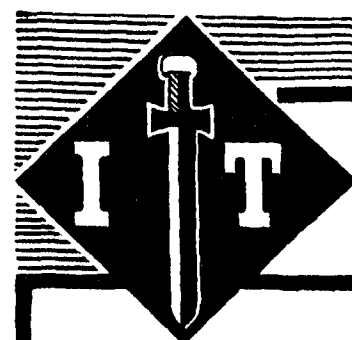
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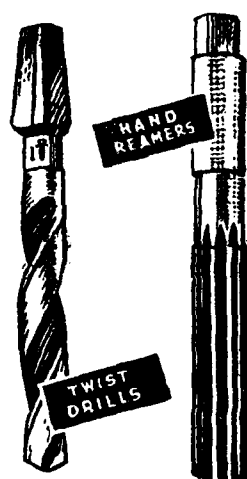
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Housing Ideas and Practices Abroad

I

By Santosh Kumar Chatterji

SINCE the towns have developed, as in most cases, out of villages, housing problems have been apparent in close association with town-life. So all ideas and practices regarding housing may well be said to lie at the root of town-planning, a job which forms the major part of post-war planning in Great Britain, the Dominions, and even in the United States of America. Already in large towns and centres of population the difficulties of transport for the working people from their homes to the places of work have resulted in over-crowding, traffic congestion, slum creation, and unplanned development. In spite of increased social services, death rates and unhealthy conditions are going up in higher degrees than in areas where the people do not live so thickly as in the large centres. Then again, this war has added several other problems to the existing ones. The factors affecting the number of houses required for the population of a certain town are cessation of house construction during wartime, non-completion of slum clearance and over-crowding programme, replacement of houses destroyed in air-raids, housing of war workers, decentralization of industry and lastly, the open space ideal of housing.

At the back of the recent policy of town and country reconstruction, circulated by the Government in Great Britain to all the local authorities, are three reports: the report of the Royal Commission on the Distribution of the Industrial Population, known as the Barlow Report; the report of the Committee on Land Utilization in Rural Areas, or the Scott Report; and finally, the report of the Expert Committee on Compensation and Betterment, that is, the Uthwatt Report. According to the Barlow Report, the continued drift of the industrial population to London and the Home Counties constitutes a social, economic and strategical problem demanding immediate attention. Between the last Great War and the present one almost one-third of the total population of Great Britain come to live in the six centres of London, Glasgow, Birmingham, Liverpool, Manchester and Newcastle. This situation has given rise not only to the problems of insanitary living and rising death-rate in the urban areas, mostly industrial towns, but also to apprehension of total dislocation of industries under enemy bombing, since all the major industries of Britain have congregated round the six great centres. The Scott Report is of opinion that one of the real disasters of Great Britain for the last fifty or sixty years has been the decline of agriculture, the countryside becoming more deserted and the towns becoming ever more crowded. Under the new scheme of planning the total area zoned for residential purposes provides for an additional population of 30,000,000. The Uthwatt proposals provide for fair compensation both for reservation of green belts around towns, and for reduced density and provision of open spaces within towns. This compensation should be met from a national fund, derived from the leasing of development rights and the periodic levy.

Now, the great movement that is set up in Great Britain urging for a plan of better living forms a part of the future regeneration of the country. The industries, and people engaged in them, will have to be spread over the country on a long term plan, being thinned out of the main centres of population. New towns will necessarily have to be laid out to provide living room for the excess of population within the orbit of the large urban areas. These new towns shall have open spaces, green belts, amenities of transport

and even national parks of mountains and moorlands. But just for the present, war-housing occupies the central part of the sum-total of activities that are afoot in that country to keep the existing urban areas and industrial centres moving. Most of the recent constructions of houses, in which the public are not allowed to take part, are either made by the Ministry of Supply for Royal Ordnance workers or by the Ministry of Works and Planning for agricultural labour, for bombed-out people, for workers in aircraft factories or on admiralty jobs. These houses are run by Associations aided by public co-operation and charity. To be found generally in large towns, such houses, better known as hostels, are of two types generally: small units to house agricultural labour providing living room to thirty to fifty persons, and large units housing industrial workers from five hundred to two thousand. In the small units the cost of construction amounts to £130 per occupant with £15 extra per person for essential furnishings. The self-contained units include a central dormitory, central accommodations for bathing and laundry, and a general welfare block-dining and recreation rooms, kitchen, a room for persons who are sick, and a small bungalow for the manager of the hostel. Although the units are often larger, hostels for industrial workers follow similar plans.

The ideal of living in Great Britain has ever rested on the family, and better yet, on the individual. But in Russia family has long merged into community. With greater stress on the needs of the Common Man, it is not, however, far off from now even in the individualistic countries when community will completely outpace family. For as time goes on, it will come to light that family planning is more costly, and so uneconomic, when compared with community planning. Necessity has already brought in community living during war-time exigencies; the hostels which are being constructed to house war workers and bombed-out people are closely related with the housing ideal in Soviet Russia. Experimenting on detached two-storied constructions laid out in gardens providing two-to-three-roomed space to a family, the socialists found to their utter disgust that such method in housing bred the spirit of isolation instead of fostering collective life. So after a few modifications the ideal buildings were built—tall blocks of flats in many-storied establishments, grouped round central courts. One side of these courts was left open. On the groundfloor of each such establishment were the kitchen, the communal dining room, the kindergarten and the laundry. Later, when the central court was abolished for the maximum of sun-light, long, straight-fronted rectangular blocks of construction ran along the streets. This is the latest design of community building prevalent in the Union of the Socialist Soviet Russia.

Respect for human life is the keynote of Russia's town planning ideal. There are more rest and culture parks, more libraries, and more reading rooms, more clubs and more newspapers, more books and more journals, more music saloons, theatres, cinemas, radios, operas, more debating societies and lecture-halls than in Great Britain or America. The problem of housing is not wholly solved by providing the labourer tenants three-room facilities for a family unit in place of one room, but with this problem are incorporated several other factors of good living. In Russia every factory has its wall newspapers, wherein the defects of management and the workers' grievan-

ces are ventilated. The Soviet Government recognizes the educative value of cinemas and theatres influencing the people's character and their mode of thinking. Every village, every state factory, every farm has its own theatre and cinema. The Commissar of Education in the Union is in charge of organizing drill exercises in every school and college, and he has also to look after cultivation of games and sports in every walk of life. Another interesting and useful characteristic of Soviet life is the club which every factory, collective farm, railway organization possesses. These clubs are all important in the life of an individual in Russia, for the private home which he has is meant to be a place where he retires for night's rest.

The Beveridge Plan, which aims at improving the way of life of the majority of people, even those of the lower income levels, will also modify town and country planning in Great Britain. Common people are no longer an object of pity and neglect; labour is now as important as the products of industry. The emergent necessities of war have shed a shining glory on the community of labourers. The greatest problem that faces every country at war is planning for provision of houses for the common people, who have flocked in the great centres of industry.

Except in Great Britain, where air-raids have disfigured the faces of the cities and have necessitated disintegration of large-scale industries, in the Dominions this war has put an extra-load on the civic departments of the Government as also on the Local Self Government units. This strain is helping to reveal the weak spots which were latent or concealed before not only in individual but in community services, too. These weak spots appear to have been lack of arterial highways, deficiencies in transport, insufficient housing, fixation of residential quarters in the wrong place with regard to employment, insufficient zoning and many others. The activities of the war-time housing institutions have ameliorated acute housing conditions for war workers in the industrial areas of the Dominions but everywhere congestion is utmost. The unoccupied family quarters are full to the brim; the houses intended for one family are being used by two or three families.

All the nine Canadian cities of over 100,000 population have the proportion of crowded houses out of the total number of houses between 31.3 in Quebec and 10.7 in Hamilton. And the average number of persons in the crowded household is higher in Toronto than in Montreal, Vancouver, Winnipeg, Hamilton, Edmonton, and Windsor. It is the same in Ottawa, and slightly lower than in Quebec. "Standards of housing adequacy cannot be calculated with nearly the same precision as nutrition standards. However, one room per person provides a reasonable dividing line for requirements of health, privacy and convenience," writes a bulletin of the Bureau of Municipal Research, Toronto. The proportion of crowdedness as quoted above follows the standard as given by the Bureau. It is found that a greater proportion of the crowded families than of families in general are tenants; less than 25 per cent. of the crowded families occupy their own homes; more crowded households include lodging families than include single lodgers; most crowded families are headed by wage-earners and a considerable percentage of the crowded people are unable to pay for accommodation adequate as to space or in other respects.

The growing crowdedness in the large centres of population set in a 'flight of homes' to the suburbs, from single to multiple dwellings, from owned to rented houses. The movement of the city dwellers to the suburbs has now been of so enormous a magnitude that it has become urgent to do something as regards

city planning to offset or diminish the rate of migration and to retard the march of the city from the position of a 'city of homes' to a 'city of lost homes.' Again, as a family grows, necessity arises for more rooms, but to keep down expenses, several persons live in a room designed to be used by one; so the parents take apartments, and many young married couples move into apartments and never desire to have children. Then people also begin to find greater gain in letting out their own houses and living in rented apartments, or in using only a portion of the houses for themselves and giving away the rest to tenants. Now to stop all such evil effects from lack of proper amount of housing facilities to the increased population of the cities, many of the 'blighted' and decaying central areas of the cities can be made as attractive for homes as any built outside the city limits.

No doubt after the war is over the temporary housing situation will improve, the temporary houses being dismantled; but the problems of permanent housing, arising out of congestion and crowdedness, of proper location of residential houses, of extension of city areas will demand large-scale planning. When the war will end tens of thousands of soldiers will return to their city homes. Perhaps an equal number of workers in war industries must find other employers outside the city areas. Till the returning soldiers and the discharged workers find proper jobs, and with them proper homes, too, there will be a worse dislocation for several years to come.

The erection of houses represents one of the most helpful and beneficial items in any post-war scheme of social security and relief to the unemployed. In the Union of South Africa the Government under the Housing Act helps the local authorities with advances of money at low interest to be spent on the erection of houses; but to popularize municipal housing schemes, to fix house-rents according to the economic status of the tenants, to include comprehensive medical treatment the entire responsibility and the entire cost of rehabilitation should rest on the State and the national exchequer. The Union Government seems to have recognized, says the *South African Treasurer*, the need for a greater degree of unification and co-ordination of control of the Union's health services with a clearer appreciation of the respective administrative and financial responsibilities of the State, the Provinces and the local authorities. The National Health Services Commission is making an enquiry into the provision of an organized national health service for all sections of the people of the Union, and is formulating the necessary legislative, administrative and financial measures to introduce such a service. Zoning of areas into urban and rural divisions, housing according to modern health conceptions and social welfare are also on the programme of the Commission.

The South Australian Housing Act of 1936-37 empowered a Trust to purchase or lease land and to build low-cost houses thereon. About a thousand such houses were erected in South Australia within no time. Then, in 1938 the Government passed the Slum Reclamation and Housing Act setting out the following principles: improvement of existing housing conditions, determination of minimum standards with which new houses must comply, reclamation of insanitary areas, provision of houses for persons of limited means, and division of municipal districts into residential and other areas, i.e. zoning, also prescribing types of buildings which may be erected within those areas. After the introduction of the 1938 Act much improvement has been introduced in Victoria. A low swampy area, known as Fishermen's Bend, has been raised and reclaimed, and many splendid homes erected thereon.

Now the new homes may be of three types: homes for people, who have money to buy or build houses according to their choice; homes for those who are able to pay a portion of the cost and the rest by instalments—banks, insurance companies and buildings societies taking care of the finances; and lastly, homes for the wage-earners who can make only low payments week by week. It is these wage-earners that create a great problem. The essentials of successfully housing them are as follows: such homes should be built on mass production methods in order that their costs may be minimum; materials and methods of construction should permit sufficient variation in design so as to eliminate monotony; building materials must not depreciate rapidly or require heavy maintenance cost; building materials and labour must be available in large quantities; and lastly, it will be so arranged that the occupiers may in course of time be the proud owners of their 'castles.' The above scheme of housing is already being worked in Australia. Fowler houses built at Fishermen's bend in Victoria are finished, and recently contracts have been undertaken to construct such houses in Melbourne. The system is based on mass production though sufficient variation is introduced in architectural designs in order to prevent monotony. The walls are of concrete, the roofs are tiled with a minimum of timber and there are no architraves or door frames to house vermin. The whole structure may very easily be cleared and recoloured. All materials are readily available. The work is not heavy, so skilled and unskilled—both types of labourers may profitably be put to use. It is expected that after the war the retired soldiers, who are not skilled tradesmen, can readily take up the work of building such houses.

Some seven years back in 1936 a Central Housing Authority was established in the United States of America. A number of slum clearance and rural housing schemes was completely worked out as examples to show to the people the ideal type of the thing that should be done. These first housing schemes were completed with the help of the Works Progress Administration. These schemes not only provided new homes to the workers at low rents but they also provided work for thousands of unemployed men. The Greenbelt Towns laid out and constructed under the new housing projects fulfil their purpose as examples of ideal community living planned for the 20th century and offer a solution to the urgent problem of low-rent housing for labourers—this problem having been for the first time dealt on a nation-wide scale under the New Deal Administration of President Roosevelt.

Small towns satellite in character, and new to the American scene, the greenbelt towns bear a direct relationship with the modern ideas of the garden cities. The Suburban Resettlement Administration was responsible for the planning and construction of such towns. A detailed study was made of social and economic factors in one hundred big cities, and finally the plans were drawn out to meet the housing needs of the workers with modest income. Each greenbelt town is encircled by a broad area of park and farm land which allows for all industrial and housing expansion and development, which also fosters a closer union between urban and rural populations and ensures a direct supply of fresh vegetables and farm produce to the towns. Each town has been located far away from major arterial highways so that there is no through traffic. The footpaths are so planned that the

centre of the town is reached from the residential quarters without crossing local motor traffic. Shops, schools, community buildings form the centre of the town. These community buildings are the focal point for the social and cultural life of the residents. In the daytime children use them as their elementary school, in the evening the adults come there for study and recreation. There are a hall, gymnasium, laboratories, work-shops and a library. A High School is also there within the town boundaries. The inn and restaurant, the playing fields, the picnic grounds and the large artificial lake for boating and swimming are among the other community facilities.

Each green-belt town has a city manager, an elected town council of five and the usual municipal offices. But the Consumer Co-operative holds the most important place in all sorts of community services. All the shops, the cinema, gas station, and laundry are run by the Co-operative. The leading civic group is the Citizens' Association whose purpose is to promote matters of general community interest. Health and social welfare are organized in a co-operative scheme; all church services—Protestant, Jewish or Catholic, use the existing community buildings.

In the residential part of the town series of very large irregularly shaped blocks are arranged at right-angles to the roads. Every block contains about 120 dwelling units grouped near the edges with parks and playground at the centre. The houses are approached by small service roads, and the living quarters face gardens, open spaces and play areas. The dwelling units are built of cinder bloc construction painted extremely in pleasant colours, or of timber frame construction with brick veneer. Equipment and finishes in the individual houses are of high standard. Floors are of asphalt tiles and windows casements of steel. Central heating for a group of terraced houses is provided by a single boiler located at the end of a row. Electric cookers and refrigerators are a standard part of the equipment of each house.

Urgency of community services in housing and town-planning is being keenly felt everywhere, and it is probable to expect from now that all future plans for town and country reconstruction in the post-war period will consist of building communities and not straggling suburbs. The importance of the above scheme of action is not so very much in England as in the Dominions and the United States of America. There is acute shortage of room in the British Isles even to provide for the most urgent question of decentralization of the industries that have gathered together in and about six large centres of population. So, whenever the community services have most expectantly been looked forward in drawing out open-air plans of housing, "homes for the heroes," several difficulties have cropped up in Great Britain with regard to proper utilization of land on a nation-wide scale. At first, the reshaping of the old form and rescheming of the old schemes have to be done. They are themselves a mighty job. Then, there is the acute dearth of space in England and Wales when compared with the wide-stretching fallow lands in the Dominions and the United States of America. However, proper planning has power to do marvels, which we all wait to see.

Calcutta.

Labour Disputes in U.S.

(From Our Washington Correspondent)

WASHINGTON, Jan. 3. (By Cable).

LAST week's abortive strikes in the steel and railroad industries had a dual effect, besides immediate interruptions to production and disturbances to the Nation's war-time psychology; firstly, they represented a further lowering of the barriers against inflation, and, secondly, they indicated labour's increasingly aggressive mood. Neither the railroad nor the steel strike was permitted to assume full-scale proportions. In both cases the Government intervened, in steel through President Roosevelt's appeal to Mr. Philip Murray, President of the Congress of Industrial Organizations, and in railroads through the Government's technical seizure of carriers. But consequences were none the less serious. The American Iron and Steel Institute estimated loss of production resulting from interruptions in work at 170,000 tons of ingot steel-sufficient to build and equip thirty-four 10,000-ton cargo vessels. Even more disturbing were the additional gaps which both the strikes opened in the Nation's defences against inflation. Although 170,000 steel workers resumed operations after merely a temporary halt, they did so only after President Roosevelt assured them that any wage adjustments negotiated in future would be retroactive of dates of the expiration of the contracts of the union with industry. That assurance was followed by the Order of the War Labour Board, embodying the retroactive principle thus completely reversing the previous W.L.B. policies.

Meanwhile President Roosevelt in offering arbitration on issues whereon the nationwide railroad strike was threatened, virtually agreed to wage increases approximating 9 cents an hour. It is estimated that those pay rises will swell the railroad wage bills between 350 and 400 million dollars annually whereof about 60 per cent. will come from taxes which the railroads would otherwise have paid to Government. The practical effect of both the steel and railroad settlements is that the unions got the equivalent of what they demanded. Undoubtedly potential strikes were encouraged by the results obtained by John L. Lewis and his united mine workers who actually struck four times eventually obtaining their wage objectives thereby administering another blow to the so-called "Little steel" formula. That formula which the W.L.B. promulgated a year and a half ago places official ceiling on hourly wage rates not higher than 15 per cent. above those prevailing on January 1, 1941. The well known columnist, Mark Sullivan, analyzing the steel and railroad disputes, writes: "In future strikes for more wages must be directed straight against the little steel formula and the administration must either defend the formula firmly or admit it has failed and with it the hope of holding its present line against inflation. The crucial test for the administration is not far ahead."

Similarly, the *New York Herald Tribune* comments in an editorial that the "administration made its initial tragic error two years ago when it faced the inevitable problem of inflation on the theory that it would be unnecessary to undertake a politically difficult task of stabilizing wages and agricultural prices." It charges the Government "with lack of

courage to set up definite standards by which the play of economic interest can be checked, controlled and decided before the court of public opinion and public feeling." Those two comments typify the general conservative reaction to the latest labour developments. The leading assault will probably be made by the united steel workers who have announced their intention to abolish the little steel formula. Equally pledged to break that formula are the united automobile workers who seek new contracts with Ford and General Motors, while aluminium, oil, textile and electrical workers are all strongly organized and are all determined to obtain hourly wage increases to offset higher living costs. The indication of what these demands may mean can be found in the announcement by the Bureau of Labour Statistics that half a million workers were involved in stoppages of work during November with the resultant loss of 2,825,000 man days. The nationwide coal strike accounted for 80 per cent. of the workers and 87 per cent. man days lost.

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Bharat Sugar Mills,

LIMITED

NOTICE is hereby given that the Twelfth Ordinary General Meeting of Bharat Sugar Mills, Limited, will be held at the registered office of the Company, No. 8, Royal Exchange Place, Calcutta, on Friday the 7th January, 1944, at 3-30 p.m.

(a) to receive and pass the Director's Report and Audited Accounts for the year ended 30th June, 1943,

(b) to declare Dividend on Ordinary Shares, which is payable, on application, to the share-holders, when declared,

(c) to elect Directors,

(d) to appoint Auditors for the current year, and to fix their remuneration, and

(e) to transact any other business that may be brought forward.

The Share Transfer Register will be closed from 27th December, 1943 to 7th January, 1944, both days inclusive.

By order of the Directors,

THE COTTON AGENTS, LTD.,
Managing Agents.

Calcutta, the 17th December, 1943.

Bharat Sugar Mills, Limited, Sidhwalia.

Profit & Loss Account for the year ended 30th June, 1943.

To	Rs.	A. P.	Rs.	A. P.	By	Rs.	A. P.	Rs.	A. P.
To Opening Stock as on 1st July, 1942	..	..	4,64,954	11 9	By Sales:	..	..	18,94,301	14 0
„ Manufacturing and Other Expenses including Material Consumed	..	..	17,82,055	14 9	„ Sugar, Molasses, etc.	..	..	..	..
„ Excise Duty	..	..	3,03,527	15 0	„ Closing Stock as on 30th June, 1943:	..	..	9,65,935	0 0
„ Directors' Fees	..	..	928	0 0	„ Sugar, Molasses, etc.	..	..	28,60,236	14 0
„ Interest	..	..	21,073	11 5	Total Rs.	..	..	..	..
„ Managing Agents Commission and Remuneration	..	..	39,569	10 6	By Balance as per last account	..	62,336	4 0	..
„ Depreciation	..	..	45,000	0 0	Less Dividend	..	37,500	0 0	..
„ Reserve for Taxation	..	..	80,000	0 0	„ Balance brought down	..	..	24,836	4 0
„ Balance carried down	..	..	1,23,126	14 7	Total Rs.	..	..	1,23,126	14 7
Total Rs.	..	..	28,60,236	14 0	Total Rs.	..	..	1,47,963	2 7
To Balance as per Balance Sheet	..	..	1,47,963	2 7					
Total Rs.	..	..	1,47,963	2 7					

S. R. BATLIBOI & CO.,
Incorporated Accountants,
Registered Accountants,
1-B, Old Post Office Street,
Calcutta, 16th December, 1943.

For BHARAT SUGAR MILLS, LTD.,
Per Pro. THE COTTON AGENTS, LTD.,
K. KUMAR,
Managing Agents.

K. KUMAR,
D. P. KHAITAN,
B. P. KHAITAN,
R. K. BHUWALKA,
R. K. JALAN.

Directors.

REPORT OF THE DIRECTORS OF

Bharat Sugar Mills,

LIMITED

FOR THE

Year ended 30th June, 1943

To
THE SHAREHOLDERS,
Gentlemen,

Your Directors beg to submit the Report for the year ended 30th June, 1943, together with the audited statements of accounts.

The Profit and Loss account, after payment of Interest, Managing Agents' remuneration and commission, providing for Depreciation and taxation and taking into account the balance of Profit of the previous year, shows a net profit of Rs. 1,47,963-2-7.

Your Directors propose to dispose of the amount as under:

Dividend on 50,000 ordinary shares of Rs. 10 each @ Re. 1 per share	Rs.	A. P.
free of tax	..	50,000 0 0

Transfer to General Reserve	..	75,000 0 0
Balance to be carried forward	..	22,963 2 7

Total Rs. .. 1,47,963 2 7

Messrs. B. P. Khaitan and R. K. Bhawalika retire from the Board, this time and being eligible, offer themselves for re-election.

The Auditors, Messrs. S. R. Batliboi & Company also retire but offer their services for the current year.

Yours faithfully,

K. KUMAR,
D. P. KHAITAN,
B. P. KHAITAN
R. K. BHUWALKA,
R. K. JALAN.

Directors.

For BHARAT SUGAR MILLS, LTD.,
Per Pro. THE COTTON AGENTS, LTD.,
K. KUMAR,
Managing Agents.

8, Royal Exchange Place,
Calcutta, the 16th December, 1943.

FROM THE PROVINCIAL ANGLE

Madras Letter

ECONOMISTS IN CONFERENCE—OBJECTIVE AND SCIENTIFIC DISCUSSION OF ECONOMIC PROBLEMS—SEIZURE OF UNSTAMPED CLOTH (From Our Correspondent)

MADRAS, Jan. 2.

THE twenty-sixth session of the Indian Economic Conference which assembled in Madras this week has made a vital contribution towards the solution of the pressing problems facing the country in the field of economics, agriculture and industry. Dr. B. V. Narayanaswamy Nayudu's presidential address to the Conference covered a very wide field and included subjects like agriculture, industry, public health, transport, inflation, war time controls and post-war reconstruction. His diagnosis of the ills of the country, which were wide and varied, was critical. Analysing the salient features of war time economy, Dr. Nayudu said that the war has brought about a revolution in the economy of the country and as a consequence, the growth of a formidable array of controls. But he emphasized that wealth and welfare should be the twin objectives of all post-war controls. A plan so to provide for all the minimum necessities of life and therefore of the rapid industrialization of the country and planned post-war agricultural reconstruction were some of the points pressed by him. *Laissez faire* has become an outworn creed and therefore he made a bold suggestion that India can profit by the experience of the Soviets in carrying out their First Five Year Plan. Dr. A. Lakshmanaswamy Mudaliar, Chairman of the Reception Committee, made grateful references to the role of the economist in the shaping of the destinies of the country. It was gratifying that Governments were beginning to realize the value of the help and advice of the economists. It was also equally gratifying that Capital and Industry was taking the advice of the economists to the best advantage. The Vice-Chancellor of the Madras University, however, warned the economists that they should steer clear of officious interference of Governments and of subtle blandishments of capitalism.

War-time Controls

The discussions of economic problems by the delegates were conducted in an objective manner and in a scientific spirit and they are bound to be useful from the practical point of view. "War time controls" evoked a keen and useful debate. The main points of discussion were: Should there be a blanket control of all prices or should the Government go on a selective basis? Profit control or price control? Which should be the policy of the Government? It appeared that the economists would rather favour control on a selective basis. Profit control seems to be the policy of the Government as evidenced from the various ceilings fixed. It was urged that price control should be viewed from an all-India view point. Any control to become a success should be enforced by a Government, whose interests are identical with those of the people, but so far, the administrative machinery in India has failed and the co-operation of the people, with the Government is to say the least has been inadequate.

Currency Expansion

"Currency expansion during the War" provided a very wide field for discussion. Much of the confusion as to whether it was currency expansion or scarcity of consumer goods was cleared by some speakers who took part in the debate. The problem arose from the manner and angle from which one

looked at it. Though disclosing opposite facets, it was essentially and fundamentally the same phenomenon and the supposed anti-thesis between the two was artificial and therefore unnecessary. Whether we are in the war by free will or by accident, if it is admitted and realized that the war must be fought to a successful conclusion, currency expansion and therefore, the accretion in the sterling resources cannot be got rid of. But the evil effects can be warded off by guaranteeing to the people their essential needs and then draw upon the balance for military purposes and secondly by accelerating the tempo of production in the country. But here again the political question arose. "Regulation of Banking and Recent structural changes in the Capitalistic Economy," were the two other subjects discussed. Modern joint stock banking was of comparatively recent origin and it was therefore urged that it should be developed to avoid common pitfalls. The recent banking regulations were analyzed and it was stressed that while the Reserve Bank should have a direct control over all banks in the country initiative should not be stifled. Dr. K. S. Hyder of the Aligarh University has been elected as the next President of the Conference.

Disposal of Unstamped Cloth

The curtain has been rung down this week on the agitation and controversy of the past several months in regard to the disposal of unstamped cotton cloth and yarn. And in pursuance of the decision of the Government of India, the Madras Provincial Textile Commissioner and the Officers of the Textile Control, Commercial Taxes, and Revenue Departments, who have been authorized in this behalf, have begun to seize unstamped cloth and yarn remaining unsold with the dealers. The seizure will not apply to hand-spun yarn, cotton cloth and yarn imported from other countries and summer goods (fine mulls, summer-text, dorias, mosquito netting and umbrella cloth have been notified as such). The seized goods have been sealed and left with the dealers themselves for subsequent price stamping. It is learnt that the complete list of ceiling prices in respect of all varieties of cloth will be available in a week. The stamping which will commence thereafter is expected to take nearly two months for completion in this Province. One hundred stamping units, each unit under a Stamping Inspector, have been appointed. The returns of unstamped cloth indicate that stocks by the middle of last month were about 30 million yards and yarn of about 2,500 bales. At the close of last month almost all the retail dealers announced a reduction in the prices of these goods by about 12½% and a very heavy turnover has resulted and to this extent, the stocks are bound to be lower. The question of yarn will not arise as the stocks of unstamped yarn are poor. The stamped goods should be disposed of within six months reckoned from the end of the month in which they were stamped. It has been made clear that the stamping fee cannot be passed on to the consumer. It is admitted even in official quarters that the stamping fee is too high for the small retailers to pay and therefore they will be hard hit. And they will have to find solace in the assurance given by the Provincial Textile Commissioner that the regulations would be worked in a liberal spirit with the co-operation of the mercantile community.

CONTROVERSY ABOUT COTTON "FLOOR" AND "CEILING"—UNPOPULARITY OF STANDARD CLOTH—INDIAN SOCIETY OF AGRICULTURAL ECONOMICS (From Our Correspondent)

BOMBAY, Dec. 31, 1943.

THERE has been some controversy in the local Press as to whether the decision of the Cotton Sub-Committee of the Textile Control Board in accepting the Government's counter-proposals of a "floor" at Rs. 400 and a "ceiling" at Rs. 550 basis Jarilla 3/4", with reopening of trading in the Hedge Contract between these limits, was wise. Messrs. Chunilal Mehta & Co., Ltd., consider this decision as a "blow to the Indian cotton farmer." The Cotton Committee's original recommendation was a "floor" of Rs. 500 and a "ceiling" of Rs. 650. But the Committee was given to understand that in the Government's scheme of deflation cotton was an important item, and that the Government took cotton as an index of agricultural prices. The Government was determined not to allow cotton to lead the way to inflation as it was supposed to have done before. The whole Committee felt that they had no option but to accept the Government's counter-proposals under protest with Mr. Lancashire, Dy. Chairman of the Bombay Mill-owners Association not joining the protest. What M/s. Chunilal Mehta & Co.'s pamphlet, published in this connection, omits and what it is pertinent to point out in fairness to the Committee, is that the whole Committee followed the lead of the cotton growers' representatives who were for accepting the Government's counter-proposals. They preferred this to having no 'floor' at all. Secondly the growers' representatives themselves were keen about the reopening of the Hedge Contract for the smooth marketing of the crop. What beats one is how no "floor" would have been better than a "floor" even if low. Again, because the "floor" is placed at a low level, it does not necessarily mean that the produce of the cotton farmers would be sold out at the floor level. In fact it is the "floor" and the Government's decision to support the "floor" by buying cotton that prevented cotton at one stage from falling below Rs. 430. The subsequent action of the market belies the fears expressed in M/s. Chunilal Mehta & Co.'s pamphlet. The cotton growers' representatives felt that without a "floor" and without Hedge trading, there would have been a demoralization in the market, and cotton prices might have dropped to very low levels resulting in very substantial loss to the farmers especially at the time of the heavy movement of the crop.

Standard Cloth

Despite the official acclamation that mills supplied several million yards of "standard cloth," it remains a fact that the "standard cloth" has been a failure. The proof of the pudding lies in the eating, and, orders for several million yards of "standard cloth" have been cancelled by the Chairman of the Textile Control Board. Enquiries at certain mill centres where "standard cloth" is sold side by side with "civil cloth" show that after their first experience of the use of "standard cloth," people at large have rejected the "standard cloth." The specifications of the "standard cloth" especially for grey shirtings, are very low, and the cloth does not contain enough reeds and picks to stand repeated washings. The unpopularity of the "standard cloth" is not likely to be acknowledged officially by the Textile Control Board. But the object of cloth control, viz., provision of cheap cloth to the poorer classes, will be defeated if the Government allow the standard cloth scheme to fail. If the orders for the manufacture of "standard cloth" are cancelled, what are the mills going to manufacture for the poor people? It auto-

matically follows that unless the specifications of the "standard cloth" are changed, and better and decent cloth is put on the market, mills will switch over to the manufacture of "civil cloth" in which there is extremely good margin which in certain yarns, is reckoned at Rs. 300 to 350 per candy of 800 lbs.

Agricultural Economic Conference

The Indian Society of Agricultural Economics held its fourth annual conference at Walchandnagar, during the week. The scope of work and the activities of the Society deserve to be better known in the country than is the case at present. The Society was started in 1940 mainly due to the initiative of Sir Manilal B. Nanavati, ex-Deputy Governor of the Reserve Bank of India. This pioneer Society proposes to do research work on all the problems of Indian agricultural economics and rural life. It will then place before the Government and the public, the results of its researches including its suggestions for solving the problems. It is proposed to develop the Institution on the model of the International Institute of Agriculture at Rome or the League of Nations Section dealing with the rural problems of European countries. The Society has secured the services of many economists and students of rural economics, and, with their help proposes to publish a series of books on the subject. An introductory volume called "Our Rural Problems" is to be published shortly. Among the speeches made at the Conference of the Society, the most noteworthy was that of the President, Sir Manilal B. Nanavati. He made a fervent plea for increasing the productive capacity of the country bringing more land under cultivation by making use of the 110 million acres of land classified as cultivable waste other than fallow. For this purpose, however, a vast capital expenditure would be necessary, and the speaker said that only the State could devise the necessary scheme. He suggested the use of demobilized soldiers for the reclamation schemes in which the army machinery could also be used.

NOTICE

IMPORT TRADE CONTROL

Imports From United States Of America.

In the case of applications for licences for imports from the United States of America the goods must be described in sufficient detail to enable them to be classified in accordance with approved procurement programmes. The description according to the Import Trade Control Schedule may frequently not be enough for this purpose. Applicants are therefore advised to describe as fully as possible the exact nature of the goods required, failing which their application is liable to be returned for further particulars.

Licences for goods which have been programmed will contain at the top an entry showing the "IND. NUMBER"..... This entry gives the reference to the procurement programme, and it may be of advantage to the importers in obtaining supplies from the United States of America if they communicate also this reference Number to their suppliers when informing them that an import licence has been obtained. Reference numbers in respect of other classes of goods will be communicated to licence holders as and when the programmes for such goods are approved.

(Sd.) K. G. AMBEGAOKAR,

No. 37. Jt. Chief Controller of Imports (F.P.).

Bihar Letter

RATIONING AND FOOD POLICY—MICA INDUSTRY, COST OF LIVING—CATTLE SLAUGHTER (From Our Correspondent)

PATNA, Jan. 3.

THE enumeration of population in the more populous towns of the province and other preliminary preparations for the rationing of food are now nearing completion. It has been announced that partial rationing will come into effect in Patna from the 15th January for persons with income below Rs. 50 per month, with a view to subsequent extension so as to comprehend all income groups. The public has not been taken into confidence in the preparation of the details of the rationing scheme; and doubts and misgivings prevail with regard to the quality and quantity of the foodstuffs that is going to be supplied. When rationing comes into effect in all the urban areas of the province, it would be the culmination of the food policy which the Government of Bihar adopted with the appointment of Mr. Mudie as the Governor. No sooner than he was appointed, he swept away the doubts and vacillations besetting the food policy of the province, and with a confidence in the system of procurement and distribution which he had helped to build in the U.P., he got ahead with implementing the same in all its details in the new province entrusted to him.

Rationing and Food Policy

The province has been divided into six regions, and all inter-regional trade and transport in foodgrains must pass through the food controllers placed in each of the regions. Rural self-sufficiency is an assumption of this scheme and the problem of food is conceived narrowly as one of supplying the poorer classes in the urban areas with their minimum requirements. Government intend to leave rural supplies and distribution to follow the normal channels while they enter the larger grain markets of the province as purchasers, at reasonable and attractive prices. They intend to take the place of the class larger wholesale dealers which normally purchases the rural surplus in larger markets, and distributes it in the urban areas. They hope to control prices within reasonable bounds in rural areas as well, by means of the restrictions regarding trade and movement and through their purchases and sales being themselves substantial operators in the market. We may expect that this food policy would mitigate the difficulties in some of our bigger towns, but as a device of price control in a normally deficit province, it appears to be a poor show. It has failed to keep down prices in the U.P. and no more can be hoped for from it in Bihar. Seemingly Government has lost sight of an important difference in the conditions of Bihar and the U.P. while initiating a system more or less tolerable in the latter. The urban population of Bihar is only 4 per cent. compared to about 10 per cent. in the U.P. and the problem of urban feeding is of lesser magnitude. Hence Government needs to control lesser stocks to feed the urban population in Bihar, while substantial stocks would be necessary if they intend to enforce a price policy as well. Thus they would have to control stocks that are not needed for the urban areas without having distribution channels in the rural areas. A potential danger of dislocation of rural supplies lies concealed under the circumstances.

Mica Industry

The Koderma Mica Mining Association presented a memorandum to the Governor, when he visited Koderma recently. The suggestions made by them for the eradication of the so-called mica piracy throws light on the shape of things the bigger mica interests

suggestions are seemingly aimed at making the small local enterprise difficult, making the business a closed preserve of those entrenched in it and secluding it from the sunshine of publicity which local interests have roused in it. It is only in this light that their suggestion to place the industry under the direct control of the Central Government instead of the Government of Bihar and other suggestions are understandable. They want to have a governing body composed of miners' representatives and mining experts presided over by a Government official in order to control the industry on lines analogous to petroleum production in Burma. This governing body would issue miners' licences only to those who promise to develop mines along mechanized lines and employ qualified technicians. Proprietors' certificates would cease to exist, all proprietors being obliged to seek miners' licences. No licensee would be permitted to sub-lease his properties or employ contractors. Thus proprietors who happen to be an important section of the small miners must either sell to the big miners their property or keep it unused in case they cannot find the finance for large-scale enterprise. Other suggestions include restrictions over the authorization of agents by licencees and location of godowns and the prevention of the sale of crude and block mica. The prevention of the sale of such mica would make indirectly the splitting industry more dependent and integrated with the business of the miners. They further suggest that the right to engage in the sale and purchase of mica in its permissible forms should be radically restricted to a number of firms and individuals deemed sufficient for the amount of production. Of all suggestions which have been made for the eradication of mica theft, the one which is most difficult to understand is that the mica police should be abolished. The Governor of Bihar has promised an enquiry through the Deputy Commissioner of Hazaribagh into the problems facing the industry. It might be suggested that the inclusion of the parties concerned and some public men in this official enquiry would have secured greater confidence and support for its findings.

Cost of Living

It is reported that in the month of October, 1943, the cost of living recorded a rise of 19 points in Muzaffarpur, 12 in Monghyr, and 9 in Ranchi and fall of 7 points in Jamshedpur and 8 in Patna. It remained stationary in Jharia. Compared with the corresponding month of the previous year, the cost of living was higher by 221 points in Ranchi, 215 in Monghyr, 196 in Jharia, 181 in Muzaffarpur, 171 in Patna and 157 in Jamshedpur. The percentage of rise upon the pre-war normal period ending 1914 was 348 in Ranchi, 346 in Jharia, 338 in Monghyr, 301 in Jamshedpur, 219 in Patna and 261 in Muzaffarpur. During the month Patna was the cheapest place for a workman, while Jharia, the dearest. The difference between the two extremes was about 41 points.

Slaughter of Animals

The indiscriminate slaughter of animals which has been responsible for considerable depletion of agricultural live-stock has at last received the attention of the Government. The slaughter of working cattle used for ploughing or transportation below the age of ten years, all milch cows, and sheep and goats below the age of two years has been prohibited. Another order of the Bihar Government prohibits the transport of fowl, eggs, sheep and goats out of the province, which is expected to conserve these varieties of animal food for use within the province.

A DELHI DIARY

NEW DELHI, Jan. 6.

There is reason to believe that, in one sense at any rate, the Delhi session of the Indian Science Congress may prove to be memorable. It has brought together the leaders of scientific research and those controlling the policies of the Government of India. The very fact that the Viceroy opened the conference with a friendly and sympathetic speech and high officials like the Master-General of Ordnance addressed the delegates shows that after all the Government of India are beginning to realize the importance of scientific research in the modern world. Practically every speaker referred to its importance in solving present and post-war problems. Sir Maurice Gwyer after handsomely acknowledging that "Indian science has already achieved a position second to none in the world," said: "They can transform the face of India, they can multiply its wealth, they can solve the problems of ignorance and poverty, and who knows whether they may not even be able to solve the most intractable of all, India's constitutional problems?" The Viceroy also referred to the advance which Indian science has made and added: "It must play a great part also in post-war development. The coming years will be vital to India. She must learn to make use of her abundant resources with the aid of science." All these emphatic statements made on the scientist's role in post-war development raise the question of the Government's future policy. What are the Government of India proposing to do to enable Indian science to play its proper part and assist India's economic development?

If the story of the past is to be repeated, India cannot escape economic annihilation in the post-war years. The Master-General of Ordnance, Sir Clarence Bird, was perfectly frank in his admissions about the past. Speaking about scientific research for meeting military requirements he confessed: "In the past this aspect has been dealt with almost entirely by the United Kingdom, the United States, and those Dominions where industries of the highly scientific type were already established." Whose is the responsibility for not starting these industries? And will something be done at least now to ensure that India does not suffer in this manner in future years? One suggestion which has been made is that not only should a prominent industrialist be appointed to the Viceroy's Council but so far as is possible, a bigger and more effective organization should be set up in the Government of India for organizing research in co-operation with industries and universities. As the wisdom of appointing Sir S. S. Bhatnagar to the Staff of the Industries Department has already proved itself, the time is already overdue for taking a further step forward.

In this connection special value attaches to the outspoken address of Mr. J. J. Ghandy as the President of the Engineering and Metallurgy section. He complained that despite the lessons of the last war, "industrial research in India was still sporadic and unsystematized." Something has been done "to meet the imperious needs of the war" but in his opinion, our research organization in this country is still in the stage of infancy and the fields of industrial research yet to be covered are vast and boundless. Comparing India's relatively weak position compared to the rapid advance of organized research in other countries—particularly the United States and Russia—Mr. J. J. Ghandy said: "There are no national laboratories for physical, metallurgical, fuel glass or cement research, no organization for the promotion of co-operative research among relatively small concerns, no bureau of standards and measurements, no proper liaison between industries and the universi-

ties." The suggestion which he has made to the Government of India is that the membership of the existing Board of Scientific and Industrial Research should include a larger number of scientists and cover all branches of science. He wants the establishment of a Supreme National Academy of Sciences to co-operate with the Board in the Direction of Research. Provision should also be made for bringing industry into contact with science and both into contact with the Government. A good deal has to be done, but the first and most important need is to make the Government of India take genuine interest in industrialization and organize its own departments suitable for the purpose. As has often been emphasized in these columns, it is necessary that all the research activities of the Government of India should be brought together under one Member for facilitating closer collaboration and greater effectiveness.

The seriousness of the coal crisis is undoubtedly worrying the authorities of the Government of India. Here again it is due to the Government's false sense of complacency and lack of foresight that is responsible for the present situation. During the period of the last war coal production increased substantially. The same could have been done, but the Government of India failed to take the necessary steps. The reasons are three-fold—the failure of the transport system, the failure to take timely measures to provide sufficient labour for coal mines and also the failure to rationalize supply and secure efficient distribution. As usual the New Delhi authorities have woken up late to the seriousness of the situation. A coal controller is coming from England, for evidently, His Majesty's Government feel that the situation cannot be allowed to deteriorate any further and endanger both civilian supplies and war work. There are various rumours in the air about the possible curtailment of coal supplies to Indian industries. It would be a tragedy indeed if the work is in any way interfered with because of the Government's mishandling of the coal problem. They are already having serious difficulties owing to heavy taxation, high cost of production, inability to secure a number of essential requirements, etc. If in addition they are obliged to close down temporarily or permanently owing to lack of coal supplies, it would be a serious blow to these struggling industries. Even now the position can be greatly improved if only the Government of India can plan wisely and take energetic measures. For instance, there have been a number of complaints that the Government of India are not taking necessary measures to draw out hoarded stocks and make contracting parties fulfil their obligations.

No invitation appears to have been received so far by the Government of India for the proposed international monetary conference. The position regarding this conference itself is very nebulous. The United Kingdom and the United States have their own separate schemes. The Soviet Union seems to be also having certain definite ideas about post-war currency. It is not going to be an easy matter to bring together all these schemes and find a common international scheme which will be acceptable to all these different parties. In the circumstances it would not be surprising if the international conference is postponed for some months in order to have further time for reconsidering the various proposals. All that is said of the Government of India's attitude is that they are in no way committed to any of these schemes. At the coming meeting of the Policy Committee on post-war reconstruction, the question is expected to be discussed, but it is hardly likely to lead to anything more than a preliminary discussion.

ARGUS

NEWS PAGE

Mr. S. K. Kirpalani, C.I.E., I.C.S. has been appointed Indian Government Trade Commissioner in New York to succeed Mr. H. S. Malik. Before he takes up his new appointment, Mr. Kirpalani will contact the principal Chamber of Commerce and trade association in India.

In a telegram to the Viceroy the National Christian Council in India characterises the Government's recent prize bonds scheme as a morally indefensible method of national finance as it rests on frank appeals to speculative tendencies.

It is understood that during December, 1943, seven ships carrying over 43,000 tons of wheat arrived in India. Further shipments of wheat are expected shortly. Since October last the total number of ships which have arrived in India with foodgrains from abroad is 37.

In pursuance of the decision taken at the last session of the Tripartite Labour Conference in Delhi, the Central Government have appointed a Committee consisting of Mr. D. V. Rege (Chairman), Dr. Ahmed Mukhtar and Prof. B. P. Adarkar, to investigate questions relating to wages, earnings, employment, housing and social conditions of industrial workers in India, and to collect data for evolving plan's for the social security of Industrial labour.

The U.S. Treasury Department has sent invitations to 44 nations to attend an international monetary conference to consider post-war reconstruction and trade. The conferees will consider tentative Treasury proposals for 8,000 million dollar currency stabilization funds and a 10,000 million dollar world bank for reconstruction and development. No date has yet been set for the conference.

The Federation of Indian Chambers of Commerce in a communication to the Government says that, as the balance in the fund in respect of the War Risks (Factories) Insurance Scheme is substantial, no further premium for 1944-45 should be charged from those concerns who have paid all the eight instalments under the Scheme for insuring their factories. The four per cent. premium already paid during 1942-43 and 1943-44 should cover the risk for a further year ending March 31, 1945.

It is understood that Messrs Birla Brothers are going to establish a motor-car plant as soon as circumstances permit and that they have already acquired assembling plant and other machinery for the purpose. Expert staff are being recruited from England and the United States of America. They intend manufacturing medium size motor-cars and light trucks.

A complete sugar making plant on a cottage industry scale has been designed at the Sugar Research and Testing Station, Bilari, working under the Direc-

tor of Imperial Institute of Sugar Technology. Comprising of an improved "kolhu," two pans, four crystal-lisers and a pedestal centrifugal, the plant deals with 25 to 30 maunds of cane per day, and can be worked by a grower with the help of his family members and bullocks.

The American precision lens industry, which before the war depended on foreign sources for 90 per cent. of its supply, is now producing gun sights, prisms, periscopes, telescopes, binoculars and other military lenses equal in quality and quantity to German lenses, and has become independent of foreign production through new mass production methods, reports the *Wall Street Journal*.

Probably for the first time during the course of a number of years, wheat prices in U.P. today stand below those of the Punjab. In pre-war years U.P. wheat prices were normally about twelve annas above Punjab prices. This difference rose to over Rs. 3 during last September. The position has now been completely reversed.

Owing to the critical situation which has arisen as a result of a drop in coal raisings recently, and in order to co-ordinate action for increasing production and distribution, the Government of India have appointed Mr P. C. Young, C.B.E., as Coal Commissioner. He was recently Coal Supplies Officer in Scotland, and formerly in Indian railway service.

Exports from the United States in 1943 will be the largest in history, according to the United States Commerce Department. The figure for the first eleven months of the year was 1,941,000,170 dollars, which is an increase of 59 per cent. above the corresponding period in 1942.

Inquiries made in the Food Department show that both the statutory internal price of rice in Sind and the export price were fixed by the Government of Sind. The Central Government's direction required two things only, firstly that the Sind Government should not abandon statutory control and secondly that they should not raise prices without consulting the Government of India. The direction has no reference to maintaining export prices, which the Government of Sind can reduce whenever they please.

It is understood that the first meeting of the newly constituted Advisory Committee of the Central Legislature to advise the Food Department will be held in New Delhi on January 10 and 11, 1944.

All the four chief Portuguese shipping companies are considering plans for establishing air lines after the war to Brazil, the Portuguese colonies and Atlantic islands. One of them hopes to establish air services to Portuguese Africa before the end of the war.

New India Sugar Mills, Limited.

NOTICE is hereby given that the Ninth Ordinary General Meeting of New India Sugar Mills, Limited, will be held at the registered office of the Company, No. 8, Royal Exchange Place, Calcutta, on Friday, the 7th January, 1944, at 3 p.m.

(a) to receive and pass the Directors' Report and audited Accounts for the year ended 30th June, 1943,

(b) to declare Dividend on Cumulative Preference Shares, which is payable, on application, to the share-holders, when declared,

(c) to declare Dividend on C. R. Preference Shares, which is payable, on application, to the share-holders, when declared,

(d) to elect Directors,

(e) to appoint Auditors for the current year and to fix their remuneration, and

(f) to transact any other business that may be brought forward.

The Share Transfer Register will be closed from 27th December to 7th January, 1944, both days inclusive.

By order of the Directors,

THE COTTON AGENTS, LTD.,
Managing Agents.

Calcutta, the 17th December, 1943.

New India Sugar Mills, Limited. Hassanpur Road.

REVENUE ACCOUNTS for the year ended 30th June, 1943.

	Rs.	As. P.	Rs.	As. P.		Rs.	As. P.	Rs.	As. P.
To Opening Stock, as on 1st					By Sales:—				
July, 1942			10,52,977	8 9	„ Sugar and Molasses			29,46,161	9 9
„ Manufacturing & Other Expenses including materials consumed			20,02,820	8 3	„ Closing Stock, as on 30th June, 1943:—				
„ Excise Duty			5,04,706	14 0	„ Sugar and Molasses			9,35,536	4 0
„ Directors' and Deben-ture Trustees' Fees			1,350	0 0	„ Sundries			2,193	1 0
„ Interest including Deben-ture Interest			56,364	4 8					
„ Managing Agents' Com-mission and Remu-neration			62,315	6 3					
„ Depreciation on Block			1,25,000	0 0					
„ Reserve for Taxation			33,000	0 0					
„ Balance, carried down			45,356	4 10					
Total Rs.			38,83,890	14 9	Total Rs.			38,83,890	14 9

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 1943.

	Rs.	As. P.	Rs.	As. P.		Rs.	As. P.	Rs.	As. P.
To Balance as per Balance Sheet			1,14,762	13 8	By Balance, as per last account	83,986	8 10		
					Less: Dividend on 486 Preference Shares from 1st July, 1938 to 30th June, 1942	14,580	0 0		
								69,406	8 10
					„ Balance, brought down			45,356	4 10
Total Rs.			1,14,762	13 8	Total Rs.			1,14,762	13 8

S. R. BATLIBOI & CO.,
Registered Accountants,
Incorporated Accountants,

Auditors.

1-B, Old Post Office Street,
Calcutta, the 16th December, 1943.

For NEW INDIA SUGAR
MILLS, LTD.,
Per Pro. COTTON
AGENTS, LTD.,
K. KUMAR,
Managing Agents.

K. KUMAR,
P. D. HIMATSINGKA,
G. D. LOYALKA,

Directors.

REPORT OF THE DIRECTORS

OF THE

New India Sugar Mills, Limited.

FOR THE

Year ended 30th June, 1943.

To

THE SHAREHOLDERS,

Gentlemen,

Your Directors beg to submit the Report for the year ended 30th June, 1943, together with the audited statements of accounts.

The Profit and Loss Account, after payment of Interest, Managing Agents' remuneration and Commission, providing for Depreciation and Taxation and taking into account the balance of Profit of the previous year, shows a net profit of Rs. 1,14,762-13-8.

Your Directors propose to dispose of the amount as under:

Dividend on 486 Cumulative Preference Shares of Rs. 100 each @ 7½ per cent per annum, free of Income-tax	Rs.	A. P.
	3,645	0 0
Dividend on 30,000 C. R. Preference Shares of Rs. 10 each @ 7½% per annum, free of tax due upto 30-6-1943	1,09,787	10 6
Balance to be carried forward	1,330	3 2

Total Rs. 1,14,762 13 8

Mr. K. C. Neogy, M.L.A. (Central), was appointed a Director of the Company during the year.

Messrs. P. D. Himatsingka and K. C. Neogy retire, and being eligible offer themselves for re-election.

The Auditors, Messrs. S. R. Batliboi & Co., also retire, but offer their services for the current year.

Yours faithfully,

K. KUMAR,
G. D. LOYALKA,
P. D. HIMATSINGKA,

Directors.

For NEW INDIA SUGAR MILLS, LTD.,

Per Pro. COTTON AGENTS, LTD.,

K. KUMAR,
Managing Agents.

8, Royal Exchange Place,
Calcutta, 16th December, 1943.

Messrs. S. N. Sinha and K. C. Neogy, could not sign the Report being away from Calcutta.

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"NEW ASIATIC"

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It has various schemes to suit

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Transacts Fire, Marine and
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THE
NEW ASIATIC INSURANCE CO., LTD.

Chairman :

B. M. BIRLA.

Head Office:

Connaught Circus,
NEW DELHI.

RAILWAYS can run
many more urgently wanted
GOODS TRAINS

if we all travel
**ONLY WHEN
WE MUST.**

So—

ASK YOURSELF
BEFORE YOU
BUY YOUR TICKET—

**IS YOUR
JOURNEY
ABSOLUTELY
NECESSARY?**

B. B. & C. I. Rly.

GLEANINGS**Preface to Post-War Planning**

[Addressing the 27th annual meeting of the National Industrial Conference Board, Mr. Virgil Jordan, the President, had some very interesting remarks to make on the milieu of planning. Although Mr. Jordan had primarily the American audience in view, much of his comments has relevance and significance for us in India also. We reproduce below the full text of the introductory comments by Mr. Jordan.—Ed.]

In the day's sessions of this 252nd Meeting of the Conference Board, which opens the 28th year of its service, we have considered many special aspects of the preparations which are proceeding among industrial and business groups and in individual enterprises in the midst of the imperative pressures of war, to meet the equally perilous problems which peace will present to us when it comes. This evening we shall discuss some of the more general aspects of these problems which are of common concern to us as citizens no less than as business men.

Before we begin it seems to me that, both as business men and as citizens, it will be pertinent and appropriate for us to pause to salute in spirit those millions of sons and brothers of America on the far-flung battle line of this colossal struggle, who alone are making it possible for us to think or speak or do anything at all about preparing for post-war reconstruction. They did not plan it that way, and they have no other plan of their own but to get their job done, and get on with what is left of their lives; but in their sacrifice and suffering they are drawing the primary and imperative post-war plan, tracing it in blood and sweat and tears in the sands of Africa, the swamps of the South Sea Isles, and the snows of Attu. Without them there would be no post-war for us to prepare for, and nothing for us to reconstruct. Theirs is the one plan that must work, or all of ours are worthless. So we planners here at home may well salute them in all humility, ask blessing on the arms they use in the grim draftsmanship of Mars, pray that our blue-prints may match in clarity and courage those they are drawing on the battlefield, and prepare us to complete the plan they have begun.

DESIGNS FOR THE FUTURE

The world's drafting rooms are littered with sketches of the future, finished or unfinished, setting forth and stimulating the creative imagination of man for many things to come, from better bungalows and automobiles, and nobler mansions for the soul, to portentous structures of economic prosperity, social security and international peace, usually surmounted by some supreme, omniscient and omnipotent providential State, preferably with the Stars and Stripes floating from the cupola. This is indeed one world, as someone has said, but with many people in it, with many different minds, and many different dreams, which no single plan can comprehend. One world, indeed, but a plural universe of the spirit, and one with many plans, some made by mice and men, and most by God.

So, by way of preface to our discussion of some of those plans tonight—including, I hope, both kinds—I speak of but two which seem to me concern most closely those American sons and brothers who enable us to make any plans at all, and whose design for victory, drawn on the battlefield of the moment, must be the basis of all our blue-prints of the future at home. One of these is immediate and urgent, but it has not yet been made, is still unimagined, its need ignored. The other is for time to come, and though it was finished and perfected long ago, it has faded and been forgotten in our day.

Of the first of these plans, still missing or postponed, though it is an inseparable and indispensable part of which those sons and brothers are preparing on the battlefield, I need not say much tonight. In these sessions of the Board during the past year I have often emphasized the supreme importance of conserving, sustaining, stimulating and safeguarding the resources of the home front, whose ultimate strength, tested in the final moment of the struggle, is decisive for victory or defeat—in the limitless war of modern times. We can and must have complete confidence in the competence and courage of our soldiers, their leaders and their service of supply, but I may remind you again that in the end this is a war by and against civilians. Our military forces are merely a colossal cutting edge mounted on an immense machine tool made of the mind, muscle and morale of the hundred million humans at home, and unless this vast vital force of civilian life and labour is organized, energized and sustained with intelligence and integrity, the most powerful military machine imaginable may only cripple and wreck its own civilian support faster than it can that of the enemy.

SHAKY HOME FRONT

I need not tell you that such fortification of the civilian front is not being done today in America, and there is no assurance that it will be done before its absence becomes painfully noticeable to the boys on the battlefield. This is not the occasion to discuss the reasons why it is not being done. Day by day since the outset it has been evident that the only discernible plan for protecting this Achilles heel of our war effort has been one of elaborately and carefully coordinated chaos, compounded at best of political expediency and bureaucratic incompetence. You are as familiar as I and millions of other Americans now are with the fact that the official fight against the wasting fever of inflation has been phoney; you and I know that the labour and farm policies pursued have been at best only an elaborate piece of shadow boxing, and at worst a shifty and shabby political punch and Judy show, played at the expense of civilian security, if not so far at the peril of our soldiers; you and I know that the rationing and price control systems have not merely broken down, but have blossomed into a massive and universal organization of smuggling, bootlegging and black markets such as America has not seen since colonial days. Not a single important problem of the home front, whether of fiscal policy, of food and fuel supply, of manpower mobilization, of management-labour relations, or of public information has been faced so far with candor, courage and integrity, or handled with intelligence and competence by our public officials, for the primary and imperative purpose of supporting the civilian arm so vital to assure and speed the victorious end of the war. Every plan that has been made to meet these problems has been in some part a post-war plan for something else, not a plan to hasten and make certain the winning of the war.

Only the abundant resources and profound patriotism of the American people have postponed the painful consequences of these conditions, but the most important reason why they and their government seem indifferent to them is that they still do not know, and it will not tell them, that this war will not soon be over, and that we shall be compelled to meet and overcome these problems of the home front before it is. This war can no longer be scheduled by any calendar of political expediency or human convenience. It will last longer and cost more than we imagine. It will end only when the civilian population

of one of the protagonists is beaten and exhausted, and the victor will be the one that endures for the last five minutes.

So, when we speak of preparing for post-war reconstruction, I say to you that the kind of plan of which we stand in most immediate and pressing need for this purpose today is a plan to win the war. We have impressive military plans, in themselves probably sufficient, but they may be merely a mirage if we do not make sure that the home front on which they rest is secure and strong for certain victory. We need a plan, prepared with intelligence and competence, and put into action with candor and courage, by which the civilian arm of this war can be organized and serviced, energized and inspired, for a long and gruelling struggle, without question of the outcome.

It may seem paradoxical, especially for me, to suggest that any government which has made so many plans during the past decade for almost everything and everybody in the world, everyone of which has completely failed so far, should be asked to make another; but no one else can make this one now. All responsibility and power for winning the war rests in its hands today, and these sons and brothers on the battlefield who are planning to do their part in that task have a right to expect us on the home front to do ours, with a plan for it which matches theirs, and one which has no other purpose but that.

FREEDOM VS. AUTHORITY

So much for the missing plan, the one that was never made and is still unimagined. But when that purpose shall have been accomplished, whether it be by such a plan or merely by the compassionate and patient providence that watches over fools, it will have done little more for us than to provide the drafting board on which we may prepare and complete our blue-prints of the future with confidence and faith. For the American people, as for others, there must and will be many plans for post-war reconstruction, but without some common frame of reference to the facts of their life and labour in the past, all these visions and designs must be empty and delusive dreams or dreary nightmares.

Before we bend too closely to the task of tracing them on the firm drafting board which only victory will provide, let us be sure that we choose a frame for them that will fit the people for whom the plans are made, and the facts of their life and labour. Today the designers of the future anywhere have but a single choice of frames for their pictures of it, each plainly labelled with the brand and price by the bitter experience of the past decade. One is the frame of force; the other the frame of freedom. One, the frame of authority and security; the other the frame of opportunity and effort, which shall be planners for American choose?

I need not say to you again, as I have so often, that there is only one common frame of reference which fits the facts of her past or the promise of her future and which can endow with any meaning whatever post-war plans we make for her. This is the simple frame of freedom, opportunity and effort, the setting and masterplan for all post-war plans which hold any hope of human progress in America, at least, and perhaps anywhere in the world. But the tragic truth, tragic not only for us but for others is that today America is no longer able to choose the frame of her future, and the blue-prints and designs of the post-war world which fill her drafting boards today are being drawn for both frames at once, because she can no longer distinguish between them. The plain

frame of freedom has been overlaid and disguised with the deep scroll-work of bureaucratic embellishments, heavily gilded with the gaudy trappings of political power, until today it looks very much the same as the frame of force that sets off all the pictures of the future which the artists in the gallery across the sea painted for us and which we are trying to smash as fast as we can. But now we are putting some of our own pictures in the same frame, and they all look alike to us. In the modern museum of economic and political art it does not seem to matter much how the pictures are hung or framed or what they mean.

It is to me, and I am sure it will be to the archeologists of American civilization, one of the strangest and most incredible events in her history that within a single decade, and despite an unprecedented demonstration of her immense creative power in the greatest struggle against force the world has ever seen, we should have witnessed the return to America of the age-old dogma of authority, fitted and disguised in a phoney frame of freedom. I know full well that few among us are aware, or willing to believe, that this is in fact the frame of the post-war pictures on the wall as we wander through the interminable galleries of the millennium museum looking at the exhibits of bureaucratic art, the brisk brush work of labour landscapes, the careful designs of the academic engravers, and even the bold blue-prints of business which are being hung there. But we should make no mistake about the fact and its significance.

EMPTY FREEDOM

One by one, as these pictures of the future are presented to us, and as we listen to the chatter of the crowd and the persuasive patter of our guides about their beauty and originality and the genius and imagination of their painters, it becomes clear, to me at least, that for most of the American people much of the vital sense and instinctive feeling for the living fact of human freedom has faded out and vanished. The meaning of the word itself has largely evaporated, and like an old coin worn with familiar use, it has lost its imprint on the spirit and denomination for the mind. Save in terms of a few trivial conveniences or privileges like driving our car where we like and drinking liquor when we like, the idea of freedom is today so empty and devoid of substance that we do not even know it has disappeared and have forgotten that it ever existed. Worse than that, if they are aware of it at all, millions of men in America and elsewhere are coming consciously or unconsciously to fear it, or to hate it, hoping to escape it, fight it or flee from it; and where the idea of freedom is not a heresy or a phobia, it is becoming merely a boring bromide. One can scarcely speak of it today without a feeling of futility and weariness of the flesh, for it has become a sterile and stale stereotype of political oratory, a theme for ceremonials, monuments and mausoleums, like all things earnestly discussed and deeply honoured when they are definitely dead, as Jefferson would have noted had his shade hovered around Arlington a few weeks ago when that moving memorial to his distant, vanished dream was dedicated. The bloodiest dictators in history have sometimes been sentimental and always eloquent about liberty, generous in lip-service to it, and what Mrs. Malaprop would call post-humorous praise of it, knowing well that what's sauce for the public goose is gravy for the governmental gander. So it would surprise nobody if in a year or two you should be listening to a moving and inspiring address on free enterprise by Uncle Joe at the Annual Meeting of the National Association of Manufacturers, any more than that it is mainly a matter of merely professional interest to the press that soldiers surround

the hotel Hot Springs where the first international conference of the free peoples of the world following the Atlantic Charter is being held today.

In this, as in other matters, we all live today amid that carefully co-ordinated confusion of tongues called semantics, comfortably quartered in that modern tower of Babel beautifully planned by our bureaucracies, where we are told the word for everything and the meaning of nothing, and the end of every sentence cancels out the beginning, and the significance of all ideas is identical. Thus it is that, in thought and speech and action, even informed and honest men in business, labour or government today, can talk of freedom, security, opportunity, authority, responsibility, co-operation, mixed economics, national planning, free enterprise and full employment, at the same time and in the same breath, without knowing, caring or believing that any of these things are irreconcilable contradictions both in the mind of man and in the facts of life. Thus it is that, without stirring the mind or emotion of almost any man in America, her Government can assume to mark off and apportion the freedom of the people of the world on a point system, and propose to revise and republish the Bill of Rights as a permanent ration book of liberty for the future. This may mean many things to many people, but to me only one of them seems important and fundamental. It means that the idea and the fact of freedom are losing their significance for us simply because we have lost the capacity to think, which is the source and basis of freedom, and of its rediscovery in America a mere century and a half ago, after six thousand years of almost unbroken subjection of mankind to some form of external authority and force.

CRIPPLED THOUGHT

Though it has been the essential function and steadfast effort of the Conference Board to find and furnish the fact-tools and materials of the mind for those in American business management and labour who are moved to use them for the furtherance of freedom, it is too much to expect that this or any other institution alone can recreate the capacity to think once it has been crippled by indifference or disuse, or destroyed by the force of authority among great masses of people. So far as I am concerned I can only continue, like Galileo, to mumble stubbornly beneath my breath or in the marketplace, whether before the political inquisition or the academic sanhedrin, that earth and moon still move around the sun of freedom, under the power of opportunity and effort and by the law of liberty, not under the force of authority. It is a fundamental fact, to which every tested fact of life and labour ineluctably leads, that men are free, that ultimately nothing does or can command or control their creative or destructive powers, their thought or work, except themselves, and that this inalienable freedom is the sole source of all the productive prosperity, social security and spiritual progress possible for them, the most powerful force which they can employ for those purposes or aspirations. There is no other authority or compulsion in any form which can add anything whatever to the creative power of free men, or do more than diminish, consume or destroy what they can do for themselves.

Freedom is an integral fact, an inseparable principle and plan, an indivisible unity of design in which no interest or aspect is distinguishable from any other. Whether or not this is in any sense one world, or

might or should be in respect of any aspect of its life, we may be sure that there is and can be only one freedom in it anywhere, for anybody. Freedom from want, freedom from fear, freedom of speech and thought, freedom of worship, freedom to work, freedom of opportunity, freedom of enterprise, freedom of possessions, freedom of responsibility, freedom from force, freedom from arbitrary power and irresponsible authority, freedom from ignorance, error and falsehood—all are the same, each an inseparable part of the single frame, and whether we think, speak, work or plan for the future as economists, labour leaders, public officials or business men, we must not imagine for a moment that any of these is possible for us without the rest, for the same essential fact underlies and determines all of them.

So I suggest to you, in simple humility, as both economist and a citizen, that though it may not seem to have much meaning or substance to most of us today, in all our planning for the future let us remember to plan for freedom, for freedom is the master plan that will finally prevail over every other, the only frame into which we can finally fit the facts of life and the visions of men, in America or ultimately anywhere.

THE "FORGOTTEN PLAN"

We must plan for freedom now, because in all our planning for the future in our time freedom is "the forgotten plan." Though it was once set down clearly and in complete detail long ago by men who pledged their life, fortune and their sacred honour to draft it, declare it and defend it, it is today the forgotten plan, that was made for the first time in America, the original American plan, drawn by and for the original "forgotten man" of Europe and Asia who had lived through all the changeless annals of his centuries till then, and still does, in the iron frame of authority and force, under the plan of compulsion and dependency. Let us not forget it now, or take it for granted for the future, in any of our plans, for though it is the hardest of all human aspirations to design, or implement, or sustain, it is the most profoundly and practically important to us, and the cynical sense of our time which tells us that freedom is a fine thing but you can't eat it, will discover before long that men can and will starve in body and in soul without it.

So, lest we still forget it in the designs for the future which we discuss tonight, let me remind you again, as I have so often during the past decade, that liberty is not granted us by grace of governments, constitutions, courts or Congresses, nor can we depend upon them permanently to preserve and protect it for us. It does not prevail or persist by the power of political traditions, parties, personalities or laws. Liberty springs solely from the spirit of those common citizens who have the will and the courage to create it for themselves, the strength and integrity to accept its responsibilities and pay its price, the valour, vigilance and fortitude to defend it even with their life against its unseen, incessant and insidious enemies—indifference, ignorance, indolence and injustice. Save as it is more precious to us than prosperity or peace, comfort or security, it will never exist or long endure among us. Every man in each generation must renew and replenish its spirit in himself, and no man or any group can demand it for themselves and deny it to others without destroying it for all.

Sir,

I venture to send you for publication the following poem by a 17th century poet of England which I came across in a second-hand book shop. There is a pleasant mixture of pathos, satire, and humour in it. Let your readers substitute the word "India" for "Donkey," the poem becomes very apposite as portraying the economic position of our country.

Cawnpore.

Yours truly,
A READER.

THE DONKEY AND HIS PANNIERS.

A FABLE

Fessus iam sudat asellus,

Parce illi; vestrum delictum est asinus.—Virgil, *Copa*.

A Donkey, whose talent for burdens was wondrous,
So much that you'd swear he rejoiced in a load,
One day had to jog under panniers so pondrous,
That-- down the poor donkey fell, smack on the road.

His owners and drivers stood round in amaze—
What; Neddy, the patient, the prosperous Neddy,
So easy to drive through the dirtiest ways,
For every description of job-work so ready!

One driver (whom Ned might have 'hailed' as a 'brother')
Had just been proclaiming his donkey's renown,
For vigour, for spirit, for one thing or other,—
When, lo, 'mid his praises, the donkey came down!

But, how to upraise him?—one shouts, t'other whistles,
While Jenky the conjuror, wisest of all,
Declared that an '*over production*' of thistles—
(Here Ned gave a stare) —was the cause of his fall.

Another wise Solomon cries, as he passes,—
 'There, let him along, and the fit will soon cease
 The beast has been fighting with other jackasses,
 And this is his mode of *transition to peace*.'

Some looked at his hoofs, and, with learned grimaces,
Pronounced that too long without shoes he had gone—
'Let the blacksmith provide him a *sound metal basis*,
(The wiseacres said), and he's sure to jog on.'

But others who gabbled a jargon half Gaelic,
Exclaimed, 'Hoot, awa, mon, you're a 'gane astray,'—
And declared that, 'whoe'er might prefer the *metallic*,
They'd shoe their *own* donkeys with *papier mache*'

Meanwhile the poor Neddy, in torture and fear,
Lay under his pannier, scarce able to groan,
And—what was still dolefuller—lending an ear,
To advisers whose ears were a match for his own.

At length, a plain rustic, whose wit went so far
As to see others' folly, roared out, as he passed—
'Quick—off with the panniers, all dolts as ye are,
Or your prosperous Neddy will soon kick his last'!

**Upper Ganges Sugar Mills,
Limited.**

NOTICE is hereby given that the Eleventh Ordinary General Meeting of Upper Ganges Sugar Mills, Limited, will be held at the registered office of the Company No. 8, Royal Exchange Place, Calcutta, on Friday the 7th January, 1944, at 4 p.m.,

- (a) to receive and pass the Directors's Report and the audited Accounts for the year ended 30th June, 1943,
- (c) to declare Dividend on Ordinary Shares, which is payable, *or application*, to the share-holders, when declared.
- (c) to declare Dividend on Preference Shares, which is payable, *on application*, to the share-holders, when declared.

- (d) to elect Directors,
- (e) to appoint Auditors for the current year and to fix their remuneration, and
- (f) to transact any other business that may be brought forward.

The Share Transfer Register will be closed from 27th December, 1943 to 7th January, 1944, both days inclusive.

By order of the Directors,
THE COTTON AGENTS, LTD.,
Managing Agents.

Calcutta, the 17th December, 1943.

Upper Ganges Sugar Mills, Limited. Seophara.

Profit & Loss Account for the year ended 30th June, 1943.				Cr.	
	Rs.	As.	P.		
To Opening Stock as on 1st July, 1942	20,02,363	13	9	By Net Sales	56,42,572 5 3
" Manufacturing and Other Expenses including Materials Consumed	41,42,446	11	0	" Closing Stock as on 30th June, 1943	23,38,655 11 5
" Excise Duty	11,01,615	5	0	" Dividend and Sundries	5,110 0 0
" Directors and Debenture Trustees Fees	1,200	0	0	" Agricultural Income	12,762 9 10
" Interest including Debenture Interest	40,929	6	0		
" Managing Agents' Commission and Remuneration	1,86,822	8	9		
" Depreciation on Block	90,000	0	0		
" Reserve for Taxation	2,07,000	0	0		
" Balance Carried Down	2,26,722	13	3		
Total Rs. ..	79,99,100	10	6	Total Rs. ..	79,99,100 10 6

PROFIT AND LOSS APPROPRIATION ACCOUNT.

	R ^s .	A ^s . P.	R ^s .	A ^s . P.		R ^s .	A ^s . P.	R ^s .	A ^s . P.
To Balance as per Balance Sheet			3,46,902	11 5	By Balance, as per last account	2,64,665	10 5		
					Less Dividend:				
					Preference				
					Shares 24,485	12 3			
					Ordinary				
					Shares 1,20,000	0 0			
							1,44,485	12 3	
								1,20,179	14 2
					By Balance Brought Down			2,26,722	13 3
Total R ^s			3,46,902	11 5		Total R ^s .		3,46,902	11 5

S. R. BATLIBAI & CO.,
Incorporated Accountants,
Registered Accountants, Auditors.

1-B, Old Post Office Street,
Calcutta, the 16th December, 1948.

K. KUMAR,
R. K. KANORIA,
B. P. KHAITAN, *Directors*
K. P. GOENKA,
B. L. JALAN,

For UPPER GANGES SUGAR MILLS, Ltd.,
Per Pro. THE COTTON AGENTS, Ltd.,
K. KUMAR,
Managing Agents.

REPORT OF THE DIRECTORS

OF

Upper Ganges Sugar Mills,

FOR THE

Year ended 30th June, 1943.

To

THE SHAREHOLDERS,
GENTLEMEN,

Your Directors beg to submit the Report for the year ended 30th June, 1943, together with the audited statements of accounts.

The Profit and Loss Account, after payment of Interest, Managing Agents' remuneration and Commission, providing for Depreciation and taking into account the balance of Profit of the previous year, shows a net profit of Rs. 3,46,902-11-5.

Your Directors propose to dispose of the amount as under:

	Rs.	As.	P.
Dividend on 12,000 Cumulative Preference shares of Rs. 100 each @ 5% per annum free of tax	60,000	0	0
Dividend on 80,000 Ordinary Shares of Rs. 10 each @ Rs. 1-12-0 per share free of tax	1,40,000	0	0
Transfer to General Reserve	1,00,000	0	0
Balance to be carried forward	46,902	11	5
Total Rs.	3,46,902	11	5

Mr. B. L. Jalan was appointed a Director of the Company during the year.

Messrs. B. P. Khaitan and B. L. Jalan retire from the Board this time and being eligible, offer themselves for re-election.

The Auditors Messrs. S. R. Batliboi & Co., also retire but offer their services for the current year.

Yours faithfully,

K. KUMAR,
R. K. KANORIA,
B. P. KHAITAN,
K. P. GOENKA,
B. L. JALAN.

Directors.

For UPPER GANGES SUGAR MILLS, LTD.,
Per Pro. THE COTTON AGENTS, LTD.,

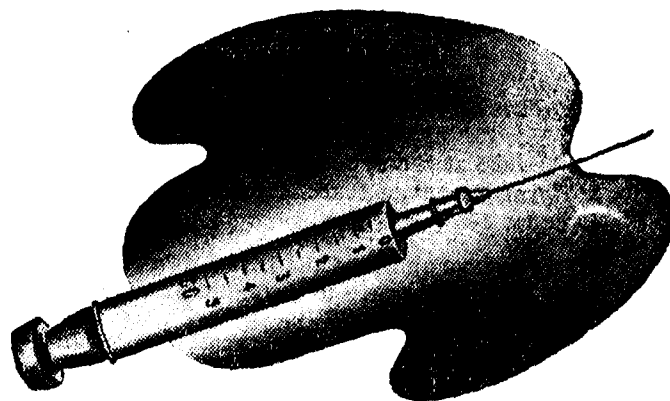
K. KUMAR,
Managing Agents.

8, Royal Exchange Place,
Calcutta, the 16th December, 1943.

Office of the Chief Controller of Imports.

Importers of buttons are informed that the essentiality quota for imports from the United Kingdom of Buttons, metal and other than metal, falling under Serial Nos. 326 and 336 of Part IV of the Schedule attached to Government of India, Commerce Department, Notification No. 23-I.T.C.-43, dated the 1st July, 1943, for the shipping period January/June, 1944, will be calculated on the basis of imports of these articles from all countries during the period 1st April, 1940, to 31st March, 1941.

No. 38.



THE ETERNAL CONFLICT

In War and in Peace the grim struggle continues between medical science and its eternal enemies—disease and death; the surgeon's knives and the doctor's hypodermic needles are some of the indispensable weapons of steel on the side of Life.

The immediate availability of such instruments throughout a war-scarred world, is to-day a primary consideration; alloy and other special steels we manufacture are meeting this demand

When peace allows for rational production we will supply our special alloy and tool steel for the innumerable requirements of India's growing industries.

TATA
SPECIAL ALLOY & TOOL
STEELS

ISSUED BY THE TATA IRON & STEEL CO., LTD.

HEAD SALES OFFICE: 102A, CLIVE STREET,
CALCUTTA.

TRANSPORT SECTION

IV

Planning in Air Transport

By J. E. Castellino

IF there is any one invention of mankind which has not fulfilled the high hopes that were entertained of it, it is the development of the heavier-than-aircraft. Neither in the utilitarian sphere of trade and industry, nor in the cultural sphere of the betterment of humanity has the aeroplane proved its worth. On the contrary, its powers of destruction have received such emphasis that instead of the service plane being converted in an emergency into an instrument of warfare, there is the hope that the development of the Flying Fortress will aid transportation. Equally topsy-turvy has been the attitude, of the peoples of the world and their Governments towards this form of transport. While Railways which call for a very heavy investment, were everywhere started by private enterprise (in some countries, aided by Government), air services have always been first established by Governments. Civil Aviation has been the hand-maiden of military operations in the air. Hence, a complete theory on the economics of air transport has not been formulated since military requirements have overshadowed the principles of business on a profit-and-loss basis.

As a form of transportation, air possesses to a pre-eminent degree two features which are increasingly important to modern trade conditions, speed and flexibility; but there are rather dubious qualities which off-set these great advantages. Safety is uncertain, reliability is absent and cost is high. True, all these factors are being gradually improved by progress in technique. A quarter of a century ago, the cost of air transport on a ton of goods carried by two planes for 200 miles was over a thousand rupees. On the cessation of hostilities, it may be expected that one aircraft will transport 5 tons for 500 miles for that amount. With continuous technical progress in aviation, the pay-load may tend to approach that of surface transport; but howsoever great the advance made by technicians, it must be realized that air costs per ton-mile will hardly ever come down to the level of surface transport charges.

Contrast the picture of a horse drawing along a canal a barge of 50 tons at 3 miles per hour with that of a 3,000 horse-powered four-engined plane hurtling through the air at 200 miles per hour with a load of 5 tons! This terrific advantage of speed secured for air transport at the outset all urgent traffic, particularly mails and newspapers; gradually, highly valuable cargo, perishables and plants are being brought within its sphere and very recently, there has been traffic in spare parts and accessories, for lack of which an industrial plant may be kept in costly idleness.

Regarding passenger traffic, air transport affords a definite advantage, specially where people needing comfort, convenience and speed are to be moved swiftly over long distances. The possibility of offering air transport to the public at rates not more than say twice the cost of fares charged by surface transport of most routes, depends on the amount of subsidy, open or disguised, which the nations of the world are prepared to pay to air transport as a whole. Air fares that were quoted on many routes in Europe proved on various occasions to be more favourable to the traveller

than the corresponding rail, or rail and ship charges. This is particularly true of routes such as London-Paris which involves an inconvenient rail and sea journey and which is used by many people to whom price is relatively unimportant.

Is there a good reason to believe that, with the recent improvements in technique and material, air is going to skim the cream of everybody else's traffic? It is acknowledged that the domestic air lines of the United States form the most highly organized system of air transport and yet in 1940, they carried about 120 million ton-miles, while a single moderate-sized cargo steamer normally carries three times as much tonnage in a year. The contrast in charges is even greater. While the cost per ton-mile for the air lines was about Rs. 2, that for shipping services is about one anna! It is therefore most unlikely that for a considerable period of time, air transport will replace the cargo ship or the goods train, particularly, where low-grade freight is concerned.

During the war, a remarkable expansion of Indian Aviation has taken place; there is the training of air and ground personnel; there is the construction of air ports; there is the provision of navigation facilities; there is the assembly and repair of air craft; there is the extension of military air services. It is also well-known that Government are investigating possibilities of expansion of commercial aviation, after the war, exploring the needs of the people and planning the routes of operation. But the future is dependent on the present and no forecast can be made, as unfortunately, in aviation as in other matters, the tragedy of tragedies is the lack of complete and up-to-date statistics. Not only that, but there seems to be some suspicion that a disclosure of the working details of a company will furnish a rival operator with some valuable secret.

Of the Big Three, only one—the Air Services of India Ltd.—is operating without any contract. The foundation of the other two indigenous companies, viz. The Indian National Airways Ltd. and the Tata Sons Ltd., was provided by fairly valuable mail contracts. In spite of this, two of the regular routes, operated by the former, had to be closed. The Calcutta-Rangoon Service did the trip in 9-1/2 hours as compared with 2 1/2 days by sea. The Calcutta-Dacca Service reduced travel time from 17 1/2 hours by an inconvenient rail-and-river route to 1 1/2 hours. Yet within two years, these services had to be withdrawn. The Indian National Airways now operate between Karachi and Lahore and specialize in Charter traffic. The Company has an authorized capital of Rs. 30 lakhs and a fleet of 25 aircrafts. During the six years prior to the outbreak of war, its planes had flown 17,225 hours and covered 1,660,000 miles.

The achievements of the Tata Air Lines hold out greater promise of success for commercial aviation in India. The total route mileage in daily operation is 3,600, equivalent to the distance between Paris and New York. The total mileage flown is 7,500,000, the poundage of mails transported is 15 1/2 millions. Its pride is that its personnel is almost cent-per-cent Indian. It operates the longest routes in India between Karachi and Colombo, 1,900 miles; Bombay

and Delhi, 810 miles; and Bombay and Trichinopoly, 785 miles.

The third of India's indigenous companies is known as the Air Services of India Ltd. It is again fully Indian and has an authorized capital of Rs. 10 lakhs; but more important still, it has the active support of the Governments of Baroda, Bhavnagar, Nawanagar, Porbandar and Rajkot States. Within two years of its establishment, it obtained good traffic. The number of passengers went up from 933 in 1937-1938 to 2,175 in 1938-1939, and the freight from 257 lbs. to 89,196 lbs. It runs a daily service between Bombay and Porbandar and cuts journey time from 27 hours to 4!

In spite of all this development, progress in India is slow and almost heartbreaking. Here are the figures:—

	Route mileage	Plane mileage	Number of passengers	Weight of mails tons.
1933	.. 5,180	153,700	155	10.5
1934	.. 5,830	345,800	757	21.3
1935	.. 6,395	553,800	553	43.4
1936	.. 6,483	496,500	349	49.4
1937	.. 7,500	622,200	1,178	61.2
1938	.. 6,700	1,412,800	2,104	244.6

There is another disquieting feature in Indian aviation. The existing routes are organized, not on economic needs but subservience to foreign operation. In the vast sub-continent that is India, where cities are separated by long distances, the development of inter-urban services would be natural. But no such services exist; Bombay and Calcutta are unconnected; so are Bombay and Lahore, Calcutta and Delhi. The States have, by patronage or subsidy, secured that their territories are served. The Nizam has his own air service, worked conjointly with his railway and road transport systems.

It was perhaps inevitable that when Government took up the question, the first routes should be mere linking ones with foreign operators. When in 1919, the Air Ministry of England mooted a scheme for linking Cairo with Karachi, the Indian Government was to build aerodromes, at a total cost of Rs. 13½ lakhs with an annually recurring expenditure of Rs. 36,000. At the Imperial Conference in 1926, Sir Samuel Hoare made an earnest plea for Empire Air Lines and he followed this up with a flight to India in December of that year, covering a distance of 6,300 miles from Croydon to Karachi in 63 hours. In reply to the Viceroy's speech of welcome, he stressed India's strategic position as a main link in the chain of air services.

Previously the Government of India was not totally averse to commercial aviation. In 1917, the policy of entrusting mails to one company was discussed. In 1920, a new policy was evolved: the Government went to prepare air routes by acquiring and levelling aerodromes, by constructing hangars and building quarters and godowns, by providing ground

equipment, lighting contrivances, staff for manning various posts, meteorological facilities and by bearing maintenance charges. Afterwards, tenders for the carrying of mails were to be invited. Dum Dum was acquired from the military and aerodromes were constructed near Allahabad, emergency landing grounds were built at Fatehpur, Akyab and Victoria Port and lands were acquired at Rangoon, Prome and Letpandra in Burma. The objects of this policy are summarized in a note on advancement of Civil Aviation prepared by Government in 1926. "The Government of India consider that India should obtain her proper share of the business of aerial transportation at this stage, in order to ensure that she shall have effective voice in the conditions on which contracts are given for services touching her shores and that opportunities are afforded for the investment of Indian capital and for training and employment of Indian pilots and personnel."

In spite of this, little progress was evidenced till the appointment of a Director of Civil Aviation in April 1927. As was natural, the first participation came in conjunction with the Trans-Continental Services of Imperial Airways. To secure India's participation, Indian Trans-Continental Airways Ltd., founded in May 1939, was to operate a route between Karachi and Singapore alternately with Imperial Airways. The rupee capital of 10 lakhs was controlled by various concerns. The Imperial Airways held Rs. 5,10,000, the Indian National Airways Ltd. held Rs. 2,50,000 and the Government of India held Rs. 2,40,000. The subsidy to be paid by the British Government for the first year amounted to £40,000, for the second and third year to £30,000 and £20,000 for the next three years. The Government of India's contribution was remission of customs and excise on aircraft, petrol, etc., as also the provision of housing, equipment, etc., at aerodromes. An added fillip was provided by the introduction of Empire Air Mail Scheme in 1938, when 5 weekly services to India began to be operated. The capital of the I.T.C.A. was increased to 32 lakhs and the feeder lines got new contracts!

Necessarily, India's progress has been slow. Paradoxically the Government, confronted with the problem of evolving a constructive policy for the development of commercial aviation, have not resorted to the time-honoured means of escape, namely, the appointment of a Select Committee or a Royal Commission. But early decisions will have to be taken, particularly on matters of policy. The Government will be called upon to decide (a) to what extent the true cost of the carriage of mails by air should be passed on to the public in the shape of postal charges, (b) whether any air-line should be allowed to be inaugurated which cannot reasonably be expected to pay for itself, and (c) in which special circumstances a subsidy system should be instituted. To these ends (since different forms of state-assistance have clouded the issue of true economy of operation), a very minute analysis of the cost of air transport on the different routes

contemplated for operation must be undertaken. This is imperative, particularly since a considerable expansion of air services in India is inevitable. India is undoubtedly a poor country, but it is inhabited by rich people. It is inconceivable that the tempo of trade and commerce will be content with a route mileage of some 7,000 miles, when other countries operate over an infinitely greater mileage, as will be evident from the following figures:—

	ROUTE MILEAGE			
	U.S.A.	France	Germany	Great Britain
1937	.. 63,700	38,800	31,900	26,700
1938	.. 71,200	32,700	32,600	25,500

Air transport is extremely fortunate at having at the outset an international body with the object of facilitating its development. An International Air Convention was set up by the Versailles Treaty. It recognizes the exclusive sovereignty of each Government over the air space above its territory. It provides for freedom of innocent passage (except over certain prohibited areas). It contains rules common to all its members relating to a variety of matters in which international uniformity is desirable, such as registration of craft, certificates of air worthiness, licensing of personnel, customs procedure, rules of the air, maps and meteorological reports.

What will be India's share in this form of transport? Even in countries where development is rapid, there is agitation for the encouragement of the Flying Clubs, for the establishment of a Chair in Aeronautics, whereby students will be afforded facilities for the study of aircraft engineering and of the economics of air transport; and for the free provision of airfields and ground equipment. India's needs are infinitely greater!

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General Manager.

MONEY MARKET

(From Our Correspondent)

NEW DELHI, Jan. 6.

The year 1943 closed with the same features which have been conspicuous throughout the years of war. An increase in the total notes issued by the Reserve Bank against sterling assets, increasing deposits with the scheduled banks and plethora of idle funds continue to be the notable feature of the money market. The currency has expanded by more than Rs. 34.81 crores during the month of December. The total notes issued stand at Rs. 839.19 crores compared to Rs. 585.80 crores at the end of 1942, showing an expansion of Rs. 253.39 crores in a year. The total of sterling securities and the balances held abroad by the Reserve Bank now stand at Rs. 847.474 crores compared to Rs. 475.8139 crores a year ago which shows an increase of Rs. 371.6601 crores. The total deposits with the scheduled banks are now Rs. 655.06 crores compared to Rs. 446.09 crores at the end of 1942 and show an increase of over Rs. 208.97 crores. During the period advances have advanced only by about Rs. 65.92 lakhs and stand at Rs. 161.29 crores. The balances of scheduled banks with the Reserve Bank are Rs. 92.31 crores which is about 14.5 per cent. of their total demand and time liabilities compared to about 10.5 per cent. pre-war and about 11 per cent. a year ago. There was no weekly tender for Government of India treasury bills on the 28th December, and the Calcutta stock exchange remained closed owing to the Christmas. A tender for Rs. 6 crores of Government of India treasury bills was invited to be received on the 4th January, 1944.

Reserve Bank

Total notes issued stand at Rs. 839.19 crores compared to Rs. 829.82 crores previous week, showing an increase of about Rs. 9.3 crores. Sterling securities in the Issue Department show an increase of Rs. 10 crores over previous week and stand at Rs. 722.83 crores. About Rs. 5 crores of this increase in the sterling assets of the Issue Department represent a transfer from the Banking Department, while the rest measure the net increase in the foreign balances of the Reserve Bank. There has been a decrease in the assets and liabilities of the Banking Department of over Rs. 5 crores. On the side of the assets it is explained by the decrease in the balances held abroad. On the

COMMODITY MARKETS

(From Our Correspondents)

BOMBAY, Dec. 31.

A feature in the cotton market during the week was a spurt in the I.C.C. January Contract in which there was heavy short-covering as it was feared by the bears that owing to the dearth of tenderable cotton, the bulls would be in a position to manoeuvre a squeeze in the Contract by asking for delivery against their purchases. A squeeze, however does not appear to be developing, looking to the irregular fluctuations in the market. The third All-India forecast for 1943-44 has been published which places the acreage at 17,839,000 and the production at 46,82,000 bales. The forecast shows a decrease of 2 per cent. in area, but an increase of 6 per cent. in yield as compared with the corresponding revised forecast of last year.

Cotton

In the local spot market, there was a good demand by the mills for staple varieties. New crop

side of liabilities the bank deposits have fallen by about Rs. 8 crores, the Government deposit by about Rs. 2 crores and other deposits by about two crores, which put together amount to about Rs. 12 crores and other liabilities have also shrunk by a little less than a crore. But this fall of about Rs. 13 crores is offset to the extent of about Rs. 8 crores through the increase under other Government accounts.

Scheduled Banks

The advances have increased less than two crores while the time deposits have also increased equally. Balances with the Reserve Bank have fallen about 3 crores. Cash and bills discounted both show small increases. The demand liabilities stand at Rs. 500.26 crores compared to Rs. 500.55 crores previous week. The advances stand at Rs. 161.29 crores and the balances with the Reserve Bank at Rs. 92.31 crores.

Bullion

Trading in gold this week began with a steady tone in the Bombay market mainly due to the higher rates for ready gold, which unnerved the bears into covering their short interest. The daily off-take in gold amounted to between 25,000 to 30,000 tolas. Though the steady tone in the market is maintained, looking to the large quantities of gold offered by the Reserve Bank, it appears that there is not much possibility of a rise in the prices. It is now many months since the Bank has been offering gold and, therefore, one may expect a gradually tapering off of the offtake by the market.

In the silver section, prices recorded some advance. The reason for this was the short covering due to the heavy *Budli* charges which the bears had to pay for keeping alive their commitments and the tense position of the ready. The new silver delivery contract started at Rs. 1/4 below the old contract. Though some of the bull chokseys have thorough command of the local silver stocks, they could not force up the prices as arrivals of silver bars from Kathiawar and other upcountry centres for sale in Bombay eased the ready position somewhat. A bearish factor for the market is the possibility that the Government may come out to sell silver to the public as they are doing in gold. The latest quotations are: Ready gold Rs. 7/4/0; Ready silver Rs. 115/13/0; First Settlement silver Rs. 112/13/0.

Punjab Roller was sold at Rs. 650 i.e. Rs. 10 above last week's prices. Broach new crop BD8 has been sold at Rs. 607 for Feb./March delivery. Other varieties especially Jarilla also firmed up due to the good demand. There is also enquiry from Liverpool, but no business has been put through so far. In the foreign section, prices ruled steady. Regarding new crop Egyptians, the Alexandria shippers' offers are higher than the levels at which the Control authorities in India would allow Indian buyers to bid. Till these two price levels are brought into line, business in new crop Egyptians, especially Giza 7 and Maarad, will not be possible.

Cloth

A quiet tone prevails in the Bombay Piecegoods Market and clearances were unsatisfactory. Demand is almost absent both from consuming centres and local buyers. Purchases for export trade also continue to be restricted. Prices in general have dropped especially in bleached, fancy and printed cloths. Grey goods have declined a little. Leopard cloths in 36" and 37" ruled on the basis of Rs. 2-1-9 and Rs. 2-2-

a pound. Rumours about the fixation of "ceiling" prices and the classification of unstamped goods have led to nervousness in the market.

Seeds

Groundnuts: February-March was sold earlier at Rs. 15-3-0 and later at Rs. 15-1-0 and January-February between Rs. 15-2-0 and Rs. 15-0-6, while Khandesh quality was sold between Rs. 5-14 and 5-12 for Jan.-Feb., and between Rs. 15-15 and Rs. 15-13 for February-March, and Madras-Mormugao was sold January at Rs. 16-4 and January-February between Rs. 15-15-6 and Rs. 15-14. Arrivals in the interior have doubled everywhere and it is reported that Latur in the Nizam's Dominions has declined by about Rs. 1-8 per 3 Bengal maunds.

Oil quotations are as under:—

Groundnut Oil ready	Rs.	10	0	0	per qr.
" " Jan.	Rs.	9	9	0	" "
" " Feb.	Rs.	9	8	0	" "
Copra Oil	Rs.	10	6	0	" "
Linseed Oil	Rs.	10	12	0	" "
Castorseed Oil	Rs.	12	0	0	" "

HAPUR, Jan. 3.

The main trend in the *Urad* market has again been downward and the prices have met with a substantial slump. True, some very good parties have recently made purchases but the impatience of small holders in liquidating their commitments has been to a large extent responsible for the descending tendency. Such irregular working is a sort of puzzle to market operators and hence good support is not forthcoming. *Urad Magh* opened at Rs. 9-9-10½ and closed at Rs. 9-27-1/2 touching the highest and the lowest rates at Rs. 9-12-6 and Rs. 9-0-9 respectively. Turnover was very active throughout and the price variations were colourful. Traders of eastern markets acted as principal sellers here.

Moong

The market showed a mixed tendency, the early part of the week characterized by an easier feeling in sympathy with lower trend of *Urad* market and lack of speculators' support, and the week-end by a steadier feeling owing to straddle purchases. The local stock is gradually increasing.

Juwar

On account of cornering fears, *Juwar poos* prices showed an upward trend. The highest level quoted during the week being Rs. 7-9. "Receiving orders issued against *Poos* delivery totalled 44,700 bags. As the 'Receiving Orders' were large, the sellers failed to deliver the required quantity of *Juwar*, and consequently there occurred a crisis in the market. Thereupon the traders held a meeting and unanimously decided to settle the 'Receiving Orders' at Rs. 7-4-6.

Gur

Prices were easy following increased arrivals and small trade demand. Upto now, the U.P. Government have exported about 10,000 maunds of Gur outside U.P. The daily arrivals averaged 5,000 mds.

Grains

Wheat and gram prices were steady but quiet with fluctuations confined to narrow ranges. Today's quotations are: Wheat: Ready Rs. 10-13-6, stock 187 *Khattis*. Gram: Ready Rs. 9-14, stock 4 *Khattis*. Barley: Ready Rs. 6-4-9, stock 9 *Khattis*. Peas: Ready Rs. 6-6-3, stock 100 *Khattis*. *Arhar*: Ready Rs. 7-8, stock 252 *Khattis*. Gur: Ready Rs. 6-6. Raw sugar Rs. 7-8.

COMPANY NOTES

BHARAT SUGAR MILLS, LTD.

The annual report of the Bharat Sugar Mills Ltd. for the year ended 30th June, 1943, shows increased prosperity for the company. The dividend announced on ordinary shares is 10 per cent. compared to 7-1½ per cent. in 1942 and 5 per cent. in 1941. Out of a net profit of Rs. 1,47,963/2/7, the directors propose to disburse Rs. 50,000 as dividend payments, transfer Rs. 75,000 to general reserve and carry forward Rs. 22,963/2/7 for the next season. The amount proposed to be carried to the general reserve appears to be wise considering the possible difficulties that may have to be faced during 1944-45 owing to cane shortage. The net profits are about 21 per cent. of the paid up and subscribed capital.

UPPER GANGES SUGAR MILLS, LTD.

The latest annual report of the Upper Ganges Sugar Mills, Ltd., for the year ended 30th June, 1943, makes a highly satisfactory reading. The profits and loss account after payment of interest, managing agents' remuneration and commission, provision for depreciation, including in the account the balance of profit of the previous year, shows a net profit of Rs. 3,46,905/11/5. The net profit is over 17 per cent. of the issued and paid up capital. The directors propose to disburse Rs. 2,00,000 as dividends, transfer Rs. 1,00,000 to general reserves and carry forward Rs. 46,902/11/5. The dividend on ordinary shares of Rs. 10 each is at Rs. 1/12/0 per share which is as high as 17-1/2 per cent. and on cumulative preference shares it is 5 per cent., free of tax in either case. The fact that the disbursement of such a large amount as dividends has been possible after a provision of an additional sum which equals 5 per cent. of the issued and paid up capital as general reserve reflects the prosperity of the concern. Yet the provision for reserves cannot be regarded too large in view of the bad times ahead of the sugar industry in 1944-45 season.

NEW INDIA SUGAR MILLS, LTD.

The balance sheet and the profit and loss accounts for the year ended June 30, 1943, of the New India Sugar Mills, Ltd., reflect the sound and prosperous condition of the company's finances. Net profits after payment of interest, managing agents' remuneration and provision for depreciation and taxation, when the balance of previous year's profit has been taken into account, amount to Rs. 1,14,762/13/8. Directors propose to disburse out of this amount Rs. 1,13,432/10/6 as dividend payments on preference shares and to carry forward Rs. 1,330/3/2. Dividend declared on preference shares is 7-1/2 per cent. free of tax. There is no provision for general reserve fund out of the net profits for the provision for depreciation on block is as high as Rs. 1,25,000.

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CURRENT STATISTICS

BANK OF ENGLAND				
(000's omitted)				
	Dec. 16, 1943	Dec. 8, 1943	Dec. 16, 1942	Aug. 30, 1939
	£	£	£	£
Total Bullion	1,418	1,667	1,319	263,700
Public Deposits	9,000	6,300	7,000	31,100
Other Deposits	161,200	207,200	194,500	129,100
Of which Bankers' Deposits	216,800	154,600	146,900	90,100
Government Securities	191,100	150,600	152,300	113,100
Other Securities	16,000		20,000	31,000
Of which Discounts and Advances	2,000	8,200	4,000	6,400
Notes and coins	34,500	56,400	43,000	34,200
Notes in Circulation	1,067,000	1,045,300	908,300	529,500
Ratio of Reserve to Liabilities	15.26%	26.40%	21.34%	21.38%

U.S. FEDERAL RESERVE BOARD				
(000's omitted)				
	Dec. 16, 1943	Dec. 9, 1943	Dec. 17, 1942	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves	20,137,000	20,168,000	20,878,000	14,660,610
Total Bills Dis-	90,000	108,000	9,000	6,190
Bills bought in open market				550
Total U.S. Govern-	11,014,000	11,061,000	5,537,000	2,426,190
ment Securities				
Federal Reserve Notes in actual	16,636,000	16,528,000	12,019,000	4,609,280
Circulation				
Deposits — Member Bank Reserve Ac-	12,932,000	12,569,000	13,517,000	10,951,000
count				
% of total Reserve to Deposit and Fed-	63.8%	64.1%	78.2%	86.9%
eral Reserve Note — Liabilities combined				

RESERVE BANK OF INDIA				
WEEKLY STATEMENT OF ACCOUNTS AS ON DEC. 24, 1943.				
ISSUE DEPARTMENT				
	Rs.	Rs.		
Liabilities				
Notes held in the Banking De-	10,61,45,000			
partment				
Notes in circulation	828,57,63,000			
Total Notes issued		839,19,08,000		
Total Liabilities		839,19,08,000		
Assets.	Rs.	Rs.		
A. Gold Coin and Bullion:—				
(a) Held in India	44,41,43,000			
(b) Held outside India				
Sterling Securities	722,83,96,000			
Total of A		767,25,39,000		
B. Rupee Coin		13,61,08,000		
Government of India Rupee				
Securities		58,32,61,000		
Internal Bills of Exchange and				
other Commercial Paper				
Total Assets		639,19,08,000		

Ratio of Total of A to Liabilities: 81.428 per cent.

BANKING DEPARTMENT				
	Rs.	Rs.		
Liabilities				
Capital paid-up	5,00,00,000			
Reserve Fund	5,00,00,000			
Deposits:—				
(a) Government				
(1) Central Government of India	16,78,52,000			
(2) Government of Burma	50,22,000			
(3) Other Government Accounts	14,01,81,000			
(b) Banks	90,77,87,000			
(c) Others	4,84,12,000			
Bills Payable	3,22,14,000			
Other Liabilities	6,41,44,000			
Total Rs.	146,55,92,000			

Assets				
	Rs.			
Notes	10,61,45,000			
Rupee Coin	13,98,000			
Subsidiary Coin	1,32,000			
Bills Purchased and Discounted:—				
(a) Internal				
(b) External				
(c) Government Treasury Bills	3,25,000			
Balances held abroad *	124,63,44,000			
Loans and Advances to Governments	3,00,000			
Other Loans and Advances	18,25,000			
Investments	7,68,53,000			
Other Assets	3,22,70,000			
Total Rs.	146,55,92,000			

* Includes Cash and Short Term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT				
(000's omitted)				
	Dec. 24, 43	Dec. 17, 43	Dec. 25, 42	Sept. 1, 39
Held in the Bank-	10,61.45	9,26.45	15,44.30	35,04.49
ing Department				
In Circulation	828,57.63	820,56.23	570,36.01	182,13.17
Total Notes	839,19.08	829,82.68	585,80.31	217,17.66
A. Gold Coin and Bul-	44,41.43	44,41.43	44,41.43	41,31.36
lion				
Sterling Securities	722,83.96	712,83.96	404,83.39	59,50.11
Total of A	767,25.39	757,25.39	449,24.82	103,91.57
R. Silver Coin	13,61.08	14,24.68	14,16.96	75,87.11
Rupee Securities	58,32.61	58,32.61	122,38.53	37,38.99
Silver Bullion under				
Coinage				
Percentage of Reserve	91.428	91.254	76.689	63.149
to Liabilities				

BANKING DEPARTMENT COMPARATIVE STATEMENT				
(000's omitted)				
	Dec. 24, 43	Dec. 17, 43	Dec. 18, 42	Sept. 1, 39
Cash	10,76.45	9,40.88	15,58.81	35,15.27
Balances held abroad	124,63.44	129,69.39	70,98.00	10,08.33
Investments	7,68.53	7,64.47	5,98.27	6,81.34
Bills discounted:—				
(a) Internal				
(b) External				
(c) Government of				
Indian Treasury				
Bills	3.25	3.50	43.44	1,15.67
Loans and Advances to	3.00	2,10.00	58.00	31.00
the Government				
Deposits:—				
(a) Government	31,30.55	26,08.19	25,81.94	14,89.43
(b) Banks	90,77.67	98,16.11	48,66.32	26,91.43
(c) Others	4,84.12	7,41.64	5,00.23	1,24.37

STERLING PURCHASES				
(000's of £)				
	Total Amount Purchased.	Average rate.		
1943:—				
January	8,132	1sh. 6d.		
February	11,070	1sh. 6d.		
March	17,779	1sh. 6d.		
April	9,219	1sh. 6d.		
May	8,721	1sh. 6d.		
June	6,338	1sh. 6d.		
July	7,006	1sh. 6d.		
August	8,546	1sh. 6d.		
September	8,371	1sh. 6d.		
October	8,947	1sh. 6d.		
November	7,476	1sh. 6d.		

IMPERIAL BANK			
(In 000's of Rupees)			
	Dec. 17, 1943	Dec. 3, 1943	Dec. 18, 1942.
Liabilities—			
Subscribed	11,25.00	11,25.00	11,25.00
Capital paid-up	5,62.50	5,62.50	5,62.50
Reserve Fund	5,75.00	5,75.00	5,70.00
Fixed Deposits Savings			
Bank, Current and	209,82.25	209,44.84	160,03.62
other Accounts			
Loans against secur-			
ities, per contra			
Acceptances for Consti-			
tutents			
Sundries	2,42.21	1,83.60	1,73.04
Total	223,61.96	222,65.94	173,09.16
Other authorised in-	2,62.75	2,62.75	1,36.89
vestments			
Govt. Securities	118,59.63	119,77.53	113,48.80
Loans	15,43.20	15,71.31	8,71.72
Cash Credits	20,42.51	20,03.87	15,95.72
Bills Discounted and	3,55.01	4,05.47	3,64.73
Purchased			
Liabilities of Consti-			
tutents for Accep-			
ances per contra	1,69.34	1,69.27	1,72.17
Dead Stock	1,33.78	1,42.34	1,18.90
Sundries			
Bullion			
Balances with other	1,80.33	1,66.28	2,34.08
Banks			
Cash in hand and with	5,81.24	55,67.12	24,65.15
the Reserve Bank of			
India			
Total	223,61.96	222,65.94	173,09.16

SCHEDULED BANKS				
(In 000's Rupees)				
	24-12-'43	17-12-'43	25-12-'42	1-9-39
1. Demand Liabilities in				
India	500,26.42	500,55.49	335,06.33	134,36.49
2. Time Liabilities in				
India	154,80.46	153,04.80	111,03.35	102,24.34
3. Cash in India	23,28.85	22,69.45	13,11.55	6,69.82
4. Balances with Re-				
serve Bank	92,31.36	95,40.02	50,77.41	25,17.19
5. Advances in India	161,29.19	159,62.03	95,37.03	101,52.16
6. Bills discounted in				
India	6,73.28	6,42.91	2,96.93	3,57.29

TENDERS FOR TREASURY BILLS						
(In thousands of rupees)						
Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter- mediate	Sold in favour of Issue Dept.	
Sept. 7	18,85.25	8,00.00	0 13 9			3,72.75
" 10	14,91.25	8,00.00	0 13 4			3,54.00
" 21	15,84.25	8,00.00	0 13 5			3,48.00
" 28	20,10.75	8,00.00	0 13 6			4,79.50
Oct. 4	15,86.50	8,00.00	0 12 0			2,08.50
" 12	12,28.00	8,00.00	0 12 0			5,22.00
" 19	14,57.00	8,00.00	0 12 1			5,40.75
" 25	12,89.00	8,00.00	0 12 9			3,18.00
Nov. 2	10,70.50	8,00.00	0 13 8			3,19.00
" 9	91,450	60,000	0 13 8			16,800
" 16	13,20.50	6,00.00	0 13 8			18,100
" 23	10,71.25	6,00.00	0 13 0			34,725
" 30	11,13.50	60,000	0 12 11			1,45.00
Dec. 7	13,73.75	6,00,000	0 12 3			1,40.50
" 14	14,02.50	6,00.00	0 11 11			1,34.00
" 21	14,26.25	6,00.00	0 11 0			

MATURITY OF OUTSTANDING TREASURY BILLS			
As on the 31st October, 1943.			
	Amount (000's of rupees)		
Date of Maturity	Amount: (000's of rupees)		
2nd Dec. 1943			7,80.25
3rd			15.25
4th			4.50
9th			6,47.50
10th			1,07.75
11th			44.75
16th			12.50
17th			7,73.75
18th			13.75
24th			7,67.50
25th			32.50
30th			7,96.50
1st Jan. 1944			3.00
2nd			59
7th			8,00.00
15th			7,59.00
16th			41.00
22nd			7,38.50
23rd			61.50
27th			7,92.00
30th			8.00
5th Feb. 1944			7,83.75
6th			16.25
12th			5,52.25
13th			47.75
19th			5,43.35
29th			56.75
26th			6,04.00
Total			98,00.00

COST OF LIVING ABROAD IN 1943

(Base: January/June 1939=100)

Turkey	374	Sweden	150
Palestine	337	Mexico	140
Iran	303	Switzerland	149
Bolivia	306	Peru	143
Iceland	245	Japan	133
India	195	U. K.	128
Finland	186	U. S. A.	124
Chile	184	Argentina	121

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939.[†]
(Base: August 1939=100)

	Bombay	Ahmedabad	Sholapur	Cawnpore	Nagpur	Jubbulpore	Lahore	Madras
	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43
Nov.	104 108 120 170	111 111 129 188	108 1 03 130 196	105 112 143 224	105 114 131 190	107 124 141 214	123 115 143 191	107 112 120 159
Dec.	108 110 123 179	115 108 136 204	114 104 136 201	112 111 151 224	116 113 136 208	119 119 153 231	123 115 143 252	110 113 123 161
Jan.	109 111 130 193	111 108 130 237	110 105 132 201	114 110 145 225	111 111 138 212	112 119 148 228	109 113 143 264	109 110 119 164
Feb.	107 113 129 195	108 108 129 226	108 105 127 207	112 108 144 234	105 109 134 234	107 117 147 292	108 111 147 255	106 110 117 167
Mar.	105 113 130 198	107 108 132 237	103 108 132 219	109 106 150 246	105 108 133 262	109 121 155 278	110 109 145 254	107 110 117 173
April	105 115 131 214	107 111 136 256	101 107 136 223x	110 107 149 268	106 113 138 291	110 124 155 279	110 120 148 267	108 111 121 178
May	106 116 135 214	105 112 141 271	103 107 142 234	109 108 155 299	111 113 145 317	112 122 158 309	101 113 155 278	109 110 123 177
June	106 116 145 224a	110 114 152 289	104 111 149 252	108 114 175 336	109 116 160 361	116 126 178 317	100 109 162 275	109 111 131 183
July	108 120 160 225	108 121 160 288	104 115 153 266	109 126 190 341	108 120 181 361	119 9 134 199 312	102 114 186 275	109 115 136 185
Aug.	109 125 160 227	107 126 168 293	104 118 158 266	112 130 203 339	111 125 183 354	117 131 202 319	102 120 177 286	110 117 140 185
Sept.	107 123 162 233	108 126 160 312	103 119 162 289	113 133 202 353	111 125 183 356	124 138 202 301	108 125 183 293	110 117 149 164
Oct.	108 119 164 236	108 126 166 303	103 123 177 288	112 134 206 349	117 125 184 273	124 13 8 202 301	111 133 186	111 117 155 186

Nagpur and Jubbulpore do not include housing.

(a) Figures from June onwards relate to the calendar month and not to the month ended 15th June as before.

(b) Fall in index is due to the taking into account controlled cereal prices instead of market prices.

(x) Revised figure.

[†] Indian Labour Gazette.

INDEX NUMBER OF WHOLESALE PRICES BY GROUPS OF ARTICLES

ALL-INDIA (Base: Week Ending 19th August, 1939=100)				CALCUTTA (Prices in July 1914=100)			
Groups	Average for March 1943.	Average for February 1943.	Average for March 1942.	Commodities.	Nov. '43.	Oct. '43.	Sept. '39.
Food and Tobacco ..	247.8	207.0	230.5	Cereals ..	317	424†	220
Other Agricultural ..				Pulses ..	433	434	226
Commodities ..	215.3	193.8	116.8	Tea ..	120	123	305
Raw Materials ..	172.0	172.0	162.4	Other Food Articles ..	588	583	371
Manufactured Articles ..	227.0	225.5	162.5	Oilseeds ..	310	319	186
Primary Commodities ..	210.0	190.5	139.4	Mustard Oil ..	229	215	105
All Commodities ..	213.5	197.6	144.2	Jute, Raw ..	114	108	107
Chief Articles of Export ..	210.5	187.6	138.7	Cotton, Raw ..	162	178	127
				Jute Manufactures ..	197	199	166
				Other Textiles (Wool ..			
Commodities ..	Aug. '43	July '43	Aug. '42	and Silk) ..	202	202	194
Cereals ..	7	200	196	Hides and Skins ..	101	98	91
Pulses ..	2	281	286	Metals ..	303	293	266
Sugar ..	3	248	246	Other Raw and Manu- ..			
Other Food ..	3	279	280	factured Articles ..	240	236	156
All Food ..	235	234	181	All Commodities ..	314	334	227
Oilseeds ..	5	170	172				106
Cotton, Raw ..	5	94	94				
Cotton, Manu- ..							
factures ..	6	282	297				
Cotton Textiles ..	2	83	83				
Hides & Skins ..	3	99	99				
Metals ..	5	735	740				
Other Raw & ..							
Manufactured ..							
Articles ..	4	228	232				
Non-food ..	271	275	254				
General Index ..	258	260	228				

[†] Officially controlled prices of rice taken into account.

BANGALORE

July 1914=100

Particulars.	July 1943.	June 1943.	July 1942
Food Grains and pulses ..	294	314	179
Oil and Oil seeds ..	297	276	170
Other food articles ..	303	297	181
Textiles ..	296	356	165
Others ..	349	339	200
General Index Numbers ..	308	213	186

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodity	Grade & Quality	Market	Unit	This Week.	Last Week.	A Year ago.	(1939)
				Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a.
Rice (not in husk)	New Crop	Calcutta.	per md.	16 0 0	16 0 0	13 0 0	4 14
	Basmati Sela	Amritsar.		20 0 0	20 0 0	..	..
Wheat	Average quality.	Karachi.	"	8 0 5	8 0 5	5 15 0	..
		Hapur.	"	11 0 6	10 10 9	..	5 15
		Lyallpur.	"	10 12 0	10 11 0	5 1 0	2 5
Sugar	Marhowrah Crystal No. 1.	Cawnpore.		15 5 6	15 5 6	12 3 0	9 15
Sugar raw (Gur)	Chikna best quality.	"	"	8 8 0	8 8 0	..	..
Tea	For home market	Calcutta.	"	0 9 5	0 9 5	1 6 3	0 4
Potatoes	Desi	Cawnpore	per md.	7 8 0	..	..	..
Groundnuts	Bold.	Bombay.	per 500 lbs.	..	75 0 0	52 14 0	..
Groundnut Oil	Expeller	Madras.	per 500 lbs.	159 0 0	..	..	..
Castor Oil	Average	Madras.	per 500 lbs.	213 0 0	..	120 0 0	..
Castorseeds	Average	Bombay.	per candy	15 12 0	15 10 0	15 10 0	7 2 4
Linseed	Bold.	Bombay.	per cwt.	..	13 10 0	12 1 0	6 12 4
Mustard	Toria 9% admixture.	Karachi.	656 lbs.)	100 8 0	..	64 10 0	26 12 4
Cotton (raw)	Line M.G. 4-F (Punjab) R.G.	Karachi.	per 784 lbs.	..	505 0 0	..	..
"	*Jarila 3/4"	Bombay.	per candy	480 0 0	478 0 0	..	..
Cotton Piece-goods.	Grey Dhori Markin 11 lbs.	"	44"x10 yds. 43"x38 yds	7 12 0	7 12 0	..	..
Cotton Yarn	No. 10s.	Bombay.	per 10 lb.	13 10 6	13 10 6	..	..
	No. 20s.	"	"	17 8 7	17 8 7	15 3 0	..
Jute	Raw Firsts.	Calcutta.	per 400 lbs.	72 0 0	72 0 0	65 0 0	41 0 0
Jute Bags	B. Twills 2 1/4 lbs.	"	per 100 bags.	67 12 0	67 12 0	66 0 0	28 13 4
		Karachi.	per md.	60 0 0	60 0 0	50 0 0	32 0 0
Wool (raw)	Kandhar (cleaned)	Calcutta.	per 20 lbs.	10 8 0	10 8 0	10 8 0	8 8 0
Cow hides	Best quality (Agras)	"	per 100 pieces.	150 0 0	150 0 0	145 0 0	115 0 0
Goat skins	Best quality	"	"	1 6 9	1 6 9	1 4 6	0 12 0
Tanned Hides	Best quality (cow)	Madras.	per lb.	2 5 9	2 5 6	2 0 0	1 12 0
Tanned Skin	Best quality (goat)	"	"	71 0 0	71 0 0	64 0 0	14 0 0
Shellac	T.N.	Calcutta.	per B. md.	5 4 9	5 4 1	5 5 3	3 13 3
Kerosene oil	Superior.	"	per 4 gallons in tin.	10 8 0	10 8 0	7 8 0	4 12 0
Coal	Selected Jharis (best).	"	per ton into wagon.	104 0 0	104 0 0	94 0 0	89 0 0
Plg Iron	Foundry No. 1.	"	per ton f.o.r.	..	188 0 0	175 0 0	43 8 0
Copra	Fair average quality.	Cochin.	per 500 lbs.	..	..	..	..

*March

RURAL RETAIL PRICE INDEX NUMBERS

Base: January 1943=100

Name of Centre	Cereals	Pulse	Other articles of food	All articles of food	Fuel and Lighting	Clothing	Miscellaneous
	Aug. '43.	Sept. '43.	Oct. '43.	Aug. '43.	Sept. '43.	Oct. '43.	Aug. '43.
Eastern Zone							
1. Bamra ..	217	157*	146	184	185	191	136
2. Malbani ..	235	232	235	140	163	164	142
3. Rajapur ..	327	360	434	172	189	228	162
4. Shankargarh ..	181	179	..	178	180	..	116
5. Sonail ..	318	314	283	163	185	182	158
Northern Zone							
1. Multapl ..	128	130	131	116	123	119	120
2. Nana ..	93	110	110	107	108	117	99
3. Salamatpur ..	150†	150†	150†	119	113	119	101
4. Shujabad ..	129	139	142	105	113	120	105
5. Gujar Khan ..	144	152	148	125	148	150	125
Southern Zone							
1. Krishna ..	147	152	163	103	103	103	101
2. Lakh ..	144†	138†	140†	124	127	153	103
3. Malur ..	118	144	144	130	137	144	122
4. Muniguda ..	128	138	143	120	126	131	112
5. Kudchi ..	159	150	150	139	138	143	120

* The fall is due to price control by the State.

† Price quotations are not available.

|| On the basis of the controlled prices for Kerosene Oil.

a Figures for January 1943 are not available.

† On the basis of price quotations for "Rice" only.
‡ Tobacco and Soap are the only items included in the group.
§ On the basis of price quotations for "Bajri" only.
|| Prices for only one item out of the three included in the group are available.

STOCKS AND SHARES

	This week.	Previous week.	CALCUTTA (Jan. 4)
	Rs. a. p.	Rs. a. p.	
BOMBAY (Jan. 4).			
GOVT. SECURITIES—			
23½% 1949-52	99 12 0	99 12 0	Anglo-India
3% 1946 (Defence)	102 5 0		Barnagore
3% 1949-52	100 11 0	100 10 0	Budge Budge
3% 1951-54	100 2 0	100 2 0	Chawpdany
3% 1963-65	98 12 0	98 9 0	Gourepore
3½% G.P. Notes	97 4 0	97 7 0	Howrah
3½% 1947-50	103 6 0	103 6 0	Kanknarrah
4% 1960-70	112 4 0	112 4 0	Kamarhatti
4½% 1955-60	115 12 0	115 8 0	Nellimaria
			Presidency
			Nuddea
TEXTILES—			
Ahmedabad	498 4 0	496 4 0	MINING—
Bombay Dyeing	2043 12 0	1970 0 0	Burma Corporation
Central India	478 0 0	461 0 0	Consolidated Tin
Indian Bleaching	232 0 0	212 0 0	Indian Copper
Kohinoor	633 0 0	616 0 0	
Century	971 0 0	961 0 0	STEEL & ENGINEERING
Colaba Land	251 0 0	245 0 0	Bhartia
Gokak	361 0 0	344 0 0	Indian Iron
Phoenix	765 0 0	700 0 0	Burn
Simplex	293 8 0	282 0 0	Jessop
Swadeshi	620 0 0	600 0 0	Kumardhubi
Vishnu	2645 0 0	2600 0 0	Steel Corporation
Finlay	351 0 0	334 8 0	Steel Corp. Pref.
Morarji	788 0 0	740 0 0	
New Great	461 0 0	447 0 0	TEXTILES
Swan	326 0 0	314 0 0	Bengal-Nagpur
Apollo	5 9 0	5 4 8	Cawnpore Textiles
Sassoon	20 12 0		Elgin
Sassoon Defd.	4 3 0		Muir
Model	328 12 0		New Victoria
Poddar	428 12 0		New Victoria Pref.
MISCELLANEOUS			
Alcock	585 0 0	573 12 0	COALS
Bombay Burma	420 0 0	417 8 0	Amalgamated
Belapur Sugar	258 8 0	255 8 0	Baraboml
Bombay Tramway	144 8 0	143 8 0	Bengal
Bombay Steam	665 0 0		Bhalgorra
Scindia Steam	37 6 0	36 0 0	Borea
British Burma Petrol	3 4 3		Bokaro-Ramgarh
Andhra Valley	1890 0 0	1977 8 0	Burrakpore
Shivrajpur	78 8 0	78 0 0	East Indian
B.I.C.	68 0 0		Equitable
Tata Chemical	32 8 0		Katras Jheriah
Tata Oil	89 8 0	87 8 0	North Damuda
Tata Power	1950 0 0	1915 0 0	Searsole
Tata Hydro	202 0 0	202 0 0	Sendra
Tata Steel Ord.	332 0 0	300 0 0	
Tata Steel Defd.	1927 8 0	1901 4 0	MISCELLANEOUS
Premier Construction	234 8 0	223 8 0	B.I.C.
Associated Cement	230 0 0	226 0 0	Indian Cables
Indian Iron	13 13 0	34 15 0	British Burma Petrol
Indian Copper	2 14 0	2 12 0	N. Ind. Oil
Tata Steel 1st Pref.	221 4 0	221 4 0	Titaghur Paper
Tata Steel 2nd Pref.	155 4 0	153 0 0	Ind. General Navigation
BANKS—			
Central	90 12 0	88 4 0	SUGAR
Imperial (Fully Paid)	1970 0 0	1970 0 0	Berhampore
Imperial (Partly Paid)	497 8 0	496 12 0	Belsund
Reserve	133 0 0	132 0 0	Carew
India		224 8 0	Murree Brewery
New India Insurance	94 0 0		North Savan
			Ramnugger Sugar
			U.P. Sugar
			TEA
			Looban
			Poobong
			Bishnauth
			Central Cachar
			Hasqua
			Killing Valley
			New Tarai

THE EASTERN ECONOMIST

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Economic Controls after War

IN all the belligerent countries, the requirements of full mobilization for war have necessitated increasing intervention by the State in the working of the respective economies, and as the demands of war have tended to increase, the control measures instituted by the State have *pari passu* grown in comprehensiveness and rigour. In Russia the entire economy is controlled and operated by the State. In Germany a heavily controlled economy has been in operation for a number of years even prior to the outbreak of war. In countries like Great Britain or the United States, increasing measures of control have been instituted with the outbreak of war, but, as these countries had no large and trained administrative machinery to run itself the whole economic machinery and as it was impossible to improvise such a vast administrative machinery, the necessity of economizing in central direction compelled their Governments to work largely through private firms subject to over-all co-ordination. In India the institution of economic controls has had its chequered career beset with special difficulties of its own. Not only is the Indian economy less organized and compact than the economies of other highly industrialized, advanced countries, but the administrative machinery, even apart from political or constitutional handicaps, has lacked the experience and training

or the needed elasticity and resiliency to organize quickly effective control measures.

Nevertheless through bitter experience and blunders, the Government have been gradually making their control measures more and more comprehensive. Although these control measures have been far from fully effective or commensurate with the requirements of the situation, nevertheless, it cannot be denied that they have had their impact on the set-up of economic activities in a way which renders it impossible that they can be wound up the moment cease-fire order is issued. On the contrary, the cessation of hostilities will raise new problems and unless the authorities are ready with their plans and adequate executive machinery to cope with them, the switch-over of the war economy to subserve the new requirements of peace, will be attendant with instability and possible economic disaster comparable with the calamity such as we are facing today. Consequently, it is clear that the system of economic controls which the Government has slowly built up must continue for some time at least after the war to smoothen the transition to peace economy.

On the other hand we may view economic con-

trols from a more positive aspect—*viz.*, as instrument of a positive economic policy of planned and rapid economic progress. The lessons of the experience of planning in Russia and Germany together with the experience during total mobilization for war have profoundly altered the orientation of our thought towards economic problems in a way which is more than a mere change in emphasis. The *laissez faire* state such as we have known has fallen from the pedestal and even though complete socialization may not take place within any period which we need envisage now, it is certain that in all countries the State will increasingly assume the role of direction and co-ordination of the economic affairs of the nation. In the more advanced countries, probably the State will be expected to do no more than tackle the problem of cyclical fluctuations and ensure minimum standards of housing, nutrition and health. But in an extremely backward country like ours the State will be expected to take up more primary economic function, *viz.*, of mapping out the economic potentialities of the country, programming co-ordinated schemes of development and of ensuring their fulfilment through private and public agencies. If the Government assumes responsibility for such positive economic tasks, it is evident the end of the war will see not an end of economic controls, but rather their progressive extension and strengthening, in order that the Government may effectively perform its new economic functions. On the assumption, therefore, that the future economy of our country will be largely State directed, we have to envisage a progressive strengthening of the present system of controls, in scope and character so that not only may it help the smooth transition to peace economy, but may also become the instrument of long-term economic planning in our country.

Let us first take the question of international trade and fiscal policy. During the war a complicated system of control of foreign trade has been built up, but the guiding principles for this control have been different from what they would be in peacetime. Thus the regulation of import trade and export trade has depended on such factors as availability of shipping space or the requirements of countries of strategic importance to the United Nations. Shipping shortage has forced a curtailment of imports below what would be indicated by our essential requirements, although it is quite true that even within the restricted scope of imports, the Government could do much more by allowing a more generous import of equipments, raw materials, etc., which are essential for increased agricultural and industrial production. Our exports again have been with the Middle Eastern and East and South African countries. At the end of the war, the need for import and export control would not immediately cease, but would indeed be of continued paramount interest. At the end of the war, many countries will probably find themselves left with a surplus of various sorts of left-over equipments and commodities. In the ensuing scramble for markets to dispose of these, there may be attempts to dump unwanted or comparatively less essential goods on India. During the period of uncertainty and confusion in this interregnum, the machinery of import control which has been built up during the war would prove extremely helpful in insulating our economy from serious pressure from abroad and giving it time to adjust itself to the new set-up. The machinery of export control may again be strengthened with an Institute of Exports which would be posted with the possibilities of different foreign markets and advise on the best markets for our surplus products. It is probable that after this war, the old *laissez faire* international trading system will not return and in its stead we shall have a "managed" trading system in which bilateral

and multilateral agreements will play increasing part. Under such circumstances, the present machinery of foreign trade control is capable of adjusting itself not only to cushion the strains during the transition period but also to take up its long-term functions.

Again, the Government has now embarked on its new policy of importing certain categories of consumers' goods in its fight against inflation. Some of the selected consumption goods are such that unless special care is taken, indiscriminate import at this stage would hit some of our nascent Indian industries even before they have had time to consolidate their competitive position. Many of these industries may not only have a vital part to play during the war but also possibly a permanent assignable position in our post-war economy. Consequently, the Government has a clear duty of making a categorical declaration of policy without further delay that in so far as any of the industries established during war can have any assignable position in our post-war economy, it will be afforded its due measure of protection for a measurable period of time, so that it may have a minimum period of nurture and growth before being fully exposed to the full rigours of competition from established industries in foreign countries. This will be only in the nature of an interim tariff policy, intended as a shock-absorber during the confused post-war interregnum. Meanwhile, an authoritative body would be busy outlining the proper permanent fiscal system which would subserve the long-term needs of our economy. As the framework of this permanent fiscal system is gradually erected, the interim tariff system would be replaced.

During the war also a more or less effective exchange control has been set up which would prove extremely useful at the end of the war. Our sterling balances have been accumulated at great sacrifice during the war, and consequently it is our duty to ensure that these balances are not frittered away in unnecessary ways but are conserved to the utmost in the interest of an economic plan to raise our standards of living rapidly. On account of our new international creditor position, the strains on our foreign exchange market will have considerably eased after the war. The pressure of postponed consumption during the war may lead to the importation of all sorts of consumption goods in the immediate post-war period and there is a great danger of our assets being dissipated in meeting demands which are not of primary importance in terms of the development of the total economy. Consequently, the system of exchange control must be retained after the war and used to administer a sensible and formulated order of priorities in the utilization of our sterling assets after the war. And here again, if exchange control became the more permanent framework of international monetary management after the war and in consonance with the long-term needs of our economy, it would be possible to adjust and strengthen the present machinery of exchange control for that purpose.

Again, during the war a very large reserve of capital fund has accumulated in different sectors of the economy and this has been largely lying dormant on account of difficulty in importing machinery, and consequent lack of investment opportunities. At the end of the war, all this fund may suddenly be activated and rush forward in an unregulated boom and scramble for investment opportunities. The present capital issue control which has now only a negative function will assume a positive function of regulating the tempo and also of securing the right kind of industrial development during the transition. It is also capable of assuming a permanent place in our economy.

Other controls like price-control and rationing which have been instituted during the war, cannot also be dispensed with immediately at the end of the war. The Government's price control measures have not hitherto been conspicuous by their effectiveness, but gradually the control measures have been tightening their grip. A great and complicated system of entrepreneurial expectations has been built up on the basis of the existing price structure and any sudden collapse of this will also lead to a simultaneous collapse of the inter-related expectations on which the even flow of productive activities depend. Similarly, the opening of the Burma campaign may have catastrophic effect on the present inflated price of rice in Bengal merely for psychological reasons, even apart from actual arrival of Burma rice. If the war in European and Asiatic theatres end in two stages this fact may also exert unpredictable pressure on the price structure and production. The present price structure is no doubt untenable, but it has to be stepped down in an orderly manner, so as not to disrupt the

stability of the economy. During the transition period, therefore, also the Government's price-control measures will have an essential part to play.

We have had very bitter experience of economic controls due largely to the inexperience and character of our civil service. But it will be equally disastrous to jump to the opposite error that everything would be all right as soon as economic controls are removed. The *laissez faire* State is definitely over and both to smoothen the transition to the peace and to take up long-term economic planning in our country we shall need an elaborate system of economic control. Clumsily or smoothly we have to strengthen in scope and efficiency the system of control which have grown up during the war. But this will call for a radical change in the character of our civil service: we shall need, in short, an economic civil service which has the training and efficiency to manage the nation's economic affairs and become the agent of any long-term economic planning we may formulate.

Banking in War-Time

BANKING developments in the last four years can most conveniently be reviewed under three main heads: (1) the growth of banking institutions, (2) the changes in the structure of assets and liabilities of banks, (3) post-war prospects.

Present conditions of abnormal liquidity have given an impetus to the growth of banks. Many big banks have come into existence and rapidly spread their branches. Older ones have also expanded. In September, 1939, the total number of offices of scheduled banks was 1,252, at the end of June, 1942, it had risen to 1,405, and in June, 1943, stood at 1,600. We would of course realize that the rate of growth has not been particularly rapid in the war period, if we remember that in the three years ending, 1938, there was an increase in the offices of scheduled banks from 723 to 1,125, i.e., by 402, and the same progress is reflected in the four years from June, 1939, to June, 1943. In the latter period the number rose from 1,198 to 1,600. This does not include the smaller non-scheduled banks which have shown special tendency to extend recently and taking them together, the growth on the whole has perhaps been more rapid than in peace.

This extension of banking in India presents a contrast to contemporary experience abroad. Scarcity of man-power, coupled with restriction of activity have led to the closure of innumerable branches and the release of banking personnel for war work. This is the case in England, Germany, Australia and elsewhere. Since India affords abundant scope for banking expansion both by way of new ones and more branches, judged by such standards as area, population, etc., no defect attaches to our different experience from the rest of the advanced countries.

There is, however, one aspect of the growth which is of great significance not merely to banking efficiency, but also to larger monetary policy. Continuance of cheap money depends on low operating costs of banks. The limit to the reduction in the rate of interest is nowadays set not by the quantity of money which proper understanding of its functions has rendered elastic, but by the rigidity of institutional costs. Bank premises, staff, ledgers, etc., entail a cost. This cost might be reduced by rationalizing the banking structure by closing redundant branches and releasing surplus staff, as in England. For India, however, this

is not of any great practical significance in her present stage of banking evolution. Money is not going to become dearer or cheaper just because a few more branches will be opened or closed. Cheap money has depended on currency expansion, at any rate on the absence of currency contraction, and will continue to depend on it. Its percolation to the farthest corners of the economy will come with the integration of rural credit within the orbit of central control. Nevertheless, sound growth of banking in itself calls for a check to new institutions and branches being started which will find survival difficult in the post-war period.

Striking changes have taken place in the composition of the balance-sheet of the banks. Thanks to the increase of the note issue, there has been an astonishing expansion in the volume of deposits. Here again, only the figures of scheduled banks are available. Total liabilities stood at Rs. 249.45 crores in August, 1939. On 24 December, 1943, they were Rs. 655.07 crores, representing a rise of over 250 per cent. The time liabilities have gone up just by Rs. 50 crores to Rs. 155 crores. The preponderant increase in demand deposits liable at any time to recall warrants an increased state of liquidity. Has that been attained?

Speaking generally, the volume of cash, *viz.*, cash on hand and balances with Reserve Bank, has shown a rising trend excepting for the temporary fall in the busy season. On the eve of the war, it was Rs. 34 crores. Now it is at the high level of Rs. 112 crores, indicating an increase of about 300 per cent. The proportion of cash to liabilities also has gone up. In the years 1938-39 and 1939-40, the banks held only a 10 per cent. cash reserve. In 1942-43 it was 16.73 per cent. Lately in the last 9 months the proportion of cash has tended to decline, but not the volume. The increase in cash has been more than proportional to the increase in liabilities. The banks have met all the needs for cash and highly liquid conditions have prevailed throughout.

It is in respect of advances and bills discounted that the most important changes have occurred. It is difficult to disentangle the effects of seasonal changes, ups and downs of business, monetary war developments and recent financial measures from the basic trend. Nevertheless, the distinct trend of the

declining importance of advances is discernible. It would be tedious to cite figures to show how every year in the busy season roughly from November to April advances increased. Only the highlights need be mentioned. From June, 1941, set in the fall in advances which continued right till the end of 1942. In September, 1941, the minimum of Rs. 79 crores was reached. The year 1943 witnessed an almost continuous increase in the volume of advances, reaching the peak of Rs. 161 crores towards the end of December, accounted for by higher prices and possibly speculation. The proportion which advances and bills bear to total liabilities has registered a continuous decline. In March, 1940, it stood at 62.9 per cent. and in October, 1942, it had touched the bottom level of 19.1 per cent. In keeping with the increase in volume the proportion has gone up lately and in November it was 25.37. It is difficult to predict what course it will take in the rest of the war period. The ban on speculative loans on the security of bullion and produce, imposed in July last does not appear to have curtailed the volume of advances. But whether advances will gain their former proportional importance is more than doubtful.

What are the causes of the declining importance of bank advances? As in England, so in India the loss of certain overseas markets and the restrictions on exports and imports have curtailed the movement of produce and the holding of stocks which call for financial accommodation from banks. Firms and individuals are now enjoying a high degree of liquidity and are able to finance themselves. Government have their own agencies for procurement, have instituted the system of 'Progress' payments and are even advancing supplies of raw materials to war contractors. There has thus been a reduction in cash credit accommodation. Besides the undue delay in assessing the E.P.T., left firms with funds and reduced the demand for bank loans. But in India we have not seen the concentration of industries, the restriction of civilian trades and the ousting of private finance from all Government-controlled foreign and domestic markets to anything like the same extent as in England. Nor should we forget the fact in talking of advances, that though there has been a marked fall in the percentage which they bear to the total liabilities, their absolute volume has not, with the only important exception of a spell of 10 months from April, 1942, to February, 1943, fallen below the pre-war level of Rs. 112 crores in September, 1939. For the greater part of the period, it has been above this level and now it is distinctly upward. Nevertheless, advances have not grown at a rate equal to that of growth of deposits, and their changed place in the balance-sheet of the bank is of the utmost significance.

This is only equalled by the rise to the first place of Government securities in the bank's portfolio. The scheduled banks are now keeping about 60 per cent. of their assets in Government securities and the Imperial Bank is keeping an even higher percentage. Being in the grip of the gilt-edges, the banks are vitally interested in maintaining the value of their

capital assets, or its obverse, in keeping the rate of interest on a low level. Capital depreciation which would be involved in a rise in the rate of interest would cause them a far greater loss than what could be earned on lending at a high rate.

What of the future? Do these changes represent a permanent reorientation of the structure of their assets? The answer will depend on (a) how far there will be a revival of advances in the post-war world of business and (b) whether there are any means of transferring the bonds now held by the banks to individuals without reducing their deposits, so that the banks may feel free to finance trade at 5 per cent. rather than hold the gilt-edged at 3 per cent. Both in their turn will be determined by the state of trade to emerge and the economic and monetary measures to be adopted at the end of the war.

If with the cessation of hostilities a slump should overtake our economy and prices should crumble and trade shrink, the demand for working capital may not exceed the record of restricted wartime business, in which case the banks will find it convenient to retain their bond-holdings as the only outlet for investment. If on the contrary a slump is avoided, and if we enjoy expanding trade, the demand for working capital will increase, its volume being dependent upon the volume of permanent capital investment from which it is derived. In such a case, the problem for the banks will be how to switch over from Government securities to advances without incurring loss of capital.

Yet the solution for the apparent conflict between holding gilt-edges which will hamper bank aid to business in peace and selling them out at loss consists in an expansionist monetary policy. This consists of various elements. In the first place, the Government policy of funding their debt should not be deflationary in effect. At the end of March, 1943, the Treasury Bills accounted for 21.9 per cent., loans under five years for 14.3 per cent., loans between 5 and 10 years for 7.6 per cent. and loans over 10 years for 19.7 per cent. of our public debt. Short and medium dated loans have shown a significant increase over long-term loans. Since June last, the sale of Government bonds and rupee counterparts has accelerated; but it is doubtful whether they represent funding for long term. If they do not, the short loans of the value of Rs. 300 to Rs. 400 crores will fall due for repayment within three or four years of the end of the war. The banks which now hold them may then sell them off or get repaid by Government. But Government must in any case raise the huge amount from the market. If it does this by selling further loans, the demands of trade will collide with those of Government. Stringency and high rates of interest will result. This should be avoided. The proper time for funding is now, when money is abundant, goods are scarce and outlet for industrial investment is negligible, and not after the war, when the wheels of production should move without the friction of dear money. The technique is to find out a method by which the individuals

in possession of large deposits to their account with the banks will gradually take over the Government bonds instead of making the banks invest their short-term deposits in short-dated Government loans.

In the second place, measures to avert the slump like public works, industrial construction, etc., (as outlined in our issue, dated December 24, 1943) should be adopted and currency even expanded, if necessary. In that case it will be possible for the banks to keep the present gilt-edges and also satisfy the needs of trade by means of increased deposits, which will accrue to them. Advances can then increase and may regain some of their former proportional importance. Re-capturing their former pride of place would, however, warrant an enormous expansion of currency which would not be called for, if loan policy is effectively pursued to sustain activity.

We assume expanding money leading to growing deposits. What will happen if the assumption is falsified? If, as after the last war, there is currency contraction, there will be a decline in deposits. There are no conclusive figures to prove that this happened after the last war, though the available figures of

deposits of class 'A' banks appear to support such an inference. Even then the contraction in deposits was much smaller than what was warranted by the fall in prices and activity. That is likely to be the case after the present war too, if deflation sets in. Deposits will not shrink appreciably. But we must assume the avoidance of deflation.

This leads to a curious conclusion. If deflation overtakes our economic life, the banks will simply retain their bond holdings and easily meet the small demand for advances; and will come to no harm, as they can meet withdrawals of deposits out of their liquid assets. If on the other hand an expansionist policy is pursued, the banks will receive more deposits and make more advances and will grow in strength. Thus in either case the banks will steer clear of all difficulties, if only they can face withdrawal by depositors. But there is a vital difference to the community. In the case of deflation, the community suffers. In the case of expansion, both the community and the banks gain. This is just the reason why the latter policy should be adopted. In that event, the banks will gain not only in profit, but what is immeasurably more important, in social utility.

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The Week's Notes

FINANCING EDUCATION

In his address to the Associated Chambers of Commerce last month, the Viceroy said that the full realization of the Sergeant scheme must wait on other developments. In his own words, "India at present has simply not the money for such a scheme. As the country acquires increased riches by industrial and agricultural progress, so it can afford to spend larger sums on education and health. This is, I think, the way in which the social services have developed in other countries." Mr John Sargeant has now answered him. He suggests three sources of finance, viz., diversion of a part of defence expenditure to education on the assumption that there will be peace after the present war, freeing a part of the funds of religious bodies after meeting their due needs on the lines to be recommended by a charity commission which should be appointed for the purpose, and international rehabilitation credits. On the last one it is futile to rely, even though on grounds of justice India's social services are in the nature of the rehabilitation of a country devastated by exploitation, inflation and famine. The refusal of the U.N.R.R.A. aid to Bengal is enough evidence. The idea of a charity commission is commendable. It must be possible to get considerable funds from the religious bodies without in any manner prejudicing their religious and other social functions. Already these bodies are devoting some of their resources to education. But what is wanted is their pooling and liberalization and the pruning of less important expenses. Reduction of expenditure on defence is problematical in the extreme.

THE "REAL COST"

We feel that even these valuable suggestions of Mr Sargeant miss the essential nature of the real cost of education, as distinguished from the cost in terms of money which he seeks to raise on conventional lines from diverse quarters. The real cost of education is measured by the amount of national resources in terms of man-power and materials which will have to be allocated for the purpose and will therefore not be available for others. Ruling out the increase of national income which would result from education, we would find that the real cost is much smaller than appears at first sight. The educational plan calls for 1.8 million teachers, and the release of all children from labour up to the age of 14. Adult education will entail some spare hours per day for the illiterate working population. The adult agricultural population is already unemployed for some part of the day and for 4 or 5 months in the year. Even the abolition of child labour up to the age of 14 will not entail a net loss of working hours, if the adults are more fully employed. The argument that education means the provision also of better health, food and clothing is in reality pointless, because these costs will in any case have to be met if food and health are given priority. The entire population is today having a certain amount of food, clothing, medicines, etc. Education in itself will not call for more of these things. It will call for plenty of labour and this is easily available. Even the training of teachers is a problem mainly of labour and the teachers must be fed in any case. The only real additional cost will be the building, books, stationery, etc., for which resources will have to be allocated. Technical education and research would certainly cost more. But considering our unused resources and

economic potential, all this is negligible. We may recall that in Soviet Russia which abolished mass illiteracy within twenty years, during the initial period much of the work was done by the voluntary labour of enthusiastic young men and women in educating their illiterate fellow citizens during their spare time. Modern industrial society requires a high degree of intelligence and technical training, and consequently the tempo of our industrial plan itself must be slowed down if education is given a lower place in the order of national priorities. What is wanted is not a slow growth of national income which will just make possible a still slower growth of social services either as a matter of charity or through the instrument of progressive taxation, but a national plan of full economic development which will tackle the problem on all sides and achieve simultaneous progress on all fronts.

HARVESTING IN BENGAL

Bengal's cup of misfortune is so full that even the isolated bits of good news from that province should be tainted with frustration. As the rushing of grain supplies, the organization of widespread relief and the intervention of army help slowed the pace of famine destruction, and the forecast of a bumper *aman* crop raised hopes of finally lifting the curse of a generation, reports say that there is a serious shortage of labour for harvesting the new paddy crop which in many districts stands ready to be harvested. Timing is of the utmost importance in the raising of the paddy crop at every stage from sowing to harvesting and if the paddy, when ready, is not removed from the fields for storage its rapid decay either as crop or as grain is inevitable. Unforeseen rains or storms would make the situation one worse. Death, disease, and devitalization are the causes of the present shortage of labour. In addition to famine and starvation, a deteriorated public health is aggravating these conditions. Bengal is now in the grip of an epidemic of malaria, small-pox and cholera which threatens to outstrip the influenza epidemic of 1918 in severity. Owing to shortage of quinine supplies whole families are bedridden, with no one to look after the fields. Devitalization is so acute that even high rates of wages are not attracting labour. The epidemic has only begun, with the harvesting season, and if the situation is left to drift it is obvious that the *aman* crop will not contribute to the alleviation of food scarcity, and to that extent the pressure on the food resources of the rest of India will not be relieved. It has also to be remembered that supplies to Bengal during the famine have in many cases been effected at a sacrifice on the part of other regions, the need of some of which was no less pressing and urgent. Further, stocks at present naturally held in Bengal would be based on the expectation of reimbursement from the new crop, and if the yield from the latter were to fall short of expectation for want of harvesters the supply programme is sure to be jeopardized for the next few months at least.

We have already suggested in our columns that military help might be sought for harvesting too in districts where there is labour shortage. Recruits in the Indian Army are largely drawn from the agricultural classes and might be particularly useful as they are likely to have a knowledge of the work. It has also been suggested that the law courts, schools and colleges might be closed for a few days and this

intelligentsia employed to reap the harvest. There could hardly be a better method and opportunity for the middle classes to repay their debt of gratitude to the masses on whom they live. But when the Army itself has been diverted to famine relief it may not be too much to demand that thousands of labourers now employed in construction activities in connection with the war in urban areas might be temporarily drafted for harvesting. Whatever the measures undertaken, the situation brooks no delay.

U.S.C.C.

While Sir Francis Joseph, acting Chairman of the U.K.C.C. was pleading that "development of good-will between the British and the United States commercial communities be not handicapped by harbouring needless suspicion," the U.S.C.C. (the United States Commercial Corporation) was busy steadily consolidating its position. Born much after its British counterpart and mothered by the latter, the U.S.C.C. has already grown in stature and importance and promises early to be a serious rival of the U.K.C.C. Nominally even today the U.S.C.C. "co-operates" with the U.K.C.C.: they occupy the same offices and by gentlemanly agreement avoid bidding against one another for materials which both need. The U.S.C.C. has also free access to U.K.C.C. books and methods. But as the U.K.C.C. is the older of the two and richer in experience and organization, it is clear that such "co-operation" redounds to the advantage of the U.S.C.C. While Sir Francis was anxious to emphasize that "the U.K.C.C. is only a war-time organization and is a commercial corporation, not a Government department," the United States Government was strengthening the position of the U.S.C.C. by extending its backing to it. The Foreign Economic Administrator took direct control of the U.S.C.C. along with that of the Commodity Credit Corporations and Foreign Commodities Division. From now on the U.S.C.C. will make virtually all purchases of commodities for the U.S. Government except rubber and petroleum. This exception is not of particular significance, especially with the growth of America's synthetic rubber industry. The Administration has struck off from the list of lease-lend articles machine tools, etc., which may help the industrial development of other countries at the expense of U.S.A. Already many other important articles have been struck off from the list and it is reported that United States exports will soon begin flowing to India and the Middle East at an increased rate and through the U.S.C.C. or private commercial channels instead of through lease-lend. American exporters have been complaining that the M.E.S.C. at Cairo has shown undue stringency or possible national bias in issuing import permits. The U.S. Export-Import Bank is making extensive plans to offer facilities now and after the war, to foreign countries desiring to buy American-made goods. While the U.S.C.C. is consolidating its position, the Government of India has done nothing to protect Indian interests by forming an Indian Commercial Corporation to handle our foreign trade. Meanwhile it is reported the proposal to constitute a Textile Export Corporation formed the principal item for consideration by the Textile Advisory Board which met in Bombay this week.

NOBODY'S BABY

While intimation has been sent out to the various nations to attend the forthcoming conference on international currency proposals, it is increasingly evident that a growing and influential opinion in both

Great Britain and the United States is stiffening against the acceptance of such monetary proposals at this stage. Commercial opinion in the United States has always looked askance at proposals like the Keynes plan which, coming freshly from economic laboratories, look too neat and clean. Rather they prefer plans which "develop from the facts of the present state of world finance and trade, instead of from blue-prints drawn in accordance with abstract principles." They have always been suspicious of any plan which proposes to create international credit and so detract from the indubitable financial powers of the United States. Their own primary concern has been the maintenance of the value and influence of gold. During the war, again, there has been vast increase in production of many primary and industrial products and the country may find itself saddled with surplus of various commodities. In these circumstances commercial opinion has shown a leaning to concluding gentlemanly commercial agreements, especially with Great Britain, rather than to making over-all monetary arrangements. Impressed by the strength of opposition displayed by the financial and commercial interests, Roosevelt's administration has thought it prudent to soft-pedal the currency proposal and not to make any final commitments until the turbulent electioneering days are over in November next.

Meanwhile financial experts of the Soviet Union have also been lukewarm towards any new fangled currency scheme. Rather as a leading gold producer they have pleaded for international gold standard. The Soviet Union, of course, will not adhere to the proposed gold standard, for her currency, as is natural in a planned economy, needs no backing like gold except the productive power of her economic system. But if the rest of the world accepts the gold standard, she will have a ready market for her gold and this will considerably help her to meet her foreign exchange requirements.

MONETARY EMPIRE-BUILDING

Great Britain, on the other hand, has her own problems to tackle, especially with her seriously deteriorated international economic position. A recent *Reuters* message asserts that British opinion is definitely veering round against the assumption of any post-war currency commitments and Great Britain is actively interesting herself in proposals for currency groupings, to safeguard her own essential economic interests, but partly also as a gesture of independence towards the United States. London professes to be "mystified" that Washington should at this stage call the forthcoming currency conference, apparently at ministerial level and is making oblique references to the Washington report on the White plans for currency and world capital bank. Although it has been reported from time to time that Lord Keynes's discussions with the U.S. Treasury had narrowed the differences between the American and the British view points, in their proposals the United States have assumed as if those discussions have never taken place. Such *hauteur* seems to have offended Britain who is now sponsoring independent currency groupings. Already under British blessings, the Belgian and Dutch Governments have come to important monetary agreements and are thrashing out plans for a full customs union. London is also negotiating for financial agreements with the French National Committee. The proposed agreements cover the whole range of monetary, financial and Lease-Lend relations and are so far-reaching as to constitute nearly the economic integration of the two empires. Similar, though less ambitious talks are also pro-

eding with Norway. Great Britain has met with verbal rebuffs from the United States on the currency proposals and she is now, determined to seize the initiative. Despairing of the feasibility of currency as a practical policy, she is thinking in terms of monetary opportunism, like currency coupling, exchange control and bilateralism. Taking advantage of the presence of refugee Governments of Western Europe in London, Great Britain is determined to organize under her leadership a solid West European bloc and confront the United States with a fait accompli. We are indeed told that this will not quarrel with any world currency plan that may be adopted later on. It is, however, admitted that "nothing more is now suggested than that currencies of France, Holland, Belgium and Norway might be linked with the sterling system in whatever form the latter may emerge from the rigid war-time exchange control."

MORE JOBS FOR AUSTRALIANS

It has been increasingly evident from the speeches of responsible British and Dominion politicians during recent months that imperialism within the British Empire is now to enter a new phase. The peculiarity of this phase of colonial policy is going to be that Britain would share economic opportunities and administrative posts with the Dominions. Col. Oliver Stanley indicated last August the possibilities of the British administering the colonies in partnership with the Dominions and Marshall Smuts spoke recently about the linking together of the administration of colonial areas with the geographically proximate Dominion territories as the future course of imperial development. There are proposals of such larger security units like "the Indian Ocean Security Zone" entrusted with such an all embracing obligation as defence, in which the method of representation would place India and colonial areas within the zone, at the dictates of the Dominions and colonial powers in vital matters, even after nominal self-government has been accorded to such areas. The appointment of Mr. Casey as the Governor of Bengal is significantly ominous for the constitutional aspirations of this country. But Mr. Casey's case for the provision of more jobs for Australians in the empire is not surprising and fits in squarely with the latest developments in imperial policy. It may leave disconsolate those Indians who have been finding in every new Government of India Act and fresh pronouncements from the imperial dignitaries a step forward toward equality with Dominions, to find the Australians, South Africans and Canadians whom he regarded as fellow fighters for freedom within the empire till recently in the new role as rulers in partnership. But there is hardly anything surprising in the claim of Dominion statesmen like Mr. Casey that the dutiful daughter countries when they have grown to the stature of the mother country should share in the administration of their mother's estates and in due time prepare to inherit them. Indian patronage vitiated British politics long and may prove a dangerous factor in the affairs of Dominions with the mother country. The London Times which recently wrote a series of three articles enunciating the principles of realistic foreign policy for Britain in view of the changed international set-up, pleaded for "Empire solidarity" and close and harmonious relationship between the various parts of the Empire. It is a curious way of advancing empire solidarity by ignoring Indian susceptibilities even in most important appointments, especially when Indians do not enjoy elementary civic rights or right of immigration in many parts of the Dominions.

SUBSIDIES TO THE CONSUMER?

Commenting on the limited success which has attended on the anti-inflationary measures adopted by Government, Sir Chunilal B. Mehta commends a policy of subsidizing consumption which has been adopted with so much success in England and America and outlines the method by which subsidies should be used to stabilize living costs. Firstly, Government should buy foodgrains and other crops at prices which are fair to the farmer. Secondly, a stability level in respect of living costs should be selected as a target to be achieved. Thirdly, the selling prices for the final consumer should be reduced and fixed in terms of the desirable level of living costs. Lastly, the difference between the buying and selling prices should be paid out of the exchequer. Theoretically, the above enunciation is unexceptionable. In fact it is just what a scientific policy of subsidization should imply. But there are grave practical administrative and financial difficulties to its adoption. In our conditions what are the commodities the consumption of which should be subsidized? Sir C. B. Mehta obviously has in mind agricultural commodities in general. While a subsidy on food consumption is justifiable, the consumers of other agricultural products do not need or deserve a subsidy. Should the jute, cotton and sugar mills which consume raw jute, raw cotton and sugar cane be subsidized? Hardly, in our opinion. Even if the prices of finished jute and cotton goods and sugar to the final consumer need to be controlled, there are other methods of doing it. The bargaining power of the consuming mills can safely be assumed.

PRACTICAL DIFFICULTIES

Subsidy to consumers has justice only where the necessities of life are involved. In such a case, it should not be confined to foodgrains, but extend also to cloth, medicine, sugar, salt, kerosene and certain other commodities. Even if we arrive at the list of articles whose consumption should be subsidized, difficulty would arise in deciding the classes of consumers who should benefit by it and the territories to which it should apply. Selling food and cloth at below purchase prices to the limited number of industrial employees in the big towns in the employers' or Government's shops is relatively an easy matter. But its adoption in the countryside will be an immense task. No one can deny that the vast mass of agricultural labourers stand in need of cheap food and cloth and other necessities, and the small peasantry require all non-food necessities. To exclude them will be unfair, and to include them will be almost impossible. Even if some shops could be opened in the villages to sell these goods at less than cost prices, the benefit will not go to those for whom it is intended, unless steps are taken to ensure that each poor consumer has his ration card and gets his due share. Otherwise the quantities at the subsidy shops will vanish in no time. In England and U.S.A., subsidy is successful, because it is linked with control of supply and rationing. In India it is almost impossible. Again, in determining the 'target' above which living costs should not be allowed to go, there are differences between one town and another, and between the town and the village in each province and even in each district. Arriving at the appropriate level of costs of living for hundreds of towns and groups of villages (to be treated as the unit) so as to determine the amount of subsidy will involve a statistical organization beyond the bounds of practical politics. Finally, the cost to the treasury will run into some hundreds of crores of rupees, which it will be impossible to raise by taxation, and which,

if raised by inflation, would be no remedy. Nor is it feasible to raise loans for the purpose because if the surplus money could be mopped up that way, the pressure on prices would naturally be curtailed and subsidy would be unnecessary. Consumer subsidies simply are not practical politics for this country. Our Governments have not been able to introduce simple rationing of a few foodstuffs in all the urban areas as yet. That is a prior task.

DOCTOR WIN-THE-WAR

President Roosevelt, at a recent Press conference asked for a fresh 'doctor's mandate' for his Administration, though now he felt that it was necessary to change 'Doctor New Deal' for "Doctor Win the War," as the former had done his job of curing an awfully sick patient of 'internal disorders' and now the latter was necessary to ensure external health and hygiene. He further called for an end of American isolationism for it was now necessary for America to work a new programme in the new situation of the post-war era. Although President Roosevelt parried as "picayunish" questions regarding the possibilities of a fourth term for him, it is obvious that this abandonment of symbolic description of his administration is a part of political manoeuvring in view of the forthcoming Presidential election. The New Deal was in part an expression used to describe a number of emergency measures required to deal with a serious but temporary dislocation of American economic life, but it also symbolized to its admirers a revaluation of the standards of American social life. Mr. Roosevelt's discarding New Deal as having served its purpose is thus tantamount to a recantation and a re-orientation of policy. This is significant in the light of a cable from our Washington correspondent which referred to the growing rapprochement between the Administration and Big Business. The New Deal which helped to organize American labour and make it a politically effective force has failed to satisfy the cravings of their increasing self-consciousness. The recurring strikes and conflicts between the Administration and organized labour have driven New Dealers to seek new allies to further their prospects in domestic politics. It is apparent that Mr. Roosevelt and his party will have to make many more important concessions before they can rally the rugged individualists under their banner. The fervour displayed by the members of the Treasury under Mr. Roosevelt's administration in going ahead with the post-war plans sometime ago has seemingly cooled down and our London correspondent is of opinion that they have been effectively torpedoed by the big businesses whose alliance Mr. Roosevelt is seeking in domestic politics. But while warning against isolationism Mr. Roosevelt is apparently attacking an old symbol which has lost all its meaning. There are few isolationists in its truest connotations in America today and all that the so-called 'isolationists' and 'individualists' want in the post-war world is to prevent the American Government participating directly in the relief and rehabilitation of the old world while it ensures an international political framework which gives a free scope to the American capitalist to invest with safety. There is little danger of the Americans shrinking back from their obligations as they did after the last war, on the contrary, a large section of them is a bit too serious to undertake them, displacing those who have so far shouldered the so-called whiteman's burden in every part of the globe. The New Dealers may have to shed the ethical content of their internationalism as well while they seek the co-operation of this section of American people.

MR AMERY SIZES UP INDIA

In a speech at York on Sunday last, speaking on inflation in India, Mr. Amery contended that it was the size of the country that made any effective control in the matter impossible. He pointed to England by contrast where, according to him, it was the compact size of the country that facilitated rigorous control of inflationary tendencies. If this contention were raised to an economic principle then there is no escape for sub-continent from inflation at times of war expenditure and curtailment of civilian supplies. It is to be doubted if he would contend this of the United States, Canada and Australia also. The fact that, as he revealed to his audience, the majority of the Indian population is scattered in villages makes no difference as even the United States is still, contrary to the popular notion, preponderantly small-town and rural. The fact is that the size of a country has no relation to the aggravation of inflationary tendencies which depend for control on the nature and extent of the administrative measures undertaken. It is the lack of foresight and sufficient initiative on the part of the Central Government and want of co-ordination with provinces even in the belated measures undertaken that are to blame and not the size of the country and the rural character of the population.

No less amusing was Mr. Amery's reference to the Bengal famine. Just as in the case of the political deadlock he takes credit for the fact that as against the six provinces that are under Adviser regimes, there are five others still enjoying provincial autonomy, he took credit at York that as against one region that was suffering a famine, it had been averted over greater parts of Western, Central and Southern India. Evidently Mr. Amery has now discovered the size of India and its usefulness as a lever for his propaganda. Throughout last year we were being treated to statistics which sought to prove that India's food deficiency was negligible—only 5 per cent., and nothing to worry about—it was more severe times in the past. This was of course meant to be believed, but if we believe it, Mr. Amery will see that such a food situation is hardly compatible with the existence of a threat of famine over greater parts of Western, Central and Southern India. In other words, practically the whole of India. Either the one is true or the other, and we do not mind another speech from Mr. Amery if he can tell us which.

AUSTRALIA AND RECONSTRUCTION

The Labour movement in Britain and the Dominions has not been known for practising those precepts while in office that it freely owns when in opposition. Australian Labour appears to be no different from the rest in this respect. The recent Inter-State Conference of the Australian Labour Party gave the Prime Minister, Mr. Curtin, and his Government virtually a complete mandate on the problems of peace as well as war. If such a mandate had been given by an Indian political party to its representatives in a Government it would of course be characterized, by constitutional pandits abroad, as a surrender of independent judgment to a political caucus. Be that as it may, there is no evidence that Mr. Curtin will use the mandate given him with commonsense and statesmanship. For example, in a recent statement on reconstruction, he said that the policy of full employment was not an indispensable basis for a stable and fruitful peace. This is an astounding declaration to come from a member of a party that has always made political capital of

chronic unemployment. Further, the political consequences of unemployment are widely recognized as well as that full employment is the minimum that a post-war plan should aim at. With a complacency that can come only from the fact that the density of population in Australia is 2 per square mile and stringent immigration laws operate to prevent any impairment of the high wages and standards of life in the Commonwealth, Mr. Curtin proceeded to offer capital and equipment to the "many countries round the Indian and Pacific Oceans whose economic productivity was extremely low" and where "huge populations lived at subsistence level." "These near neighbours" he complained "have carried on too little trade with Australia in the past." When Australian Labour was in power in 1931 it fostered nationalism and high tariffs, but now it expects 'neighbours in the Indian and Pacific Oceans,' among whom even India may be included, to solicit imports from Australia. There is no objection in principle to developing the resources of economically backward countries with imported capital and equipment. But Mr. Curtin's plea suggests the creation of a sphere of influence for Australian capitalism in the region indicated by him, and he frankly sees in such a development "an expanding market for Australian foodstuffs and manufactures." Such ideas as are being aired by Mr. Curtin and others are hardly calculated to allay suspicion in many quarters about the *bona fides* of their post-war reconstruction plans.

NOTICE

IMPORT TRADE CONTROL

Imports From United States Of America.

In the case of applications for licences for imports from the United States of America the goods must be described in sufficient detail to enable them to be classified in accordance with approved procurement programmes. The description according to the Import Trade Control Schedule may frequently not be enough for this purpose. Applicants are therefore advised to describe as fully as possible the exact nature of the goods required, failing which their application is liable to be returned for further particulars.

Licences for goods which have been programmed will contain at the top an entry showing the "IND. NUMBER"..... This entry gives the reference to the procurement programme, and it may be of advantage to the importers in obtaining supplies from the United States of America if they communicate also this reference Number to their suppliers when informing them that an import licence has been obtained. Reference numbers in respect of other classes of goods will be communicated to licence holders as and when the programmes for such goods are approved.

(Sd.) K. G. AMBEGAOKAR,

No. 37. Jt. Chief Controller of Imports (F.P.).

SPECIAL ARTICLES

The Agricultural Economic Conference

(Contributed)

THE Fourth Conference of the Indian Society of Agricultural Economics was held in the last week of December, 1943 at Walchandnagar, a marvellous creation of Seth Walchand Hirachand who has demonstrated the practicability as well as the desirability of dovetailing industrial with agricultural development in a tract in Bombay Deccan which was not long ago a virtual wilderness, with a shallow unretentive soil, 20 inches of rainfall and a peasantry with small and scattered holdings unable, on account of the lack of initial capital, to make use of the Nira Canal irrigation facilities offered by the Government. A magnificent estate has been built up in the brief course of ten years, which commands an area of 16,000 acres only 3,500 of which are so far owned and the rest have been taken on long lease (30 years) at rents which are said to be fairer by comparison with prevailing rents in the neighbourhood and are generally more than the net return the petty owners could realize by themselves. They are, on the other hand, mostly employed as labourers in the fields and factories of the big enterprise on wages which are definitely higher than elsewhere in the vicinity and supplemented by the facility to buy grains at rates much less than market prices, which adds greatly to the real wages—not to speak of the amenities offered free, such as education, medical treatment, recreation and sports, to the employees and the families. Roads and light railways have been laid throughout the length and breadth of the estate for the carriage of raw materials and finished goods and also for the transport of passengers. The land is intensively cultivated with lavish use of manures, especially for sugarcane, which covers 5,000 acres at a time, and supervised by a score of agricultural graduates and others. No wonder the yield is twice that of the average in the Presidency.

foot by this inspired millionaire, even as Henry Ford and Elmhirst have done in their estates at Boreham and Dartington in England.

Though Sir M. Nanavati was all praise for this great enterprise of Seth Walchand, he condemned in no uncertain terms the growth of functionless landlordism on the one hand and of the rural proletariat on the other, not merely in Zamindari but in the Ryotwari areas too. Agriculture, he averred, was falling into the hands of the wrong people, the non-cultivating moneyed classes. He was all for the extension of real peasant-proprietorship which, in his view, was most suited to subsistence farming inevitable in a country with such density of population on cultivated land and such historical traditions. Not only zamindari but all intermediary tenures too should be extinguished by payment of compensation, not in one lump sum but in annuities or reasonable rent payments fixed by a competent authority. Holdings must be consolidated and the cultivating holder must be aided liberally with finance and other requirements by the co-operatives or the State. A few large estates like Walchandnagar, where methods of cultivation and utilization of products are exemplary, might be allowed to continue for purposes of propaganda and demonstration. Large scale, mechanized farming of the collectivist type as in Soviet Russia may be tried on new lands reclaimed from the cultivable wastes and not on the old settled lands.

The problem of tenancy in different parts of India came up for discussion at one session, when divergent views were expressed. Prof. Gyan Chand of Patna University analyzed and criticized the systems of crop-sharing in six North Indian Provinces, almost all of which damped the desire for the improvement of land and led to the exhaustion of the soil and the impoverishment of the workers. Indeed, the share-cropper would, in many cases, benefit, if he turned a hired labourer. But the *bhadratoc* tenure holders saw to the retention and extension of share tenancies with a view to get as much share of the produce as possible for themselves. The peasant-proprietor is not, however, more enterprising in the cultivation of land, though it is his rights that have been protected by a series of tenancy acts in India. A complete overhaul of economic life was suggested implying perhaps the collectivization of farms as in Russia for which the country is not prepared at present.

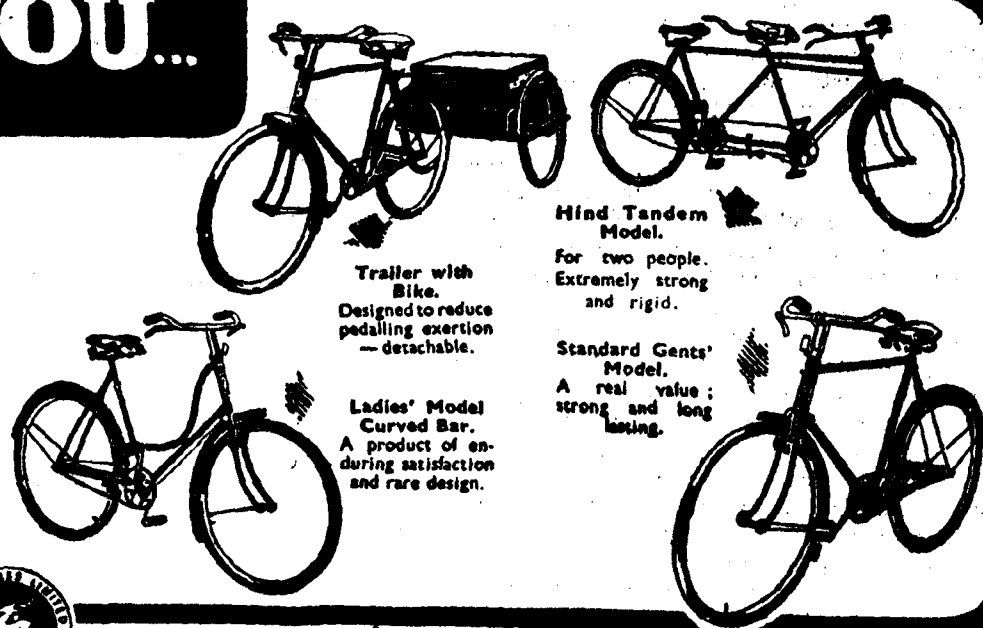
Investigations in South India, it was pointed out in the discussion that followed, point to a different tendency. Crop sharing (*Varam* as it is called) has been steadily and surely giving way to fixed lease in cash or kind, which is according to text book writers more conducive to the improvement of cultivation, as the cultivator gets the full benefit of his efforts and does not share it with the owner. But later investigation, in America as well as in our country, has disclosed that crop sharing is not in all conditions worse than fixed lease. Any system of tenancy may lead to renting in one guise or another so long as competition for land is keen. Peasant-proprietorship may not be now profitable in certain lines of farming, e.g., of wheat, where large-scale mechanized farming produces the best results economically. But peasant-proprietorship is bound to continue as the ideal in dairy farming horticulture and even in paddy cultivation.

A sugar factory with a capacity of 120 tons of sugar per day crushes the canes grown—the improved Coimbatore and Java canes. A distillery now converts into alcohol the molasses which were once a nuisance and removed at some expense. An oil factory decorticates groundnut, not all grown on the estate, and expresses oil which is refined, but not yet hydrogenated and made into vegetable *ghee*, which is in the offing. The residual matter after refining oil is used as soap stock for the manufacture of washing soaps. The oil cake is used as manure for sugarcane. There is a dairy with 300 heads of milch cattle and a milk pasteurizing plant and pasteurized milk is sent to Bombay and Poona.

There is no doubt that the country as a whole has benefited by the enterprise which is ever growing (e.g., the manufacture of yeast food, fertilizers, paper, etc., is contemplated). The State has also benefited by the contribution of a large amount of land revenue and water rates and the excise duty on sugar, besides the freight on railways. The main criticism that is levelled against such enterprise is that the peasant-proprietors of land have become wage earners with a certain amount of subsistence and risk of unemployment attached to such status, though the present management might be benevolent. Much of this criticism will lose its force if, as the President Sir M. Nanavati suggested, a scheme of profit sharing with the workers were set on

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Mr. Tarlok Singh, I.C.S., read a paper on 'Produce rents in the Punjab,' the data for which had been collected by personal inquiry in four different areas in the Punjab and from five settlement reports. He found out varying proportions of total produce paid as rents under different sets of conditions. He discussed the question of what is fair rent and the desirability of State regulation of rents, as of wages and profits subjected to regulation in recent times.

Mr. Dinkar D. Desai of the Servants of India Society described in his paper the plight of *Chalgeni* tenants (at-will) in North Kanara of Bombay and pleaded for the enforcement of the Bombay Tenancy Act of 1839 in the district, as otherwise the tenants would continue to suffer and the soil would deteriorate even in the coconut and arecanut gardens, especially of absentee landlords.

Mr. Akhtar Hussein of Hyderabad suggested that "perpetual tenancy rights should be conferred on all tenants under non-agricultural holders" and the Tenancy Committee should aim at bringing about uniformity of tenancy conditions. Would not such legislation, it was asked, result in the creation of a set of tenure-holders who do not cultivate their own land? And would not such legislation be brought under contempt in its practical working? A member from the Punjab scouted the whole idea of fixing rents and feared that it might result in the creation of black markets in rents.

The general feeling was that instead of pinning faith in mere legislation it would be much better to create conditions favourable to the tenant cultivators by increasing the extent of land wherever possible, granting finance on easy terms and organizing co-operative supply and sale.

Long term credit to agriculture was discussed at length in another session. Mr. Sher Jang Khan of the Reserve Bank of India traced the attempts made by the State to provide long term credit for land improvement and ascribed their failure to dilatory procedure, indifference and corruption and rigidity of recovery. He concluded that State agency was not suited to provide finance in normal times. Co-operative Land-mortgage Banks, he said, have not been quite successful except in Madras, which had clearer rights in land, ample Government support in legislation and guarantee of debentures and better personnel for organization and administration of banks. Even here, he pointed out, debentures were not yet marketable and he feared that Government might have to continue the guarantee for long. He stated that the banks in Madras gave few improvement loans and practically all the prior debts they had helped to clear were for unproductive purposes. This placed serious limitations on the growth of business of these banks, which had already begun to shrink partly due to the working of Debt Relief Acts. The fall in business has been accentuated by the recent rise in prices. Apart from other considerations, if the banks are to be kept going as working units, they should develop the financing of agricultural improvements in the lines on which they are undertaken in the West. As the holdings in India are small and fragmented, he was of the view that projects of improvement would have to be conceived on a joint and collective basis.

Mr. K. C. Ramakrishnan of the Agricultural College, Coimbatore, in his paper on 'Problem of Land Mortgage Banks in Madras' showed that these banks had achieved remarkable success, unparalleled by any

Province or State in India, though some of them started theirs in the depression period when land values were low (*e.g.*, Bombay and Mysore). None of the primary banks in Madras had any overdues to the Central Bank, as even the Poona Land Mortgage Bank had, according to Mr. A. R. Bhat who read a paper on the working of Land Mortgage Banks in Bombay. The debentures in Madras were issued at as low as three per cent. and every series in recent years was over-subscribed. If these debentures were not 'marketable,' it was due to the unwillingness of investors to sell them. There were in fact many more willing to buy. It may not be long before the authorities of the Central Bank in Madras might cease to solicit the Government guarantee; and it would mean more economy in inspectorial staff, etc. There was no doubt that land mortgage banks in Madras, though they grant but 5 per cent mortgage credit, have brought down the local rates of interest on mortgage from 10-12 per cent. to six per cent.; and the money-lenders were even agreeable to recover loans in instalments. This is indeed a matter of co-operative triumph, if not of victory, as the field to be covered is vast, especially in dry districts. Loan for the improvement of land has not yet become popular in the Madras banks, in general. But an analysis of prior debts which the banks in the Coimbatore district had helped to clear shows that some of them had been incurred for the digging of wells and installation of electric power and machinery for lift irrigation. The scope for such improvements and the anxiety to improve are there; but the increased cost of labour, tools and materials, some of which are not available (*e.g.*, explosives), and the difficulty, nay impossibility of getting electric connections during the war stand in the way of further capital investment in land. No wonder that long term loans are cleared off far in advance of due dates even in the Coimbatore district, though not to the extent as in the deltaic districts of the East Coast, where the scope for the improvement of wet land is very limited.

Advance collections seem to be the order of the day in every district since last July, and the banks including the Central Land Mortgage Banks are not a little worried over them, since their income derived mostly from margins on outstanding loans, goes on diminishing and applications for loans are dwindling. Not all advance payments are made by the sale of produce by the borrower. More often the land hypothecated to the Bank is sold or re-mortgaged without the knowledge of the bank for a higher amount on account of inflated land values. While no co-operative bank can object to the clearance of loans in advance, there is no reason why a fee should not be levied on them to make good the loss the bank sustains, and a penalty imposed on sale or mortgage of hypotheca without knowledge of the bank. The Central Land Mortgage Bank would do well to grant loans from out of annual collections, regular and in advance, for shorter periods—five to fifteen years—and fill the gap between the short term credit given by village societies up to five years and the long term credit given hitherto only for twenty years by land mortgage banks. This will avoid the loss incurred in remitting all annual collections into the sinking fund.

It was generally agreed at the Conference that self liquidating loans for reconstruction purposes such as reclamation and colonization of waste lands, the purchase of occupancy or ownership rights by tenants as in Ireland, development of dairy and fruit farming and for the construction of silos, cold storage and processing plants either by individuals or by co-operative societies would be the best line of development for land mortgage banks in future.

There was a brief discussion on marketing Legislation initiated by Dr. T. G. Shirname of Bombay and followed by Sirdar Kartar Singh of the Punjab. The lack of uniformity in the weights and measures used in the markets and the arbitrary methods of grading produce, it was agreed, had to be set right if marketing legislation that adorns the statute book should have any beneficial effect on producers and consumers.

The current problem taken up for discussion was the food problem in India. Prof. D. R. Gadgil of Poona initiated it with a clear and sufficient analysis of the Foodgrains Policy Committee Report. Such data as were available indicated a serious deficiency of food grains only in the case of rice, though a 5 to 10 per cent. deficiency caused serious hardship to consumers. The Provincial Governments did little to encourage the diversion of land from commercial to food crops. The Bombay Government contented itself with appointing officers. The C.P. Government gave a trivial subsidy of Rs. 2 per acre. The import of wheat was not likely to ease matters except to a small extent in urban areas. The price policy must reconcile the interests of producers who have to pay more for their requirements

with the interests of consumers, whose consuming capacity is often at variance with their purchasing power. Rationing is necessary in all urban areas and quasi-rationing in rural areas. Prof. Gadgil was for blanket control from one centre and against free trade in grains. He would not trust the traders to do the right thing in such a tempting time. The administrative difficulties of blanket control in a period of inflation were pointed out by other speakers.

The President, Sir M. Nanavati, deplored the deterioration in the food situation, which he said, was not due to the failure of nature but of the State and administrative machinery. He was of the view that central control was absolutely essential even as it was found in U.S.A. whose constituent States were more jealous of their rights. He would have an import of five million tons of grains at least, instead of one million tons recommended by the Foodgrains Policy Committee. The Conference concluded after a series of fruitful discussions both in the sessions and outside a succession of feasts provided by the generous host and a lot of sight seeing on the fields and in the factories under the guidance of Mr. Gulab Chand and the officers of the estate.

Housing in India

II

By Santosh Kumar Chatterji

AS I have said more than once in my article last week, I also reiterate here just at the outset of my discussion that it is the Common Man, whom you better call a wage-earner, that I am concerned with than anybody else. With the quick rise in importance and size of new industrial towns in the midst of villages separated from one another by greenbelts have emerged several new problems in the national life of this country. Towns have no doubt their origin in Ancient India, and Sanskrit treatises even today point to directions on town-planning, selection of suitable sites, and classifications of the fortified and other types of towns. It will probably be a revelation to modern architects to know how scientifically the problems of town-planning are treated in the ancient Indian architectural treatises. Havell writes in his *Ancient and Mediaeval Architecture*, "The most advanced science of Europe has not yet improved upon the principles of the planning of the garden cities of India based upon the Indian village plan as a unit." From the study of the ancient Indian cities three things may be gathered. They are, firstly, the palaces and other royal buildings were the centre of attraction in a city; secondly, the city would be divided into several quarters to house the different castes and sub-castes; and thirdly, there were arrangements for community services. In ancient society, when man's control over his environment was slight, the price of the maintenance of the few in comfort and leisure was the forced labour of the many. The leisured class was indeed always very small, and its members alone were true citizens. Such was the idea of citizenship in Greek philosophy as described in the *Politics* of Aristotle and the two *Republics* of Plato. The ancient India conception was nonetheless better. So the outstanding importance of the royal buildings in the old cities of this country may be said to be evident. Then, distinction of caste kept the labouring class penned into the furthest corner of a town, as it is seen even

today that the low class people generally live in the outskirts of a village. Though the temples and other community buildings and meeting places provided facilities to the citizens to meet together, untouchability did surely keep the low-caste labouring classes wide apart from all urban amenities.

Great plans for disintegrating large and congested areas into the neighbouring countryside have already been drawn, and activities are afoot to execute them, though the successful completion of the plans is reserved for the period of reconstruction after the war. Now, why this congestion? Looking at Great Britain, it is found that the drift of population to large centres has commenced with the dawn of the industrial age and this drift has enormously increased since the end of the last Great War and the one that is going on due to an unprecedented growth of the size and scope of industry. It has even become urgent that there must be some national control over the location of industry. But this problem cannot be separately dealt with, for selection of a particular site of industry is closely related to provision of houses for work-people, open spaces and amenities. This is where the problem of congestion in the cities of Great Britain stands. In the United States of America and in the Dominions this evil is of recent birth. Since the inception of this war these countries have strained all their resources to push up the production figures to great heights. There has no doubt been keen urgency for mighty production to feed this war, as wide as the world itself. The countries in question scored a great success, and the profits they reaped out of the hour also acted an incentive for still more progress.

When labouring people in the producer countries rushed forth from their country homes into the towns, pouring in hundreds and thousands, for work and good pay, in India such a flow, even synchronizing

with the great movement in other countries, was suddenly stop-cocked. The Indian industrialists had, however, advanced with their plans and purses for setting up some of the most important major industries that this country lacked in, but consent from the Government for a number of reasons could not be obtained. Still, the pressure of work in the old and new industrial institutions—mainly as a part of war-effort in the country, and the so-called money famine in the rural areas have sucked in a large amount of labour and clerical population into the cities. All the more, in the cities within the zone of war the onrush of the military population has added another item of this country. Otherwise, the increase in the percentage of the urban population to the total was only .8 per cent, between the census figures of 1921 and 1931. The percentage of urban population ranged in 1931 from 3.4 in Assam to 22.6 in Bombay, which is even today known as the most urbanized of the major provinces. The percentage of increase in population of Calcutta in 1941 has been recorded 84.9, of the industrial cities of Cawnpore and Ahmedabad 99.9 and 90.4, of Lahore and Jamshedpur 56.3 and 77.6.

Compared to the percentage of the urban population to the total in India, which gives the figure of 11, in France the urban population is 49 per cent., in Canada 53.7 per cent., in U.S.A. 56.2 per cent. and in Great Britain (England and Wales) 80 per cent. In such a state of affairs India had no reason to go off her head in instituting better plans for her cities when normal times prevailed. But the situation is quite different at the moment. Cawnpore has been feeling its own ways, the Municipality is considering newer avenues of income from taxes of various kinds to provide the city population with efficient civic services. Plans are being hatched to clear away the slums and make them habitable for better life, as also to guide the citizens to the suburbs of the town. Delhi has been endeavouring to reclaim the sites under ruins to accommodate its fluctuating population, or may be on hygienic grounds. In the city of Calcutta, the Improvement Trust has by now added several adjuncts of beautifully laid out quarters to the city area, still there remains much to be done. Besides, the activities of the Trust are now stopped for the duration of the war, and a lot of temporary troubles have cropped up with the rush of the industrial people to the city and the 'invasion' of the military men.

The establishment of the Post-War Reconstruction Committee with the Viceroy as its President and Sir J. P. Srivastava as Vice-President was announced in March last, and since then a large amount of preparatory work has probably been done. It transpires that the Directorate of Welfare and Amenities in the Defence Department has attained some progress in its sphere, the problem of industrial labour employed in all industries, including Government factories, and which is likely to be surplus to requirements after the war is being studied, the importance of road communications in rural areas has been emphasized, plans have been prepared to establish a comprehensive network of air communications in the country, the official Committee on Agriculture is examining the long-term and short-term problems involved in the agricultural development, reports on the development and utilization of forest resources and development of fisheries are under preparation, electrical development of India has engaged the attention of an official Committee, a Committee of officials and non-officials has been formed to examine and make recommendations on problems relating to health in the country, the Central Advisory Board of Education is reviewing the educational development, and finally the Labour Department is forming schemes on the possibility of in-

roducing minimum wage legislation, sickness insurance for certain classes of industrial labour, but no worthwhile attention has still been paid towards proper, so necessarily better, housing of the Common Man in India. So, the future of housing in this country cannot be clearly visualized as yet.

Still it may safely be said that a great deal of possibilities remain in store for housing development. And, before these possibilities can be guarded, a wide survey of the present-day conditions is necessarily important. There is no standard whatsoever which may define what a house really is. The conical grass hut of the natives of Chhota Nagar, the nicely thatched and mat-walled dwellings based on piles or on trees in Assam and Travancore and the many-storied buildings in the cities of Calcutta and Bombay—they are all houses. Such a great divergence among the houses—as in this country, can be found in Great Britain, America or Australia. The natives of South Africa or Australia, however, live in very mean dwellings, but they are outside the scope of better housing. But, in India, even besides the dwellings built by the natives, divergence among houses is not much less remarkable. So-called Common Man in this country is barely accommodated, he may be said to possess a place to hide his head only—not to speak of spreading himself out. Even in such straightened conditions the average number of persons per house in India is not less than five.

Climatic conditions, dialects, customs and manners differing from one village to another, from one city to the other, and most markedly from district to the next, from one province to a neighbouring one, people are more or less restricted to certain localities beyond which it becomes somewhat difficult to move to and fix their residence. Of the Provinces, Bengal has a population of 6 crores, U.P. 5.5, Madras about 5, and Bombay 2 crores. And, only recently, it is revealed that some of the provinces, especially Bengal, are deficit in food for their respective populations. It is to be regretted that this state of things should not have been remedied earlier; with all provincial limitations in migration of the people of the particular provinces, a sheer lack of planning seems to be at the root of the tragedy of famine that has visited Bengal, Travancore and other areas, be this for natural calamities or for cessation of trade with Burma. Though apparently inconsistent with the trend of this article, sufficiency and availability of food is the centre about which the best residential quarters for people should be planned. When such a plan is perfectly chalked out, then and then only, the question of proper housing arises. For Bengal, as example, it may be suggested that a thorough reorientation of the city and village plans after the ideals presented by the greenbelt towns of America is needed to form the most urgent part of post-war reconstruction work in this province. If after reclaiming the waste lands, the entire population cannot be provided for on the land, arrangements must be made to supplement agriculture with industries so that the people may have food from the surplus provinces in exchange of the industrial products.

From the province-wide question let me now come down to the more immediate one. Whenever any question of housing has ever been raised in this country or anywhere else, it has been in regard to that of the labour population. And as the first step to the great problem of town and country planning stands slum clearance, and with it, the housing rearrangements for labourers. The Royal Commission on Labour in 1931 made for the first time a comprehensive survey of the conditions through which the labour population in India has generally to pass their lives even today. The Factories Act of 1922, and the Maternity Benefit Act of

1929 (enforced by six Provincial Governments, beginning with Bombay) provided for workmen's compensation in case of permanent disability out of work, and also for benefit to the mother one month before and one month after the birth of the child. But none of these legislations included within their spheres an all-round plan for regeneration of the Indian labourers. The Royal Commission recommended a thorough improvement of housing conditions of the labourers. These recommendations suggested for institution of town-planning acts to provide housing for the working class, for survey of industrial areas to determine and plan for housing needs including sanitation, for fixing of minimum standards of housing. Though several individual firms have effected marked improvement under the permissive legislation in the housing accommodation of their workers, Governments, both Central and Provincial, have not as yet undertaken the solution of the problem in any significant manner, small beginnings having been, however, made in the larger metropolitan cities and in Delhi province. This is the opinion shared by Dr John B. Grant, Director of the All-India Institute of Hygiene and Public Health, Calcutta. "It is probable that an overwhelming majority of diseases that occur throughout the world are due directly or indirectly to the lack of primary necessities, generally food and many of the remainder to bad living conditions." Dr Grant quotes Bernal from his *Social Functions of Science*, and continues to say: "In the past, States regarded these questions as responsibilities of the individual, but today progressive States recognize the need for providing such necessary services as one is unable to obtain as an individual. This is fundamental to modern organized life. Included in these is the right to food and everything necessary to maintain health. It is only when such a health policy is adopted that the important pre-medical causes of disease can be rooted out." But where we really stand, may now be the pertinent question. The Government of India Act, 1919, transferred the responsibility for local medical and public health administration to the Provincial Governments; and this transfer was confirmed by the Government of India Act, 1935. Prior to the 1919 Reforms local self-government in India was of the highly centralized type. The Act of 1919 decentralized local self-government "before experienced tradition and public opinion had had time to develop." The result was hopelessly bad. It was unwise, as it appeared, to confer so completely on the Provincial Governments the control over local bodies; "it might be wise for Governments to centralize the welfare services for a given period." However, the Provincial Governments are responsible for health conditions in prisons, local Government in relation to health in prisons, local Government in relation to health in prisons, local Government in relation to health in prisons, including sanitation, hospitals, registration of births, and deaths, water-supplies and the control of food and drugs. Still, above all, there is the central medical and public health administration of the civil population in British India under the Department of Education in British India under the Department of Education, Health and Lands. Moreover, there is the Central Advisory Board of Health constituted in 1937, which is supposed to have great potentialities for planning, so essential to effective health protection. This Board is representative not only of the provinces, but also of the Indian States; the Public Health Commissioner is the Secretary of the Board.

This being the main structure of public health administration in this country, in the provinces the departments of public health are concerned with rural public health. Urban public health comes under two heads: the organization and administration of one head rest on the Self-Government Acts in the provincial capitals like Calcutta, Madras, Bombay, and Karachi; the scope of the other head is determined by

the provincial municipal acts, like the Bengal Municipal Act. "A notable feature in the recent sanitary history of India is the activity played by the great cities in the direction of social improvements. In Bombay, Calcutta, Lucknow, Allahabad, Lahore and Cawnpore, the Improvement Trusts developed important activities." In 1896 when the great plague broke out in the city of Bombay the Government drew up a comprehensive scheme for urban improvement and clearance of slums. The Bombay Improvement Trust was established and within a period of four decades the Trust changed the face of Bombay. By 1923 the pressure on the city space relaxed and there was depression in 1933. The Trust soon ceased to exist. Now the work of the Trust is carried on by the Bombay Municipality. "The Calcutta Improvement Trust originated from a medical enquiry into the sanitary condition of the town in 1896 owing to the outbreak of plague. Preliminary investigation continued for several years, and the Trust was instituted in January, 1912, with a view to making provision for improvement and expansion of Calcutta by opening up congested areas, providing open spaces and improved buildings sites, laying out or altering streets and for rehousing of the poorer and working classes. The Act provided for a large expenditure on improvement scheme for local taxation of raising of loans to this end. It provided for the constitution of a Board of trustees of eleven members with a whole-time Chairman." In 1937 the Government of India established an Improvement Trust to attend to slum clearance in old Delhi and to the general expansion of the new city. Re-housing of workers has been among the Trust's new undertakings.

Not to speak of laying hands on a mighty project as the Town and Country Planning in Great Britain or the construction of the green-belt towns as in the United States of America, beyond the above survey of all sorts of housing and rehabilitation activities so far taken up in this country with regard to the improvement of the sanitary conditions of the urban areas mainly, very little progress has been attained by way of housing the labour population in comfort and ease—a problem that should have been long ago—compared to the rate of progress in other countries and their widely extending plans for the post-war period. If we ever dream of taking up large plans of reconstruction, nation-wide and individually for each and every Common Man, we must first correct the drawbacks that have existed even today. And to speed up the preliminary step to our great project of constructing 'Homes for Heroes'—to remove our "primitive" (compared to the "progressive" ideas of other countries) backwardness, it will be futile to depend on State assistance or State initiative. It would be much better and more fruitful if every association, trust and institution takes its due part in raising the living standard of the poor and the labouring classes. Most of the big mills and factories are generally found to provide their working people with living quarters within the vicinity of the work-houses. Whether this be for want of rented dwellings in the localities or for exercising better control on the labour staff, in most of the cases the standard of accommodation is based on a single principle: it is maximum accommodation at a minimum cost of construction. There is no considerate plan, no thought about proper light and air for the inhabitants, or no provision for recreation centre, which is vitally important by way of increasing the efficiency of labour. However, the fact is, "the problem of housing is to be looked at from reasonable, logical and humane point of view, and if it is done, it will surely lead to the establishment of a more harmonious relationship between the workers and the employees,"

Calcutta.

THE WORLD ABROAD

Post-War International Trade

(From Our Washington Correspondent)

WASHINGTON, Jan. 10, 1944. (By Cable).

The United States has learned at least one valuable economic lesson from this war which in future may prove to be an important stabilizing influence in international trade—never allow stock piles of strategic materials to decline to vanishing point. When the Japanese attacked Pearl Harbour more than two years ago, the Nation's resources of many of the most vital components of modern warfare, notably rubber and tin, were dangerously low. As a result, the United Nations' war effort was retarded by many months. Last week high Government officials indicated that mistakes were unlikely to be repeated by this generation, when the Administration spokesmen revealed plans for post-war stock pile accumulation extending over a five-year period.

Outlines of this proposal have already been drawn by officials of the State Department and placed before the Secretary of State, Mr Cordell Hull, and were also discussed in the Chicago speech on Wednesday by the Vice-Chairman of the War Production Board, Mr. William L. Batt, who advocated the creation of an emergency stockpile of critical materials purchased from abroad as a basis for post-war international trade. Mr. Batt's plan resembled that of the State Department in that the Government would amass and hoard strategical materials mostly from imports during the five-year period after the war. The Government would store commodities such as crude rubber and industrial diamonds above ground in warehouses, while commodities such as tin and petroleum would be collected and maintained underground in vaults and mines' reservoirs.

The Government estimate that United States post-war imports will almost reach two milliard dollars annually, while their foreign loans might be as much as six to eight milliards. The stockpiles proponents foresee the need for at least another one milliard yearly imports for four or five years after the war to assure loan repayment. They contend that there is no better means of repayment than raw materials since the United States neither needs nor desires gold.

One tentative schedule of such "emergency" raw material imports has even been arranged by the State Department economic experts. It includes the following annual values in million dollars: Petroleum 300; non-ferrous metals 50; manganese 50 to 100; chrome 25; miscellaneous precious metals 25; industrial diamonds 25; crude rubber and fibres 25; chemicals and drugs 10; fats and oils 10. To that list Mr. Batt would add iron and lumber.

The officials of the State Department who have discussed the plan unofficially have been purposefully vague until it receives Secretary Hull's approval. Mr. Batt who was one of the nation's leading industrialists before entering the Government service a few years ago was whole-hearted in urging its incorporation among cardinal principles of the United States post-war policy. Mr. Batt termed the proposal as a "noble means of approaching balance in our foreign

trade picture that holds great promise." He added that the United States must support post-war peace arrangements with "as liberal and friendly an attitude as possible towards the purchase of foreign made goods as well as sale of our own."

Mr. Batt startled the audience, particularly the conservative Mid-Western business men, when he warned that many materials of which the United States had abundant supply in the past are nearing depletion. He mentioned copper, highgrade zinc, petroleum, wood, bauxite and iron ore; "the United States is passing from a country of plenty to a country of scarcity in field metals, minerals and other critical supplies. We must make every effort to import all critical materials we can from abroad and thereby conserve our own precious remaining supplies."

Mr. Batt and other Government planners stress that such stock piles should not be permitted to be "handed over to markets" to depress world prices; but should be frozen with specific provision that they may not be used except in case of national emergency. This project happens to be one of the few long-range planning ventures which draws the approval of isolationists and internationalists alike—the former because of its assurance that the United States will be self-reliant in the event of another war, the latter primarily because of its broad influence on international trade currents and balance of payments. Yet observers abroad should note that it is unlikely to be adopted in entirety if Republicans win the Presidential election next November merely because it was originally advanced by the so-called Roosevelt adherents.

Its chief value to the world is two-fold. It would provide the method whereby the debtor nations could repay public loans advanced by the United States. Those nations will have little cash and none of the great powers except Britain will be in a position to resume normal trade in manufactured and speciality products. The sponsors of the programmes are prepared to meet opposition from importers and exporters (producers) if gold is "sterilized." But it is generally believed here that such a promise can be valid if it assumes that the President alone will be permitted to order materials to be released from the stockpile when grave national emergency arises.

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Land Utilization in Rural Areas

(From Our London Correspondent)

LONDON, Dec. 16, 1943 (By Airgraph).

December 16, 1943.

The use to which the land is to be put in the future is one of the problems which is engaging the Government at the moment. Three Royal Commissions have been inquiring into the matter and have presented their reports during the last 18 months. One of these reports, with which we shall deal in a latter article, refers to the land problems as a side issue only; its main concern is with the drift of industries towards already overpopulated centres. Its recommendations concern the future location of industries. The question of urban land development and the acquisition of land for town development purposes by State and Local Authorities is the subject of a report by the *Expert Committee on Compensation and Betterment*. This Committee was presided over by Mr. Justice Uthwatt. Thirdly, there is the *Report of the Committee on Land Utilization in Rural areas*. The Chairman of this Committee was Lord Justice Scott. Since the Government's attitude to this last report has been made known in general terms by Mr. Morrison, Minister of Town and Country Planning, we will deal with it first. It deals only with England and Wales.

According to a 1939 census England and Wales were then the most densely populated countries of Europe. Their population was 703 per square mile compared with 702 per square mile in Belgium. The density for England alone, however, was 766 persons per square mile. Compared with this: Germany with 347 and Italy with 345 persons per square mile appear no more than moderately populated; whilst France with 197 and the United States of America with a mere 43 persons per square mile appear almost as empty countries. Some 80 per cent. of the population of England and Wales live in urban districts. Of the rest, perhaps 1,200,000 persons live in small country towns included in the census as rural population. This leaves about six million people living in villages and hamlets.

The Ministry of Agriculture and Fisheries estimated that in 1937 some 4,162,000 acres of land were used for towns, villages, buildings and houses of all kinds, roads, railways, canals, docks, harbours, aerodromes and industrial waste land. This showed an increase within twelve years (from 1925) of 438,000 acres. Since 1937, a further large increase in the use of land for non-agricultural purposes has taken place, much of it for defence purposes. Thus the present figure of land used for other than agricultural purposes is probably in the neighbourhood of 4,300,000 acres. The total area of England and Wales is 58,340 square miles or 37,133,000 acres. 1.1 per cent. of this is open land not being used for agriculture but potentially agricultural land; 5.5 per cent. is woodland; approx. 11.6 per cent. are covered with buildings, roads and other forces of constructional development. The constant encroachment on agricultural land by the ever growing towns and by industry and trade is one of the major problems with which the Scott Report deals. The drift from the land is another.

In the years 1921-24, the total number of male and female workers in agriculture for England and Wales was an average 816,000. By 1938, this num-

ber had decreased by over 25 per cent. to 593,000. This was a movement experienced in practically all the European countries. The Report mentioned a number of causes, the main ones were the depression in farm produce prices, the fact that farm wages lagged far behind wages in industry and trade and thirdly, the lack of amenities in small towns and villages. Connected with the last named there also is the increasing difficulty of education in the thinly populated agricultural areas. If the desire of the farm workers to provide their children with better education than they themselves had is not quite so strong as that of the skilled worker in industry, it is there all the same to a large degree. The town inhabitant has secondary and higher schools almost at his doorsteps. Town Councils are as a rule more generous in providing scholarships than Country Boroughs. Even where the latter provide such facilities, it is mostly impossible for the scholar to live at home; thus costs of education are increased enormously by the cost of boarding out.

An additional factor is the bad housing of the average farm worker. In many districts no piped water service is available; a large number of districts are yet without electricity. There is no space to follow the Report in its review of this particular problem but it may be said summarily that the housing of the farm worker is a difficult and pressing task. In many districts there are, what are called, tied cottages. These are cottages belonging to the farms and tenancy goes with employment on the particular farm. If the worker leaves his employment he also has to give up his cottage. If other houses were available there would be no problem, but the absence of sufficient free cottages and houses is proverbial in the countryside of England and Wales.

It is unfortunate that the Terms of Reference for the Committee did not include the question of what fundamental change is necessary to bring agriculture in line with other industries. Thus the Committee did not study the fundamental question of landownership and for this the Report as a whole is highly unsatisfactory. Most of the recommendations of the Report are worth consideration, but they are a structure without foundations. Thus all that the Commissioners can say with regard to the future of agriculture is a summary of what all agricultural witnesses are agreed on, namely:—

(1) It is essential for the Government to formulate and adopt a long term policy for agriculture.

(2) Agricultural land must be properly framed and maintained in good heart, and effective control should be exercised over the landowners and farmers and a good standard of farming continually enforced.

(3) Measures should be taken to secure as far as possible stability of conditions governing farming.

(4) Agriculture requires a considerable amount of new capital to enable it to produce more economically and efficiently.

It is worth mentioning, however, that the Commissioners found no evidence which would show that the pattern of farming was wrong. Rather the opposite was observed. British farming, and particu-

larly farming in England and Wales, is practiced on a large variety of lines. But with the exception of few districts where grain crops are the main stay, it may be classed as *mixed farming*. Both the quality of land and the climatic conditions seem to favour mixed farming with rotation of grain, roots, and grass crops. The increase in mechanical equipment of these farms has been enormous during the last few years. Horse power is more and more replaced by motor power, particularly on the larger farms. It is, doubtful, however whether the heavy machinery farming is a blessing, since it tends to impoverish the fertility of the soil. On the other hand, the manufactures of farming machinery have achieved a number of successes with medium and smaller equipment which is within the grasp of the medium and small farmer. Thus one must agree with the Commissioners when they insist that mixed farming should remain the pattern.

Most of what the Report proposes that should be done will depend for its success on just what the long term policy of the Government will be. The difficulties in the way are shown even now by the largely inflated prices paid by speculators and 'Gentlemen Farmers.' Farmland has changed hands recently at twice (and more) the price of 1939. If the Government does, as some farming circles demand, include in its long term policy some sort of guarantee of present prices for farm produce, the monetary incentive will in due course be discounted in higher farm rents and capitalized in higher prices for farm land. Thus the farmer of tomorrow will be in exactly the same position as the farmer of yesterday. We shall revert to this point in our next article.

Apart from the four points mentioned above, which are suggestions rather than proposals, the Report proposes among others the following:—

(a) Improvement in rural housing; a change in the rating assessment position, since present rating methods act as a hindrance; and bringing electricity and water supply to every house and cottage possible.

(b) The number of "tiled cottages" should be reduced to a minimum and the supply of "untied" cottages should be equal to demand; besides this farm workers should be encouraged to have cottages built for their own occupation (with the help of Government subsidies).

(c) Central planning and construction of good water supply in all country areas so that even the small hamlets and all farms would be served by water laid on in pipes. (The same for electricity).

(d) Village institutes for social and educational purposes in all villages, built and managed in conjunction with the education authorities.

(e) Extension of afforestation on the poorer land.

(f) Special control of industrial development in country areas.

Heavy industries, apart from extracting industries which are by nature bound to the occurrence of (mineral) deposits, should be located in the larger towns; linked industries should be in existing urban concentrations rather than placed in the country; some mobile industries where they are brought to the country should be situated in existing or new small towns rather than in the country village.

Rural Trades and Crafts should be encouraged both in the country town and the village.

(g) All housing and industrial building should be under the control of a central planning authority and any new villages and towns should be planned and should, as far as possible, be of a compact and closely knit character.

(h) A Central Planning Authority should be set up on a national scale and local planning should be compulsory and not, as now, permissive.

Some of the points in this incomplete list of the recommendations warrant some further comment. We shall return to the matter next week.

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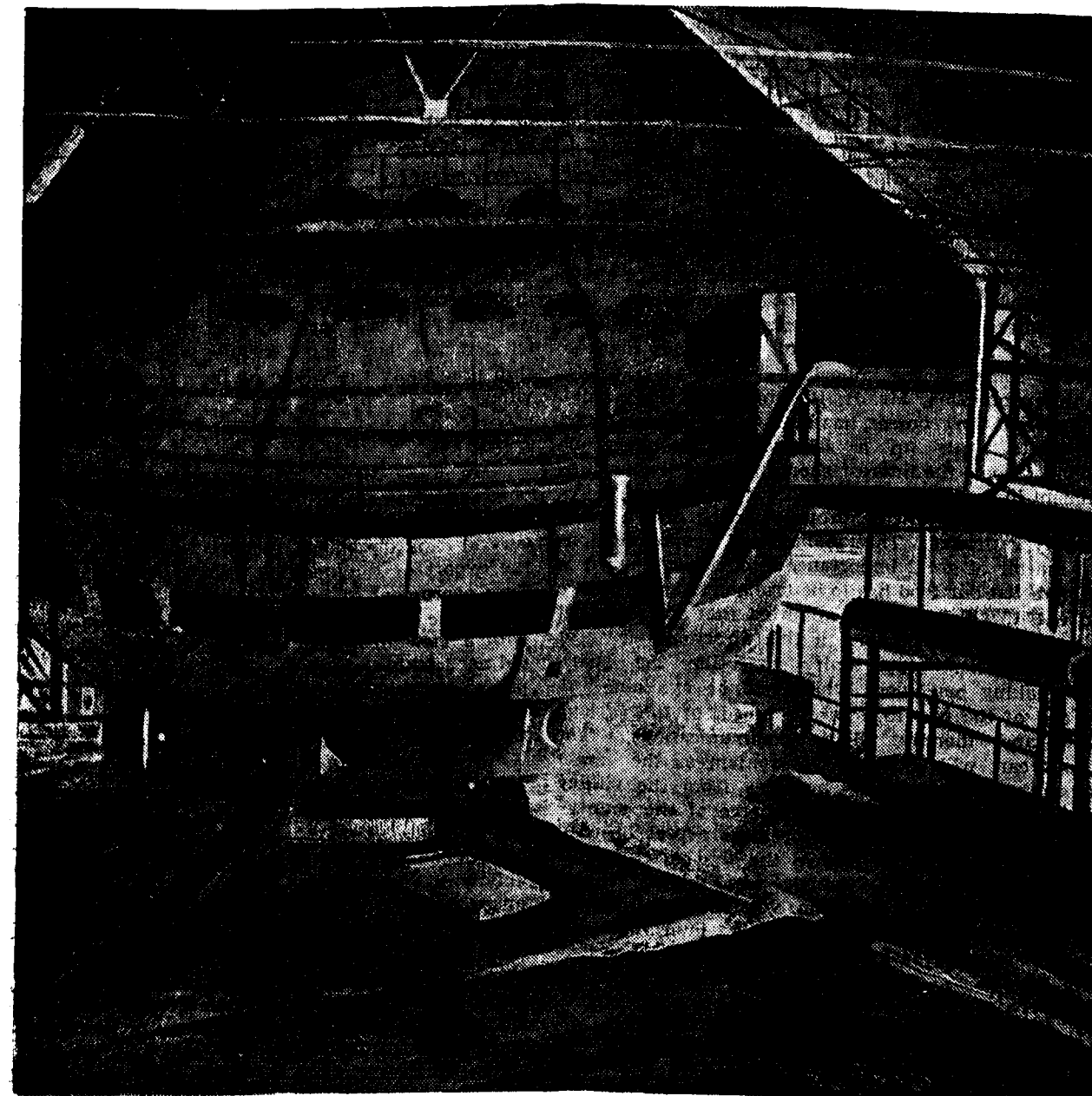
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FROM THE PROVINCIAL ANGLE

Madras Letter

ARE CO-OPERATIVE MIDDLEMEN NECESSARY?— CENTRAL GOVT.'S EXPORT POLICY— GROW MORE FRUITS—DECLINE IN ACREAGE UNDER CASH CROPS (From Our Correspondent)

MADRAS, Jan. 7, 1944.

THE Madras Government have decided to give effect to the proposal to assume responsibility for the maintenance of all main lines of communications in the Presidency, that is, trunk, important marketing and some of the important second class roads. In this connection, Mr. H. R. Dogra, Retired Chief Engineer to Government, has been appointed as Special Officer to draw up a scheme. While everyone would welcome the interest shown recently by the Government in the matter of communications it is to be regretted that the scheme proposed to be drawn up is severely restricted. That planning of communications is a matter of great importance is obvious. When it is realized that our food has to be brought to us before we can eat it, will be readily admitted that we must not only clear up the arrears in this direction but also take the earliest opportunity to utilize the spare road making machinery which will be available at the end of the war to improve the lot of the agriculturist and thereby village communications. The bullock cart will continue to remain as the main transport of agricultural products from the village and short-haul traffic. The commerce of the country really begins here and therefore this aspect of road communications should receive the first attention of the authorities, even though one might dismiss for the moment the question, whether the village road should continue to remain a mud road, or modern surfaced, as a matter of academic interest.

Co-operative Credit

Are co-operative middlemen necessary between the original credit vendor and the ultimate credit consumer? This was the question raised by the Hon. Sir N. Gopalasamy Iyengar, when he opened the Andhra Co-operators' Conference recently. The term "co-operative middlemen" may surprise many but there it exists in the dispensation of credit in a movement fostered on the motto 'all for each and each for all'. In their function as credit organizations, the agencies, through which the credit filtered down to the ultimate borrower, were themselves each a co-operative society. They have to meet their working expenses and pay a dividend. This varied with 9 per cent. in the case of the Provincial Co-operative Bank, 5 per cent. in the case of District Co-operative Bank and 6½ per cent in the case of primary co-operative societies. The individual borrower paid about 7½ per cent. on the borrowed capital. The consideration that 7½ per cent. was a great improvement on co-operative rates of interest and that it had the effect of bringing down the rates of interest charged by the money lenders was no argument. Therefore, Mr. Gopalasamy Iyengar asked the serious minded co-operators to address themselves to the solution of the question posed at the outset. The question may be present in other provinces too or may present itself at a later date. Therefore, in the interests of the co-operative movement as a whole, it is much better that the problem is faced now and a solution found early. For his part, Mr. Gopalasamy Iyengar pleaded for a more active participation of the State in the procurement and distribution of credit

which the primary co-operative institutions needed. In his view, co-operative societies should not content themselves solely with obtaining and dispensing credit to their members but they should effectively function in respect of all the purposes for which they were constituted and they should include within their membership practically the whole of the population of the village.

Export Problem

Mr. K. G. Menon, Deputy Chief Controller of Exports, Government of India during his recent visit to Madras discussed with the various trade organizations several export problems and the restrictions placed on the export of commodities. Elucidating the policy of the Government of India, Mr. Menon said that the export trade control was introduced by the Government with a view to seeing that the exported commodities did not trickle through to enemy countries. It was the policy of the Government to allow export of the commodities which would not be required within the country and the Central Government were guided by the local Government in assessing the exportable surpluses. Adverting to the particular problem of the export of handloom cloth to Ceylon, Africa and the Middle East and the plea of the exporters to allot a larger quota, Mr. Menon promised to consider this question favourably with a view to increasing the quota. He also promised to see if a trader who had previous connection with Burma and Malaya be now allowed to be taken into account in regard to the exports to Ceylon. In this connection, it would be appropriate to mention here that the local Export Trade Controller has revised his previous order in regard to the exports of handloom goods to Ceylon and has now notified that the quota for the export of such goods will be hereafter administered on a quarterly basis. Licenses are to be issued for a period of three months and would be valid for the period for which they were issued. This will be welcomed by the exporters as it would save them from a great deal of uncertainties in the several stages of business.

Money Crops

The Tamil Nadu Fruit Show, the first of its kind in South India, which was held at Trichinopoly a few days ago should give a great impetus to the growing of more fruits in this part of the province.

The preference given to the cultivation of food crops in the Presidency has resulted in a decline in the acreage under commercial crops during this season according to the official statistics published just now. The area under cotton up to the end of November 1943 is estimated at 1,681,400 acres, revealing a decrease of 12.9 per cent. over the estimate for the corresponding period in the previous year. The decrease in area is also attributed to the prohibition of the cultivation of pure *Mungari* cotton in the Deccan tract. The area under irrigated cotton, mainly Cambodia, is estimated at 209,300 acres as against 225,900 acres in the corresponding period of the previous year, representing a decrease of 7.3 per cent. The estimated area of castor crop in the province is 252,000 acres representing a decrease of 7.8 per cent. compared to the previous year.

Bombay Letter

PLANS FOR INCREASED FOOD PRODUCTION— 'BARWHEAT' IN BOMBAY RATIONS— IMPROVING MILK SUPPLY—BULLION (From Our Correspondent)

BOMBAY, Jan. 8.

PLANS for the "grow-more-food" drive in the Bombay Province for 1944-45 have now been published. Organization for the supply of improved varieties of seed to cultivators at concession rates is being set up. A sum of Rs. 30 lakhs will be spent on purchasing seed and putting up a network of storage depots to serve the cultivators. The loss to Government in supplying at concession rates will be Rs. 10 lakhs. The Government will also supply at cheap rates 50,000 tons of groundnut cake manure which will be sufficient to fertilize 2 lakhs acres of paddy tract and 60,000 acres of irrigated wheat area. The subsidy to farmers under this head will be Rs. 20 lakhs to be borne equally by the Government of India and the Government of Bombay. A subsidy of Rs. 50,000 is also proposed to be set apart for encouraging farmers to prepare farm yard manure. Government have also generously increased the subsidy for improving seed from 12½ per cent. to 25 per cent. regarding groundnut cake.

Food Rationing

From January 9, ration card holders in Bombay City and the suburban rationed areas will be getting "barwheat," i.e. a combination of barley and wheat in the proportion of one unit of barley to three units of wheat. This means that after that date wheat by itself will not be obtainable but will be had only in conjunction with barley in the above proportion: "Barwheat" will be sold at a uniform price of As. 14 per paylee. Bombay has received large supplies of barley from overseas and the limited stocks of wheat can be stretched out by mixing them with barley. The public as yet is naturally not aware of what this combination would taste like, but the authorities maintain that not only it tastes as well as wheat but it is nutritive also. However, it must be remembered that barley has been consumed only in N. India and that it is unknown to the people of the Province of Bombay as a principal foodstuff. Following their above decision the Bombay Government have issued orders freezing stocks of barley flour in Bombay City and the Bombay suburban district in excess of 10 Bengal mds.

Bengal Letter

BENGAL GOVERNMENT IGNORES CENTRAL DIRECTIVE—LAUNCHING OF PROCUREMENT SCHEME—POLICY OF DRUGS CONTROL CRITICISED—PAST AND FUTURE OF JUTE INDUSTRY (From Our Correspondent)

CALCUTTA, Jan. 8.

ARRANGEMENTS for the introduction of rationing in Calcutta and Greater Calcutta are nearing completion. Rationing will formally come into force on the 31st January. In the meantime the public mind in Calcutta is much agitated by the report, published in the Press, that among the distributing centres to be opened in Calcutta 440 will be Government stores and 400 private retail dealers' shops. It also

It is now learnt that in Poona the unit of ration allowed per head will be increased from 2½ seers per week to 3 seers. In view of the paucity of millets, however, this ½ seer increase could only be drawn in the shape of wheat. The price of wheat has been fixed at As. 6 per seer, only an anna more than the cost of millets. People in this part of the Province are becoming more and more ration-minded. To the list of rationed articles has now been added kerosene.

Bombay's Milk Supply

The main difficulty in securing milk for the City was that it was almost impossible to secure cattle in milk at reasonable prices and this was largely due to transport difficulties. With a view to encouraging the transport to breeding areas of dry cattle useful for breeding purposes, the Government of Bombay have sanctioned a scheme for the grant of subsidies to meet a portion of the cost of transport of dry cattle to breeding areas outside Bombay and the Bombay Suburban District. The amount of the subsidy will in each case be equal to half the cost of transport of the dry animal, subject to a maximum of Rs. 5 per head of dry milch cattle exported, and will be sanctioned to those owners who have during the same month imported cattle in milk equal to twice the number of dry milch cattle exported. Further, a sum of Rs. 50,000, including Rs. 20,000 representing the balance of the Viceroy's Bull Gift Fund in Bombay will be used to advance money, either interest-free or at low rates to cultivators for the purchase of breeding bulls.

Bullion

Shrewd chokseys have resumed their manipulations, especially in silver, being helped by the shortage of the actual. Though gold tended to move up in sympathy with silver, the continuous offering of gold by the Reserve Bank at around Rs. 71-2 retarded the improvement in gold. There was an increased offtake in gold which prompted the bullion traders to go to the Bank for gold.

appears, as some commercial organizations of the city have indicated, that the Government will allocate 1,500 ration-card holders to each private shop and 3,000 to each Government shop. The commercial organizations also express the view that this runs counter to the Central directive. In any case it is quite plain that the Government are trying all possible ways to circumscribe the role of the private dealers within the narrowest possible limits. The attitude of the Government in this regard is as

curious as it is exasperating. They wanted to eliminate the retail dealers altogether. The Central Government intervened and issued a directive insisting upon the retention of private shops along with Government shops. It may be recalled that the Gregory Committee's recommendations which formed the basis of the Central move in this regard contemplated the fullest use of the normal machinery of trade in the rationing process, though at the same time the Committee said that "in addition to the normal trade there should in all places be some Government shops to act as a check upon the trade." The Bengal Government's decision, as noted above, pays little regard to the point of view of either the Central Government or of the Gregory Committee. It may also be observed that in Bombay, in sharp contrast to Calcutta's proposed arrangement, there are about 80 p.c. private shops and only 20 p.c. Government shops.

Procurement Operation Begins

In the course of a recent announcement the Minister for Civil Supplies, Mr. H. S. Suhrawardy, said that the Bengal Government have started making purchases of *Aman* crop. While it is appreciated that procurement has got to start sooner or later—perhaps sooner than later—in view of the fact that such procurement can alone ensure the introduction of rationing in urban centres in different parts of the province, much anxiety is felt that the commencement of Government's procurement operations will perhaps prove to be the signal for an all-round rise in prices. That such anxiety is not unjustified is only too clearly indicated by the fact that already prices of rice show an upward trend in the districts, so that the entry of the Government into the market at a time like the present will operate as a powerful bullish factor. The Minister for Civil Supplies says that the Government have been buying where prices are low and that the Government have been so cautious that in no instance their purchases have put up prices. If, however, procurement is to be adequate to the requirements of the food plan the Government have to increase their purchases. Moreover small purchases by the Government have a tendency to produce psychological reactions leading to increased prices. This is due to a deep-seated public distrust in Government policy of purchase. It may be irrational, but it is there. Bigger purchases will push prices further up. The crux of the problem is that prices are already on the up-grade, when in all propriety prices should be at a low level due to the bumper crop. The Government have to start by facing this unexpected and anomalous situation of high prices and, indeed, they must straighten out this problem of high prices before they can hope to make their procurement plan successful and effective.

Control of Drugs

The Bengal Government have taken up the question of effective enforcement of Drugs Control Order, which was promulgated by the Government of India under the Defence of India Rules. In the course of a recent Press Note the Bengal Government have sought to bring to the notice of the public the provisions of the Order. Under the Order a dealer is punishable under the Defence of India Rules if he sells any drug at a price higher than the controlled price, if he refuses to sell without reasonable cause any drug which he has in possession, or if he refuses to furnish a memo on a demand being made for the same by a customer. Information is also furnished in the Press Note as to where and how the public may lodge complaints regarding any alleged violation of the Control Order. That the control order is a step

in the right direction goes without saying; that the Provincial Government have turned their attention to the enforcement of the Order is also welcome. But it is felt here that two things are needed if control is to be really effective. The Government should have a good number of spies to detect violations of the Control Order instead of leaving the whole matter to the public. Secondly, periodical inspection of stocks of the druggists must be made to prevent concealment. Indeed, the suggestion is made that along with the display of prices of drugs at the shop (which he is bound to do under the Order) the dealer might also be required to furnish information to the public about his stocks. Such publicity of stocks is necessary because when the dealer refuses to sell the customer has otherwise no means of knowing if it is due to lack of stocks.

Jute Industry

Jute industry has just left behind a year of difficulties and troubles. During the year 1943 the jute industry and trade had to struggle against adverse circumstances. The outstanding feature of the working of the mills from July to December was the slow rate of production as compared with the performance of previous years. Towards the end of the year the position in this regard showed some improvement, but it was not satisfactory enough. As is well-known, the serious coal position was chiefly responsible for the inability of the mills to function to full capacity. A second problem that the industry has to face during the year was that arising out of the Government requisitioning of mills. In fact, not only the mills but go-downs and jute presses were requisitioned which had their repercussions upon jute trade and industry alike. Labour shortage had only occasionally caused embarrassment to the industry. Inadequacy of transport facilities was another difficulty, but this was not as serious in the 1943 season as it was in the previous season.

Emerging out of a troublous year the industry looks ahead to future prospects which also are not, unfortunately, free from uncertainties and disquieting features. It is far from certain that the requisitioning process is over and done with. Coal shortage continues to cause anxiety particularly to the steam-driven mills. Alongside of those matters there is also emerging the problem of sowing of jute in the coming season, which is a factor that affects the jute manufacturer and jute grower alike. In almost every year in recent times the question of sowing of jute has proved to be a battleground of controversy. This year is not going to be an exception in that respect. The question is expected to be thrashed out at a jute conference at New Delhi and the Finance Minister of Bengal has already left Calcutta to join the conference. The policy of the Bengal Ministry is stated to be to allow sowing of jute in such a measure as will guarantee a fair price to the grower and will at the same ensure adequacy of supply of jute to the mills. That is a counsel of perfection which almost every Government has professed to follow, but which has seldom been translated into reality. Over and above the usual balancing of jute growers' and manufacturers' interests in the matter of fixing of quota for jute sowing there has been introduced in recent years the additional complicating issue of "jute vs. food" which is an off-shoot of the "Grow-More-Food" campaign. Out of the clash and conflict of these various factors and considerations will emerge the final decision about jute sowing. That decision is eagerly awaited.

U.P. Letter

HYDRO-ELECTRIC PROJECT—CLOTH MARKET CO-OPERATING WITH CONTROL MEASURES— ORGANIZATION IN THE OIL TRADE—E.P.T. RULES AND DEARNESS ALLOWANCE

(From Our Correspondent)

CAWNPORE, Jan. 10.

ARRANGEMENTS, it is understood, are being made to give effect to what His Excellency Sir Maurice Hallett has described as his Himalayan dream, namely, the harnessing of energy at the sources of rivers and canals and through tube wells. The possibility of pounding the waters of the Ganges about 50 miles above Hardwar for the production of cheap hydro-electricity is reported to be under examination. Mr. A. P. Wattal, the Irrigation Expert, has been deputed to survey the site. The possibility of generating hydro-electricity from the Jumna river is also under consideration. The U.P. Government also intend consulting Mr. Savage, the American geologist, who is coming to the Punjab for talks regarding certain irrigation projects. The development of hydro-electricity in the Province might be regarded as a part of post-war plans, the subject having received a good deal of attention in connection with the development of large scale industries for which a special committee presided over by Dr. K. N. Katju, the then Industries Minister, had given much time. Owing to the war the planning and execution of these schemes were shelved.

Un-Stamped Cloth

Cawnpore's civil supplies staff has been busy computing the returns of unstamped cloth and yarn stocks as on January 1, submitted by dealers. The last date for the receipt of these returns in the city was the 7th January, and the compliance has been complete without exception. For rural areas the last date for the submission of stock returns has been extended to the 15th January. It will be sometime before the clerical staff has worked its way through the mountain of figures piled before it, but it can be confidently averred that in the period between 10th December and 1st January, 40 per cent. of the stocks of unstamped cloth and yarn was disposed of by the dealers, so far as Cawnpore's cloth market is concerned. This is considered satisfactory by the authorities.

A section of cloth merchants is now grouching that the U.P. Government have committed a serious wrong in demanding Rs. 25 along with the application for the stamping of the sealed goods, which amount is to be adjusted from out of the total sums due to them from the dealers. A majority of the dealers has made this payment with a "protest". In the U.P. the sealing of goods has been carried out without any hitch, and unlike Ahmedabad, Bombay, Karachi and Nagpur, there were no police raids, and no seizures of goods.

The cloth merchants have been hard put to it to find a champion of some of their demands. They have a representative on the Textile Board and are not satisfied with it. So the other day the local merchants met the Indian Federation of Labour's nominee on the Board. He has, so far, been most violently anti-trade, and it is to the credit of the dealers that they have

Sind Letter

PRICE CONTROL AND RATIONING—HIS EXCELLENCY REITERATES GOVT.'S FIRM POLICY—PRIZE BONDS—SCOPE FOR GAMBLING AND SPECULATION

(From Our Correspondent)

KARACHI, Jan. 9.

THE firm policy of the Government to enforce a uniform price policy, with its concomitance of rationing, found reiteration by the Governor in his

reply to the address of welcome presented to him recently by the Municipality of Sukkur. He gently reprimanded the request of the latter to suspend the inconvenience of rationing and exhorted them not

succeeded, according to press reports, in convincing him of the genuineness of their grievances, and he has promised to take up the cudgels on their behalf at the forthcoming Control Board meeting at Bombay.

In the absence of a full list of goods covered by the Prevention of Hoarding and Profiteering Ordinance the consumers are not able to detect the evasion of the Ordinance by certain traders, and in the U.P. it has been semi-officially admitted that the enforcement of this Ordinance has hitherto been lax. It is, however, stated that the Government now intends to make up for past weakness by ensuring greater vigilance and also by the appointment of additional inspecting staff.

Oil Millers' Association

About 40 oil mill-owners from all over the province met Mr. A. N. Jha, the Regional Food Controller, at Cawnpore on the 7th January to discuss the proposed arrangements for the procurement of oilseeds and for the export of oilseeds and oils to other provinces. Mr. Jha is reported to have suggested the formation of an oil millers' association in each of the five regions of the U.P. with the Regional Food Controller as Chairman and five representatives of oil millers as members. The Chairman would indicate to the regional association his requirement of oils and arrange for the procurement of oilseeds as and when necessary at prices in parity with the prices fixed for oils.

E.P.T. Rules, 1943

The Merchants' Chamber of the U.P. has submitted a memorandum to the Government of India in the Finance Department criticising most of the provisions proposed by the Notification of the 27th November containing draft E.P.T. (computation of profit and capital) Rules, 1943. The Chamber *inter alia*, object to dearness allowance being treated as bonus, and question the right of the Board to frame rules in respect of dearness allowances. While the Chamber have no objection to the scale of dearness allowance prescribed for lower staff, they do not find any justification for withholding this allowance from persons getting Rs. 300 and above. The Chamber see no reason for treating manual workers and clerks in two different categories for payment of bonus. The rules framed regarding the possession of trading stocks and stocks of raw materials are regarded as very stringent.

A planning committee is to be appointed shortly for Cawnpore by its Municipal Chairman. The object of this committee, which will include a number of leading citizens of the town representing various interests, will be to draw up plans for the improvement of living conditions, civic amenities and the municipal utility services, which have all suffered terribly under the impact of war-time conditions. Many leading industrialists have already expressed their willingness to serve on such committee.

to let charity "be limited to the region of the parish pump" but "to do some little thing for the common good of India." The Governor also implied that there was no question of accepting the proposal of the Ministry to abolish the development fund, which was the accumulation of the profits made by the Provincial Government as a result of their policy of trading in foodgrains. He definitely advised the Municipality to keep their plans full and ready for works of nation-building on a post-war basis. He said: "There is going to be a vast expansion of productive and reconstructive schemes when the hostilities cease, and governments, local bodies, or private concerns, which are not ready with their plans, will inevitably fall behind in the race for essential equipment when it is released for peace-time purposes."

Scarcity of Rajri

In the meantime, the uncertainty governing the prices of foodgrains has led to the scarcity of *bajri* for retail trade and consumption in Karachi, although the crop has only recently been ripened and has not been exported from the province in any large quantities. It is pointed out that the holders are not prepared to part with their stocks for the controlled price, as they have had to obtain *bajri* at higher rates from the cultivators. But officials, on the contrary, accuse the holders of 'motives of profiteering.' It is expected that the Foodgrains Syndicate which has large stocks of grain would be persuaded by the authorities to release some portion for local consumption.

Prize Bonds

The Karachi Indian Merchants Association have expressed their surprise and regret at the latest move of the Government of India to institute a scheme of prizes as an incentive and attraction to saving. The committee feel that if the Government wanted to save interest, the purpose is defeated by direct encouragement of the gambling instinct, and add that it should be the duty of every responsible Government to curb speculation and gambling and not offer scope to them as has been done.

Census Figures

The impression of general prosperity and economic betterment in the province of Sind during the ten years 1931-41 is conveyed in the Census Report for Sind, which has been now published in a separate volume. The Census Commissioner says: "Improvement in the style of living has been noticeable only among the middle and upper classes, but the condition of lower classes may be considered fairly satisfactory, judged by the regrettably poor standard which alone can be applied as a criterion. Sind has never been a province where people are likely to starve, and fluctuations in the price of staple foods do not have much effect on the condition of the *hari* (peasant) class who grow these grains, and retain from their share of the crop sufficient for their use, while money crops like cotton have commanded prices sufficiently high to give the *hari* a fair margin from the sale of his produce." It is, however, stated that these remarks must be taken as generalizations which have many local exceptions. Indebtedness, bad

cultivation, failure of particular crops, litigation, extravagance and similar factors—all tend separately or combined, to produce distress in varying degrees." The report also gives an idea of the distribution of the province's population of 45,35,008. Roughly, four out of five people live in villages and 1.8 per cent. of the population were houseless. The density of the population in the province increased from 81 a square mile at the time of the 1931 Census to 94 in 1941. And the variations in the incidence of population showed greater concentration of people in the Barrage area and the Canals.

Countrycraft Popular

An index of the increasing popularity of countrycraft in carrying cargo from Karachi is provided in the Annual Report of the Karachi Cotton Association for the year ended August 1943. During the season, 8,55,000 bales of cotton were carried from Karachi to other coastal ports. Arrivals during the year improved by over two lakhs of bales compared to the previous year, the figures being 8,78,731 and 6,71,264 bales, respectively. The zonal scheme was responsible for extra arrivals in Karachi, which comprised 77,000 bales of Sind cotton and 132,000 bales of Punjab cotton. The report further mentions that 189,000 bales were sent by rail to Ahmedabad, Bombay and other consuming centres.

RAILWAYS can run
many more urgently wanted
GOODS TRAINS
if we all travel
ONLY WHEN WE MUST.
So—
ASK YOURSELF
BEFORE YOU
BUY YOUR TICKET—
**IS YOUR JOURNEY
ABSOLUTELY
NECESSARY?**
B. B. & C. I. Rly.

A DELHI DIARY

NEW DELHI, January 13.

THE week-end saw a number of informal consultations and formal conferences on the food question. There has also been an important meeting of the Standing Committee on Food. And as usual there will be a full discussion on the food situation in the National Defence Council which began its session today. The official conference on rice prices appears to have yielded varying views on the price question. The difficulties of fixing an all-India statutory price for rice have not therefore been removed as a result of these discussions, but I understand that the Government of India mean to adhere firmly to their policy. Despite the agitation set up on behalf of one of two Provincial Governments, there is no intention of withdrawing the directives issued to Provincial Governments. And even as regards prices, the Government of India are expected to announce their decisions within the next few days in the light of the discussion. At yesterday's meeting of the Viceroy's Council, the food question is understood to have been reviewed in detail in order to arrive at a definite all-India price policy for the future.

In the meantime certain local problems connected with the Bengal Government's scheme for procurement and distribution have protruded themselves in an ugly form. The complaint has been made that as a result of the restrictions imposed by the Bengal Government on those engaged in the normal rice trade, there has been a virtual deadlock in the rice-milling industry. A deputation on behalf of the rice milling industry which visited New Delhi this week represented to the Government of India that 70 per cent of the rice mills in Bengal—whose total number is 450—are lying idle and the rest are working half shift. According to their figures, the province has lost during 2½ months the benefit of 80 lakhs of maunds of milled rice. Their main complaint is that though Bengal has a bumper crop this year, the way in which the *aman* procurement scheme is proposed to be worked is inequitable and impracticable. They particularly object to the appointment of four chief agents to do the work of thousands engaged in the normal trade. Their contention is that though the Bengal rice mills are, if they are allowed to co-operate with the Government, in a position to feed the entire urban population and make their procurement, storage and rationing scheme a success, these restrictions have had the effect of completely disorganising the industry. On behalf of rice dealers also has come the complaint that the present Ministry is seeking to take away the trade from the old established dealers and create a new class of distributors. They feel that if any attempt is made to disturb existing trade channels—for political or communal reasons—it is bound to result in the failure of the distribution scheme—including the Calcutta rationing scheme which in one sense is a direct responsibility of the Government of India. As an instance, the experience of the Bengal Government last year when they took over the *aus* crop is pointed out, for they say: "Stocks of traders, millowners and farmers were forcibly seized, confiscated or paid at inadequate rates but as the distributing machinery of the Government was defective, lakhs of maunds of foodgrains remained locked up in Government godowns rotting and wasting while millions died of starvation."

It has been the declared policy of the Government of India that existing trade channels should be utilized as much as possible for giving effect to their procurement and distribution schemes. There appears to have been a frank discussion in New Delhi this week

of all these points raised by trade interests. The matter is primarily in the hands of the Bengal Government but the Government of India have also a certain measure of responsibility for the future. If the Government agency in Bengal is not able to ensure the proper distribution of the *aman* crop, the province may be faced later in the year with even worse famine conditions than any witnessed so far. And this will be due not to any shortage in the crop but to sheer administrative bungling. There is no doubt that the Government of India are fully alive to these dangers and have communicated their views fully to Provincial authorities. It is therefore hoped that as a result of the week's talks in New Delhi satisfactory arrangements will be made in Bengal for removing the difficulties of the rice trade and ensuring efficient distribution arrangements. The best solution will be to use the available trade channels fully under necessary Government control in order to stabilize prices and ensure regular distribution.

The most important recommendation of the Standing Committee on Food has been the insistence that the Government of India should press for further imports of foodgrains from outside countries—particularly those who have already offered to help India. Up to now 37 foodships are reported to have arrived from the United States and Canada, but if sufficient shipping facilities are provided, more can easily be brought.

On Monday next the General Policy Committee appointed by the Government of India for dealing with post-war reconstruction will meet for a three-day session. As the Reconstruction Secretariat under General Hutton has collected considerable data and is also reported to have prepared a number of memoranda on various aspects of post-war reconstruction work, the Committee is expected to take important decisions. There is undoubtedly a general desire to take up the important question of financing post-war schemes. It is likely that a separate committee or sub-committee may be appointed to deal with post-war financial problems and also examine ways and means for financing post-war reconstruction. In his Calcutta speech the Viceroy has already given an indication of the Government's mind. It is clear from this speech that the authorities attach particular importance to the development of communications. A separate Post-war Reconstruction Committee for transport is expected to be set up almost immediately to go into the question of developing and co-ordinating transport. Crores will be needed for extending road communications but apart from this question whose urgency is being felt even today, there is the need for arriving at a co-ordinated plan for making the best use of all available transport resources and preventing uneconomic competition or overlapping. If roads and waterways have to be developed on more extended lines in the future it is necessary to provide also for connected industries like automobile manufacture and ship-building. As the General Policy Committee is fairly representative of various industrial and economic interests in the country, its recommendations will form an important stage in the post-war reconstruction work of the Government of India.

In connection with the development of transport facilities, the Railway Board is also engaged in preparing special plans. A special officer has been appointed to prepare post-war plans—partly for the conversion of present war plants for meeting future needs and partly also for getting ready purchasing and manufacturing programmes for post-war work.

ARGUS.

NEWS PAGE

Two War Orphanages in China have contributed \$10,000 each for Indian famine relief. The donations were made through sacrifices on the part of the orphans who went for weeks without meat in their diet.

It is understood that the General Policy Committee for Post-War Reconstruction will meet on January 17 and will discuss basic problems, such as protection for industries, trade relations with Empire and foreign countries, an international monetary system and the financing of post-war reconstruction.

Mr. Donald Tyerman, deputy editor of the London *Economist* and commentator on Indian affairs for the *Sunday Observer*, is visiting India shortly. Mr. Tyerman proposes to make an objective study of the Indian situation with a view to arriving at decisions regarding post-war economic and political set-up.

It is reported that the Food Department of the Government of India has decided to bring the distribution of pulses (*dals*) under control with effect from the next *rabi* crop. The main *dals* are *urd*, *moong*, *tur* or *arhar* and *masur*, the first two being *khurif* and the other *rabi* crops. The approximate estimate of the yield for pulses for all India, last year, was about 3 million tons. The U.P. produces all varieties of *dals*, Bombay and C.P. *tur*, while other areas grow all the more important varieties.

Taking the cotton mill industry of the country as a whole, it is learned that about ten million spindles are at present working 1½ shifts and two lakhs looms double shifts. With improvement in the fuel and lighting position, further progress in the working hours is possible in the future. About 45 per cent. of the mill capacity has been set apart for the manufacture of standard cloth.

As against a quantity of 250,000 tons of food-grains, which the Bengal Governor stated in October last, would help the province to "turn the corner," it is understood that the Central Food Department has despatched to Bengal more than 380,000 tons, inclusive of imports from abroad, during the 3 months ending December, 1943.

In order to give more time to Provincial Licensing Authorities under the Drugs Control Order, 1943, to cope with the rush of applications for licences, it has been decided to extend the date by which all Pharmaceutical Bureaus are to have licences from January 15 to February 15, 1944.

An authoritative announcement regarding the Government of India's policy for the fixation of prices of *khurif* grains will be made as soon as the Govern-

ment of India have reached decisions on the recent Food Conference.

The price stamping of unstamped cloth will be completed by the end of this month. As these varieties will be stamped with a retail selling price only 10 per cent. above the ex-mill ceiling price, i.e., 10 per cent. below the current retail selling price for similar varieties of cloth manufactured since August 1, 1943, the public will have an opportunity from next month to purchase this exceptionally cheap cloth.

In the past the United States purchased from the Far East 94 per cent. of its import of tropical produce and this could have been produced in the southern half of the American continent in the area much nearer to the U.S. market, says the President of the Latin American section of the Commercial Board of New York. Because of increased exports and diminished imports, Latin American Republics are accumulating large favourable balances with the U.S.A. which will place them in a better financial position than ever before.

No foodgrains, or their products, except the minimum requirements of ships' crews and aircraft, have left India since July, 1943, says a Press Note. Ceylon gets no foodgrains from India and, in consequence, there is a serious protein deficiency in the island's diet, to compensate for which a small monthly quota of *dals* from India is allowed.

The Prime Minister of the Canadian Government has announced that arrangements have been completed for shipment to India at an early date 10,000 tons of wheat out of the quantity which the Canadian Government had offered to India to assist in alleviation of famine conditions. It is expected that this consignment will arrive in time to provide a valuable addition to food supplies in India.

An aggregate of 417,535 bales of cloth left the producing centres to different destinations during the quarter ended September 30, 1943, as compared with 292,223 bales in the same quarter of 1942. This represents an increase of 43 per cent. in the distribution of cloth. Up to the end of November, 1943, 38,000 bales of cloth, amounting roughly to 38 million yards, were sent by the all-sea route alone to Bengal. The province received in addition, during the period, a supply of 32 million yards of standard cloth.

The Standing Committee of the Central Legislature to advise the Food Department, at its meeting in New Delhi on the 10th instant, unanimously emphasized the paramount necessity for imports of food-grains from abroad as recommended by the Gregory Committee.

A meeting of the Standing Finance Committee for Railways will be held at New Delhi on January 29 and 31, 1944, to consider mainly the demands for grants relating to expenditure for the year 1944-45.

LETTER TO THE EDITOR

Dear Sir,—

I am glad to find that you have made comments on the article of Sir Alfred Watson appeared in an issue of "Great Britain and East." Evidently, Sir Alfred Watson is living in a fool's paradise or deliberately practising self-deception when he talks of Indians having greater confidence in British managed enterprise of wages and labour conditions being better in British concerns than those of Indians. This is a question of facts and I hope it should not be difficult to compare the two and prove by figures and facts what the real position is.

The British managed enterprises largely are the tea gardens, the jute industry and the coal industry. The largest industries managed by the Indians are the steel, the cotton and the sugar. How then the Indian industries stand in comparison to those managed by Britishers? As far as I know, in textile Ahmedabad pays the highest wages. Next to that come Bombay and other places. The wages paid in jute industry are perhaps at the bottom.

Let anyone argue that the scale of wages is lower in Calcutta because of the cost of living, let it be known that even in Calcutta the Indian managed cotton mills pay far higher wages than the British managed jute mills.

Tatas are perhaps the best employers in India in respect of wages, working condition and social welfare work. Can any British firm stand in comparison to Tatas?

Even Delhi and C.P. cotton mills pay better wages than the jute industry managed mostly by Europeans. The condition of Assam workers is too well-known to be described. I am sure Sir Alfred is not ignorant of these facts.

As regards Indians having greater confidence in British managed enterprise, let Sir Alfred study the results of the Indian floatations during the last few years. Let him also analyse the balance-sheets of the Indian managed concerns and compare the same with those of the British managed concerns and find the difference for himself. One wonders how a man who

COMPANY NOTES

RAGHUBANSHI MILLS LTD.,
BOMBAY.

The Fourteenth Annual Report and the audited balance-sheet and Profit and Loss Account for the year ended March 31, 1943 of the Raghuvanshi Mills, Ltd. Bombay (Managing Agents: Ravindra Maganlal and Co. Ltd., Chairman of the Board of Directors: Sir Chunnilal B. Mehta), reveal the Company's flourishing business and sound finances. The gross profit for the year under review stands at Rs. 30,87,341-12-1 to which last year's balance of Rs. 6,76,281-7-5 has been added. The total of Rs. 37,63,623-3-6 has been appropriated under three main heads *viz.*, depreciation, taxation and dividend. A sum of Rs. 1,95,726-2-4 has been accounted for depreciation for the current year and accumulated arrears of depreciation from 1939 onwards. Reserves for taxation for 1941-42 and 1942-43, and for deposit as required under defence rules claim Rs. 34,00,000-0-0 or nearly 90 per cent. of the gross profits. Out of the balance of Rs. 1,67,897-1-2 a sum of Rs. 1,20,000-0-0 will be disbursed in payment of a dividend of Rs. 12 per share on 10,000 fully paidup shares, free of income-tax, and the balance will be carried forward to next year's accounts.

The Report also mentions that the War Risks (factories) Insurance has been covered by Rs. 20,23,000 and that adequate insurance provision has been made for War Risks (goods) and Workmen's Compensation.

NATIONAL SAVINGS BANK,
LTD., BOMBAY

The balance-sheet and profit and loss statement of the Bank for the year ended October 31, shows that it has made a highly satisfactory progress during the

has been in public life could utter such lies. Perhaps it suits him.

Yours faithfully,
"TRUTH."

SURVEY OF NATIONAL
RESOURCES

Sir,—A considerable noise is being heard throughout the country on the need of post-war reconstruction. May I be permitted to point out that in any scheme of reconstruction the question of developing the economic and natural resources of the country should figure prominently?

We have in India very many natural resources. But very little, if any, attention seems to have been focussed on the question of development of the lesser-known but most important vegetable fibre resources of the country. To take up a single instance "Sisal hemp" which was reported upon as a scarce and rare raw material by the Anglo-American Joint Raw Material Board, is not an unknown fibre in India. Agave cantala, which according to Professor Lyster Dewey of U.S.A. Fibre Investigation Bureau, is the third species of commercial Sisal hemp producing plant, is a common enough hedge plant to be met within Bombay, Madras, C.P. & Berar, C.I., U.P. and the Punjab. Some illuminating facts appear regarding it in Bulletin No. 12 of the Department of Industries, Bombay, and Bulletin No. 16 of the Central Jute Committee. But very little progress has been made in developing it. Pure Agave sisalana too has yet to be developed properly. We have other important textile fibres such as "Rhea", "Wild Rhea", "Nettle" fibres, etc. which also await development. Interesting facts relating to them have been revealed in "Fibre Industry in Bengal" issued by the Calcutta Corporation's Commercial Museum. In the circumstances it would indeed, be a thousand pities if the Authorities concerned do not pay a little more attention to this phase of development. May I hope that in the interest of economic welfare of the country the question of developing these and similar fibres be taken up?—Yours, etc.,
J. K. Sircar.

short period of two years of its existence. The deposits with the Bank, fixed, savings, current and call, have gone up from Rs. 47,92,000 to Rs. 1,82, 73,000, and the loans and advances have gone up from Rs. 10,86,000 to Rs. 44,32,000. Number of offices of the bank have increased from 5 to 11, number of accounts from 1,160 to 4,011 and the total working fund now stands at 224 lakhs compared to 66 lakh of the previous year. Owing to the war-time condition of easiness in the money market a larger proportion of the resources of the Bank remained locked up in the form of deposits with other banks and investments in Government securities. Time liabilities are as high as 38 per cent. of the total liabilities, and the Bank maintains a high degree of liquidity. The net profit for the year has amounted to Rs. 10, 1,987 and the bank is in a position to declare a dividend at the rate of 6 per cent. on ordinary shares which is highly creditable of an enterprise which has been in the business for no more than two years. The directors have approached the Government for their consent to issue further capital up to Rs. 26 lakhs. The Bank has started a scheme of combined savings insurance and that of three years cash certificates.

PUNJAB NATIONAL BANK,
LTD. LAHORE.

The Report of the working of the Punjab National Bank Ltd. for the year ended 31-12-1943, states that, subject to audit, the profits for the year 1943, amounted to Rs. 24,37,690-5-5. Ad-interim dividend at the rate of 6 per cent. per annum for the half-year ending 30-6-43 has already been paid. Final dividend at the rate of 6 per cent per annum for the half-year ending 31-12-43 is proposed to be declared.

National Savings Bank Limited, Bombay.

BALANCE SHEET AS AT 31ST OCTOBER, 1943.

Capital and Liabilities			Property and Assets		
	Rs.	As. P.		Rs.	As. P.
Capital:			Cash:		
Authorized—			Cash in hand	19,19,559	1 4
5,000 5% Cumulative Preference shares of Rs. 100 each ..	5,00,000	0 0	Cash with Reserve Bank of India and other Banks	61,28,667	3 9
40,000 Ordinary shares of Rs. 50 each	20,00,000	0 0	Fixed deposits with scheduled Banks	6,25,000	0 0
20,000 Deferred shares of Rs. 5 each	1,00,000	0 0	Investments (at cost):		
Issued and Subscribed—			Government of India Loans ..	83,82,074	6 0
2,000 5% Cumulative Preference shares of Rs. 100 each ..	2,00,000	0 0	Shares of Joint Stock Companies and Banks	1,25,727	6 0
16,680 Ordinary shares of Rs. 50 each	8,34,000	0 0	(The aggregate cost price of the above Investments was below their aggregate Market Value as on 31st October, 1943)		
20,000 Deferred shares of Rs. 5 each	1,00,000	0 0	Interest accrued on Government Loans	69,899	2 8
Paid-up:			Staff Security Investments	5,000	0 0
2,000 5% Cumulative Preference shares of Rs. 100 each fully paid ..	2,00,000	0 0	Loans, Overdrafts, Cash Credits and Bills Purchased	44,32,017	2 8
16,680 Ordinary shares of Rs. 50 each Rs. 25 per share paid ..	4,17,000	0 0	Particulars required by Act VII of 1913:		
20,000 Deferred shares of Rs. 5 each Re. 1 per share paid ..	20,000	0 0	(a) Debts considered good for which the Bank is fully secured ..	44,26,285	5 2
Current, call, Savings Bank, Fixed Deposits and other Accounts ..	1,82,73,815	5 8	(b) Debts considered good for which the Bank holds no security other than—		
Bills Payable and Sundry Outstandings	1,34,448	3 2	(1) The Personal Security of Debtors	599	7 0
Staff Security Deposit:			(2) The Bills Purchased	5,132	6 6
Government of India Loan per Contra	5,000	0 0	(c) Debts considered good for which the Bank holds no security being temporary overdrafts		
With the Bank (being a Scheduled Bank)	44,580	12 0	(d) Debts considered bad or doubtful	44,32,017	2 8
Due to Banks:			of the above considered good are:		
(Secured by Government of India Loans)	22,00,000	0 0	(1) Due by Directors		
Bills for collection and acceptances for customer's per contra ..	5,42,241	5 5	(2) Due by Firms or Companies in which Directors are partners (fully secured ..		
Head Office and Branch Adjustments	4,85,522	7 1	by Fixed Deposits) 6,80,416-14-9		
Profit and Loss Account:			(3) Due by officers of the Bank	Nil	
Balance as per last Balance Sheet as at 31st October, 1942 ..	1,392	6 1	Sundry Deposits, Accrued Interest and Prepaid Expenses	37,702	13 0
Add: Profit for the year as per Profit and Loss Account	1,01,987	1 9	Bills Receivable and Customers for Acceptances Per Contra	5,42,241	5 5
Contingent Liabilities:			Furniture, Fittings, Dead Stock and Library (at cost) less depreciation to date Rs. 7,866-13-5	1,08,639	15 5
Rs. 19,255 on investment in partly paid shares of Joint Stock Companies and Banks			Stamps and Stationery	49,459	0 11
			Preliminary Expenses (3,801-13-0) less written off (3,801-13-0)		
			Business Organization Expenses (7,252-12-3) less written off (7,252-12-3) ..		
			Commission on Shares (12,378-0-0) less written off (12,378-0-0)		
Total	2,24,25,987	9 2	Total	2,24,25,987	9 2

National Savings Bank Limited, Bombay.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST OCTOBER, 1943.

Expenditure			Income		
	Rs.	As. P.		Rs.	As. P.
To Interest on Deposits and Bank Loans	1,71,357	1 10	By Interest, Discount and Dividends ..	3,47,400	14 0
„ Salary and Allowances	94,657	1 8	„ Commission Exchange and Miscellaneous Receipts	65,404	0 0
„ Directors' Fees and Managing Directors' Remuneration	32,381	12 5	„ Profit on Sale of Investments	1,26,394	5 4
„ Rent and Insurance	34,130	10 0			
„ Brokerage, General and Miscellaneous Expenses	26,729	2 11			
„ Printing and Stationery	19,905	1 9			
„ Advertising	12,188	8 0			
„ Travelling and Conveyance ..	9,119	13 0			
„ Postage, Telegrams and Telephones	6,264	14 10			
„ Depreciation	7,045	6 11			
„ Preliminary, Business Organization Expenses and Commission on Shares written off	23,432	9 3			
„ Balance, being Net Profit for the year	1,01,987	1 9			
Total	5,39,199	4 4	Total	5,39,199	4 4

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the Balance Sheet of National Savings Bank, Limited, as at 31st October, 1943, and the Profit and Loss Account of the Company for the year ended on that date, above set forth, in which are incorporated the certified Returns of Branches, and beg to report that:—

- We have obtained all the information and explanation we have required;
 - in our opinion, the above Balance Sheet and the Profit and Loss Account are drawn up in conformity with the law;
 - such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the Books of the Company and Branch Returns; and
 - in our opinion, the Books of Accounts have been kept as required by Section 130 of the Indian Companies Act.
- DALAL AND SHAH,
Bombay, Incorporated Accountants,
18th November, 1943. Registered Accountants,
AUDITORS.

D. V. SHIRSAT

Secretary.

SANKALCHAND G. SHAH

Chairman.

P. A. KHARAS

Manager.

M. C. SAMUEL

Chief

Accountant.

Managing Director.

N. C. KHORANA

(Seth Durgadas Mehra and Seth Gordhandas Jadavjee, being out of station, have not been able to sign the Balance Sheet).

THE JUPITER INVESTMENT TRUST LIMITED

FINANCIERS & UNDERWRITERS.

AUTHORISED CAPITAL ..

RS. 50,00,000

ISSUED & SUBSCRIBED CAPITAL ..

RS. 40,00,000

PAID-UP CAPITAL ..

RS. 20,14,105

(Dividends paid on Preference shares @ 5½%, on Ordinary shares @ 6% and on Deferred shares @ 7%)

BOARD OF DIRECTORS:

- MR. MULK RAJ AGGARWAL,
- MR. SHAMBU LAL PURI,
- DR. GANESHI LAL AGGARWAL,
- L. MEGH RAJ MAHAJAN,
- MR. M. E. KOHLI,

- Seth JHABARMAL CHOWKHANI,
- R. S. L. LABHA RAM SETI,
- MR. AMOLAK RAM SURI,
- SHANTI NARAYAN, Esqr.,
- MAHARAJ KRISHNA, Esqr., M.A.

Regd. Office,
Sunlight Insurance
Buildings, The Mall,
LAREORE.

M. R. KOHLI,
M.A., F.I.B., (LOND.),
Managing Director.

American Survey

President Roosevelt's assertion in his New Year's Day statement that the United Nations are giving attention to "the different kind of struggle which must follow the military phase, the struggle against disease, malnutrition, unemployment and many other forms of economic and social distress," was demonstrated by fresh developments in the United Nations Relief and Rehabilitation Administration, reports the U.S.O.W. The Combined Production and Resources Board announced the formation of a Public Utilities Committee to survey the basic utility needs of the liberated areas and to make recommendations to the U.N.R.R.A. on "such action as may be advisable concerning requirements of supplies and production of equipment to re-establish the electric, gas and water services in liberated areas which may be required during the relief period." Howard S. Piquet, Executive Secretary of the United Nations Interim Commission on Food and Agriculture, speaking in Washington on January 1, said that the delegates to the United Nations Food and Agriculture Conference at Hot Springs last May "expressed their determination to make freedom from want an attainable goal. . . . The United Nations further determined that the hungry of those countries pillaged by the enemy shall not have to wait until plans for long-run abundance are fulfilled before they can eat. They will be given food and other necessary relief immediately upon their liberation by our military forces." Before the year closed, many leading intellectuals affirmed their faith in economic internationalism. J. B. Condliffe, Professor of Economics at the University of California, wrote in the *St. Louis Star Times* on December 28 that the case for American participation. . . . in a post-war economic organization does not rest on sentiment. "It solidly rests on the national interest of the United States itself. A sound international economic organization cannot be built simply on charity." Carter Goodrich, Chairman of the governing body of the International Labour Office, wrote in the *St. Louis Star Times* on December 31 that when the war is over the task of building an international labour code must be taken up again. Dr. Isaiah Bowman, American geographer and educator, said in a *New York Times* interview on December 25 that the successful support of a post-war international peace structure demands a system of mutual trade agreements such as the U.S. Secretary of State Cordell Hull has long advocated and successfully negotiated.

Private Trade in Lend-Lease

The United States Government has begun to return some of its Lend-Lease export trade to private commercial channels, writes Leo Cherne of the Research Institute of America (according to the U.S.O.W. I.). Several types of exports and certain geographical areas have been taken off the Lend-Lease programme already and others will be removed in the near future. This move is a token of the Government's intentions to return to normal as rapidly as possible after the war and to prepare for a return of normal conditions even before the war ends wherever circumstances allow. The foreign business community has begun to see in the arrangement between Great Britain and the United States on the 'Demobilization of Lend-Lease' a pattern of what is ahead. Under the agreement certain articles shall be transferred from Lend-Lease to a cash basis including machine tools, 'projects of a permanent nature,' industrial equipment, materials and equipment for producing and refining petroleum (but not such facilities as pipelines which are used directly

for military purposes), portable pneumatic and electrical tools. Similarly all indications are that textiles and commerce with the Middle East will be put into the hands of private companies in the near future. It would be entirely incorrect to consider those transfers from Lend-Lease to private trade as the beginning of the end of Lend-Lease. At present Lend-Lease exports are moving across the oceans at a rate of over one billion dollars worth a month, constituting about four-fifths of the volume of American foreign trade. As long as war interests require, Lend-Lease shipments will continue at this high level.

The Foreign Economic Administration and the U.S. State Department are carefully supervising the few removals from the Lend-Lease list which are now going on, and commodities will be removed from Lend-Lease only as the overall picture of military and rehabilitation supply needs allows. The process will be long and slow even in the case of things already removed from the list. For instance the *Wall Street Journal* reports: 'It is expected that it will be the second quarter of 1944 before French importers in North Africa have worked out completely satisfactory commercial relationships with American exporters.' An example of the methods in use for transferring export articles from Lend-Lease to private companies is shown in the programme governing the sale of United States small tools to South Africa—a programme which Government officials designed after considering the recommendations of the industry's representatives. The system will work thus: Formerly, Lend-Lease officials in South Africa gathered orders for small tools from customers in that area and transmitted them to Lend-Lease officials in the United States. Now the Lend-Lease Administration in South Africa will be replaced by a group of South African small tools merchants who will transmit orders to the South African Supply Mission in Washington. In the United States these orders will receive the proper priorities from the War Production Board and will be parcelled out to American small tools manufacturers who in turn will fill orders and ship them to South Africa.

Trans-Continental Pipeline

In peacetime, U.S. fuel oil is transported from the great fields of Texas and Oklahoma to the ports of the East via railroad tank cars, barges, small pipelines, and coastwise tank steamers, plying their way north from ports on the Gulf of Mexico, says the *U.S.A.* (Vol. 1, No. 2). But wartime sent the tank steamers overseas and taxed the railroads to capacity. Even with the efforts of Eastern householders to conserve heating fuel, and to reduce motoring to a minimum, not enough oil was coming through. Consequently the U.S. Government undertook to build a pipeline direct from Texas to New York, a distance of some 1,400 miles, about the same as from Marseille to Istanbul. Across 200 streams and lakes, under 30 rivers, over 4,000 ft. mountains, through hardwood forests and miasmatic swamps, the contractors punched through the emergency pipeline, starting in July 1942. They built 36 pumping stations to keep the oil surging through—12,500,000 gallons of it every day, more than double the daily output of the Rumanian oil fields. Hard-pressed armament industries, house-holders, and tankers waiting at the docks are getting the shipments they need. And another similar pipeline is under construction.

Book Reviews

SYSTEM OF FINANCIAL ADMINISTRATION IN INDIA: B. J. J. Pinto, New Book Company, 188-90 Hornby Road, Bombay. Pages 435. Price Rs. 15.

"Till the people acquire at least some real control over the national purse, they are not interested in the mechanism by which public funds are collected, spent or kept in safe custody, or the principles on which that mechanism is based," and this fact explains a great deal the lack of interest of the Indian public as well as most of our universities towards this important branch of economic studies. But if ever some effective democratic control is introduced in India the citizen as well as the legislator, not to say the student of economics, must have a proper understanding of the theory and practice of financial administration, for the control over the public purse is the primary method by which modern democratic bodies exercise an effective check on the executive. We have no up-to-date account of the financial administration and the present book by Dr. Pinto, fulfils a great want in our economic literature and serves an important purpose. The work is not only comprehensive, but also perhaps the first scientific approach to the subject of administration, references having been made in all important matters to the first principles and practices in leading countries of the world. Modern financial systems have the budget for their pivot and the writer has most appropriately made it the centre of his discussions in the Central as well as the Provincial spheres of administration. The first two chapters describe the theoretical aspects of the budgetary procedure—the framing, voicing, execution and auditing of the budget, in the light of prevailing practices in the leading countries of the world. In the financial administration as in other spheres of administration the nature of the political constitution of the country is of more importance than scientific first principles and the writer has dealt with the Indian constitutional background as a preliminary to the study of the Indian financial practices.

He devotes a chapter to the examination of the nature of Indian financial control where he analyses the merits and demerits of the system as it works in India. The last part of the book deals with some other aspects of financial administration, namely, the relation between the Centre, the Provinces, and the Indian States; Government and the Reserve Bank; Public Debt; and the financial system of certain Government departments like the Railways. There are valuable suggestions for the improvement of our financial administration in the concluding chapter of the book. Dr. Pinto considers the Indian financial system efficient when all its weakness have been balanced against its strong points and writes "A good administrative system is one of the legacies of British rule which we must not destroy." But it may be legitimate to question whether the bureaucratic efficiency in our system has not been bought at too high a price. Our system is an imitation of the British system which is probably the best in the world, in most matters. But it is different from the British system in the most vital one, namely, the effective popular control over the executive and this difference makes all semblances look superficial. Dr. Pinto has been most modest in his criticism of the system at work at present whose defects were possibly never so evident as they are today. The weaknesses of India's financial control which is of course only an aspect of her political helplessness has exposed her to undertake financial burdens beyond her capacity and to meet them in a manner which is condemned on orthodox principles. The writer has not seen his way to accept the

principle of separation of Audits from Accounts as a consideration which should not be measured simply in terms of costs. Perhaps Dr. Pinto has not been alive to the ugly war-time developments which have revealed the weakness in our financial administration glaringly. But it must be said in all fairness to the writer that the uncertain present as well as future political status of our country makes a study of our system very complicated, and Dr. Pinto must be congratulated for his work which is sure to be welcomed by those interested in the subject.

BRASSWARE INDUSTRY OF MORADABAD: By Susheel Chandra Chaudhri. University of Allahabad, Studies (Commerce Section), 1939. The Author, University of Allahabad. Pp. 112.

It is a gloomy picture of the Moradabad brassware industry that Mr. Chaudhri has painted in this monograph, and only the great artistic skill and exquisite beauty embodied by the products of this industry stand out as lights for future hope. The industry dates back to the Moghul period in the history of the United Provinces and is essentially a cottage industry, labour being mostly Muslim—particularly women working in *purdah*. The chief point made out by the author is that, as the artisans are not themselves the dealers but depend upon wholesalers and retailers for the marketing of their products, they are being exploited and the progress of the industry retarded. The dealers impose unfair prices on the manufacturers, appropriating a large profit margin to themselves. The banks refuse advances to the artisans. They are dependent on the dealers for the finance of their industry as well, and most often for the supply of raw materials and export of finished products too. Thus the industry is virtually controlled by the brassware dealers. Labour is unorganized and wage rates have declined, leaving unfavourable effects on a type of work which is not mechanical but calls for art and craftsmanship.

Mr Chaudhri points out that the aid extended by the U.P. Government to the industry, by way of loans, publicity and marketing facilities, has not reached the artisan to any appreciable extent, and makes a number of suggestions for making State aid effective. The book makes informative reading, but it is more in the nature of a popular account than an intensive economic investigation that it purports to be.

BOOKS RECEIVED

1. *Banking and Co-operation in Hyderabad State.* By Prof. S. Kesava Iyengar, H.E.H. the Nizam's College, Hyderabad, 1943.
2. *Principles of War Economics.* By U. N. Ghosh. The Minerva Book Shop, Lahore. Price Rs. 1/8.
3. *The Food Problem in Peace and War in India.* By U. N. Ghosh. The Minerva Book Shop, Lahore. Price Rs. 1/8.
5. *Indian Cotton Review, 1942-43.* Chunilal Mehta and Co., Ltd., 51, Marwar Bazar, Bombay.
5. *Review of Stock Markets in 1943 and Outlook for 1944* Chhotalal V. Dalal, 14, Hamam Street, Bombay. Price Rs. 1/8.
6. *The Oxford War Atlas, 1942-43.* By R. V. Layden, Oxford University Press, Price As. 12.

MONEY MARKET

(From Our Correspondent)

BOMBAY, Jan. 10, 1944.

In the opening week of 1944 money conditions are easier than ever before. Interbank call-money rates are no doubt unchanged at $\frac{1}{4}$ per cent. as between big banks and at $\frac{1}{2}$ per cent for the new banks. Treasury Bill rate however has dropped sharply from Re. 0-11-0 per cent per annum last week to Re. 0-9-0 per cent. this week. Seasonal demands for financing movement of crops, ordinarily felt at this time of the year, tend to harden money rates. Scheduled banks' advances have increased by Rs. 1.67 crores to Rs. 161.29 crores in the week ending December 24. But the demand is more than offset by increased supply of new money. Volume of notes in circulation increased by over Rs. 20 crores in the fortnight ending 31st December. No wonder demand for money was not felt even for year-end window-dressing purposes. It was reflected merely in reduction in banks' deposits with the Reserve Bank by Rs. 8 crores from Rs. 98 to Rs. 90 crores in the fortnight ended 31st December.

Not merely short-term but the long term rate of interest has also declined. The yield on $3\frac{1}{2}$ per cent. non-terminable Government Loan is a measure of this rate. The price of $3\frac{1}{2}$ per cent Paper has shot up from Rs. 98 to Rs. 99. The yield has correspondingly declined from 3.57 per cent. to 3.53 per cent. The glut of money thus continues to press down interest rates. That has been the outstanding feature of 1943. On 1st January 1943, the volume of notes in circulation stood at Rs. 578 crores. In one year it has had

INVESTMENTS

Bombay Stock Exchange During 1943

(From Our Correspondent)

The year 1943 was a memorable period in the history of the Exchange. Throughout the year, there was an abundance of money seeking investment and ample scope for scientific and profitable investment. Bank speculation was controlled by the Exchange Authorities even before the announcement of the Government's anti-inflationary measures and after the complete prohibition of the *budla* business in the third quarter of the year, the authorities took, with commendable firmness, proper measures to organize ready delivery business on a workable basis. Naturally, therefore, the Bombay Stock Exchange is able to render efficient service to the public as well as to the Government and thus it has retained its leading place in the country.

In a sense the market in 1943 had to experience the effect of several Government measures each of which though meant as anti-inflationary, was a regular obstacle in the smooth working of the Exchange. For example, the ban imposed on forward trading in cotton, dividend limitation measures, cloth control order, restriction on company flotation and last but not least, measures to control speculation on Stock Exchanges upset the market successively and the effects of some were even sufficient to disorganize business on the exchange but, the glut of money seeking genuine investment in industrial shares was a powerful factor to absorb all those temporary shocks. That abundance of investment money brought about an all-round lower yield from industrial shares, as their prices went up and investors appeared to be fairly satisfied with small return on their capital.

Miscellaneous

During the first half of the year, the gilt-edged section was comparatively dull. Till about the end of June, $3\frac{1}{2}$ per cent. paper was quoted at Rs. 94

a record increase of Rs. 262 crores to Rs. 840 crores. The only backing to this note issue is the vast acquisition of sterling by the Reserve Bank. Sterling securities in the Issue Department stood at Rs. 412 crores one year ago. Today it has increased by Rs. 322 crores. That is, increase in sterling has been even greater than the increase in note issue by Rs. 60 crores. Rupee securities in the Issue Department has shown a corresponding fall of about Rs. 64 crores during the year. It means that the bulk of *ad hoc* Treasury Bills was reduced from the proceeds steadily realized from the sale of rupee counterparts.

Moreover, sterling balances held in the Banking Department of the Reserve Bank showed a rise of Rs. 54 crores in 1943, which now stand at Rs. 120 crores. Out of our total increase in sterling holding of Rs. 374 crores during the year about Rs. 110 crores is accounted for as sterling purchases by the Reserve Bank. Balance of Rs. 264 crores presumably is the expenditure incurred in India for the British Government and financed entirely by the additional note issue.

With a view to satisfy a strong demand, which is evident on the part of institutional investors and the market generally for long term investment, the Government of India have decided to create a special issue of 3 per cent. Funding Loan 1966-68 for Rs. 50 crores. The securities will be available for sale on Government Account by the Reserve Bank of India through the usual procedure for the sale of counterparts and special issues at prices to be ascertained from the Bank.

and later in the month of July and after, the Reserve Bank gradually and successively put up its price by As. 8 till about the end of October when it touched Rs. 97-8. Thereafter the Bank authorities stopped sales of paper. During this period, the market showed unusual willingness to absorb more and more of paper at the higher levels. It may be stated, on an average, the market might have absorbed Rs. 10 crores per month. Naturally, its yield which was 3.72% in January 1943 declined to 3.57 in December, when the paper closed at Rs. 97-15-0, the highest during the year. Other Government loans which moved in sympathy with $3\frac{1}{2}$ per cent paper were the 4% 1960-70, 3% 1963-65 and the 4% 1955-60. Particularly, the 3% 1963-65 gained more than Rs. 3 during the year and closed at Rs. 98-8-0. 4% 1960-70 moved up by about Rs. 2 to Rs. 112, whereas 4% 1955-60 got Rs. 1-8 and closed at Rs. 115-8.

Preference Shares

The preference shares have always an attraction to a certain type of investor who goes for a known yield with comparatively less risk and, particularly, during war time such investors must be many is evident from the fact that several preference shares have appreciated in value. 7% Andhra Valleys have increased from Rs. 1,647-8 to Rs. 1,730 and $7\frac{1}{2}$ % Tata Power from Rs. 1,640 to Rs. 1,782-8. 6% Bombay Steam and Tata Steel (First) have each gained Rs. 13 and Rs. 18 to Rs. 340 and Rs. 221-4, respectively, with sellers scarce.

Public Utilities

As the end of war is in sight, some of these scrips have received much support from the public. Notably, the Tata Powers have secured a rise of about Rs. 273 to Rs. 1,915 and it touched the high level of Rs. 1,955 on 26th November. Similarly, Andhra Val-

ley Powers have also commanded good support from Rs. 1,770 to Rs. 1,877-8 with its peak of Rs. 1,930 on 7th July. Among the rest Tata Hydros and B.E.S.T.s behaved tolerably well during the year.

Banks and Insurance Companies

During 1943, a few big banking and insurance companies with influential directorate were floated. The most important of these are the United Commercial Bank, the Hindustan Commercial Bank, the Bank of Jaipur, the Jayabharat Insurance Co., New Great Insurance and Anand Insurance Co. Particularly, the Rs. 50 shares of the United Commercial and Jaipur Banks were brought into the market and were being quoted around Rs. 72 each towards the close of the year. Besides, shares of a few old banks were also quoted in the market, viz., the Habib Bank, the International Bank of India, etc. Among the old, excellent support was received by the Bank of India, Central Banks and Imperial Banks, both fully paid and contributories. Bank of India gained Rs. 70 to Rs. 224 and Central Banks, Rs. 30 to Rs. 88. The Imperial fully paid rose by Rs. 320 to Rs. 1,970 and contributories, by Rs. 93 to Rs. 498-12. Reserve Banks also showed well from Rs. 103 to Rs. 132. Among Insurance Companies, New Indias rose from Rs. 56 to Rs. 88, Jupiter from Rs. 16-6-0 to Rs. 30-4 and Oriental from Rs. 4,410 to Rs. 6,160.

Iron and Steel

It may be said at the outset, that the shares of the iron and steel companies, dominated by the Tatas were the most chequered lot during the year. The main reason, of course, is the vulnerability of the Tata Works at Jamshedpur to enemy bombing. With abundance of investment money available in the company, these shares must have fared better but certain other reasons hindered their progress. The year opened under the spell of Japanese bombing with Tata Steel Defds. and Ordinaries at about Rs. 1,507-8-0 and Rs. 322, respectively. Just before the budget proposals in February Defds. were quoting around Rs. 1,757 and after the announcement of the budget, there was a sudden spurt to Rs. 2,057-8-0 on 5th March. In a few days, i.e. on 9th March, these were quoted at Rs. 2,095, their highest during the year under review. One would have wished this particular scrip, which is the hot cake of the Bombay market, to retain its high position around Rs. 2,000 thereafter. The Finance Member's denunciation of speculation in cotton brought this scrip to Rs. 1,777-8 on 20th March, a loss of nearly Rs. 317-8. Slowly but steadily, however, it again recovered and was quoted around Rs. 2,062-4 on 3rd July. Towards the middle of July, however, the results of working of the Tata Steels were announced which turned out to be below the anticipation of the market. Dividends of Rs. 23 and Rs. 129-8 were declared respectively for Ordinaries and Deferreds against Rs. 27 and Rs. 158-4-4 of the previous year. The market, however, was not impressed and hence reacted unfavourably and Deferreds came down to Rs. 1,920 on 26th July, a loss of about Rs. 140 in a few days. Later it moved very cautiously and intermittent bombing of Calcutta and Madras prevented its rapid progress. The close of the year saw that it had attracted to Rs. 1,901-4 with a gain of Rs. 378-12. Tata Ordinaries and Indian Iron moved in sympathy with Deferreds and gained Rs. 64 and Rs. 5, respectively.

TEXTILES

Textiles turned out to be the most attractive counter of the public during the year. Besides, the leading scrips like Bombay Dyeings, Centurys and Kohinoors which witnessed some colourful trading, even the cash and almost neglected scrips among them received good support. Bombay Dyeing and Centurys gained Rs. 337-8 and Rs. 342, respectively and touched the maximum prices of Rs. 2,165 and Rs. 990 on 5th May 1943. Kohinoors also rose to Rs. 990 on the same date but towards the end of the year it lost its position to close with Rs. 616. Its capital was increased from Rs. 30 to 40 lakhs. Several others viz., E.D. Defds. Finlays, Indore Malwas, Madhusudan, Mysore and Swadeshies also behaved well. On the whole textiles provided the most important counter in the market to the genuine investors and experienced speculators to earn handsomely on their investments. An important development during the year was the change of managing agents of Apollo, Elphinstone and E. D. Sassoon Mills from European into Indian hands.

Miscellaneous

Associated Cements, Premier Constructions, Bombay Burmas, Scindias, Shivrajpur Syndicates, Belapur Sugars etc. formed this group which put up a very close competition with the other leading counters. Associated Cements opened at Rs. 206 and steadily rose higher to touch its maximum of Rs. 240-8 for the year. Later it lost some ground and again moved up towards the close to Rs. 288. Belapurs must be placed as an equal competitor with Cements. Starting from Rs. 229 gradually it gained strength and on 26th November increased to Rs. 265 and hovered round about that level for the next few days of the year to close at Rs. 255-8. Premier Constructions had a very attractive and steady career throughout the year. Opening at Rs. 142 on 3rd January, 1943, it never faltered its steady course almost to the close of the year. On 29th November the highest level of Rs. 246 was reached to close later a bit lower at Rs. 233-8. Bombay Burmas, Scindias and Shivrajpur Syndicates also shared in the general rise and gained Rs. 50 15 and 22, respectively, for the year. On the whole, therefore, the Bombay Exchange Market during 1943 turned another leaf in its history of satisfactory rendering of service to all.

HIGHEST AND LOWEST PRICES FOR 1943

Name of Company	Opening	Closing	Highest	Lowest
	Rs. A.P.	Rs. A.P.	Rs. A.P.	Rs. A.P.
Bombay Dyeings	1,632 8 0	1,970 0 0	2,165 0 0	1,632 0 0
Century	614 0 0	861 0 0	990 0 0	614 0 0
Kohinoor	605 0 0	616 0 0	990 0 0	555 0 0
Central India	382 0 0	461 0 0	529 0 0	382 0 0
E. D. Defd.	3 3 0	4 6 0	5 2 0	2 1 0
Tata Ord.	326 0 0	390 0 0	416 0 0	322 0 0
Tata Defd.	1,522 8 0	1,900 0 0	2,095 0 0	1,507 8 0
Tata Power	1,641 8 0	1,915 0 0	1,955 0 0	1,639 8 0
Associated Cement	206 0 0	226 0 0	240 0 0	206 0 0
Pre. Construction	142 0 0	233 0 0	246 0 0	142 0 0
Scindia	23 5 0	38 0 0	39 0 0	23 5 0
Central Bank	58 0 0	68 0 0	91 4 0	58 0 0
Bank of India	154 0 0	224 0 0	227 0 0	154 0 0
New India	56 0 0	68 0 0	68 0 0	56 0 0
Bombay Burma	387 0 0	417 8 0	442 8 0	387 0 0

* Kohinoor Mills increased its capital from Rs. 30 to Rs. 40 lacs by issuing new shares during the year.

COMMODITY MARKETS

(From Our Correspondent.)

BOMBAY, Jan. 8.

Seeds

Groundnut Oil Cakes: To enable the agriculturists to obtain groundnut oil cake at a cheap price, the Government of Bombay have issued an order con-

trolling its price at Rs. 75 per ton ex-godown of the mills. This order applies only to groundnut oilcakes sold by oil mills run on power machinery. An order has also been issued freezing the stocks of groundnut oilcakes held by oil mills run on power machinery in the Bombay Province, excluding Bombay City and suburbs. Stocks of oilcakes in Bombay City and

Suburbs have already been frozen. Another order has been issued calling for returns of stocks of groundnut oilcakes in the province outside the city. Stocks in Bombay City have to be separately submitted. Restrictions have also been imposed on the holding of stocks of groundnut and their export outside the province.

Groundnuts

It is reported that the Ministry of Food have refused offers at £33-2-6, as they have made heavy purchases of groundnuts from Africa at lower rates. In the Bombay market, business in Bold groundnuts for January-February was done at Rs. 14-14 and February-March at Rs. 15. Khandesh quality during the early part of the week was sold at Rs. 15-11-6, and thereafter, business was done up to Rs. 15-9 and for January-February at between Rs. 15-11 and Rs. 15-9. Some business in Madras-Mormugao for January-February was done at between Rs. 15-12-6 and Rs. 15-10-6. The tone of the market was weak. The market in the Nizam's Dominions has declined considerably owing to heavy arrivals and reports about the possibility of increasing export duty and permit difficulties.

Castor Seeds

Business in castor seeds Madras for Mormugao delivery January-March was done at Rs. 15-13. There were no arrivals.

An increase of 10.1 per cent. in the area under groundnut in Bombay Province during 1943-44 is estimated by the Director of Agriculture. The latest reports, according to the final crop forecast, estimate the area under groundnut at 2,145,000 acres. The total outturn is estimated at 816,000 tons, representing an increase of 17.8 per cent. over the preceding year.

The area under sesamum crop is estimated at 697,000 acres, being 17.5 per cent. more than that in the preceding year. The final crop forecast places the outturn at 91,000 tons, representing an increase of as much as 29.4 per cent. over the 1942-43 crop.

An increase of 33.5 per cent. in the acreage under linseed to 63,000 acres, been forecast. The area under rape and mustard is placed at 10,000 acres, representing an increase of 37.1 per cent. over the preceding year. The linseed crop, principally grown in the Deccan and Karnatak, is reported to be fairly satisfactory. The rape and mustard crop is mainly cultivated in N. Gujarat and Kathiawar States and has been progressing well.

The Textile Commissioner stated in a Press Note that all persons who do not carry out orders to ship piecegoods rather than dispatch them by rail are acting against the national interests and warned them that such action would inevitably result in their requests for movements by rail being refused or postponed indefinitely and no extension of time for disposal would be given to these persons.

Cloth Raids

A million and a quarter yards of unstamped cotton cloth held in contravention of the Cotton Yarn Control Order have been seized, sealed and impounded by the Bombay City Police in a series of raids carried out in Bombay since the 1st of this month. According to the returns from merchants, there are over 35 million yards of declared unstamped cloth so that the Police will have their hands full if they are to seize all these goods. It is stated that all goods so seized will be confiscated by the Government but in the case of persons having stocks of less than 10,000 yards some concession might be shown. One very

real difficulty which the police have to contend with is the compilation of a detailed list of the goods seized. An exact classified witness inventory is required of the thousands of yards of widely different material and this is a long and laborious process. This process also requires not only the presence of the officer in charge at the spot for many hours, but also two legally necessary "Panch" witnesses. In one of the largest raids yet the inventory took over two days to complete. It remains to be seen whether the Government will go to the length of confiscating without payment such a huge quantity of goods, but so far it appears that this is their intention. The original intention of the cloth control authorities was to seal all such hoards of cloth and then to give the hoarder the option of either going to court where, if he was convicted, the cloth was liable to be confiscated, or of having his cloth stamped on payment of fees suitable to circumstances.

Piecegoods

In the piecegoods market a state of nervous tension and excitement prevailed as a result of the Press Note issued by the Government regarding unstamped cloth. Prices all round have declined while the offtake has been moderate. Neither consuming districts nor local buyers are inclined to purchase even at the lower levels. As for the export trade, though there are enquiries which would have led to a brisk business at these low levels, the difficulty in obtaining licences and other handicaps have not permitted the buyers to take advantage of the low prices. Leopard cloth in 35" and 37" has sagged down nearly to Rs. 2-1-3 per lb.

Cotton

The local cotton market has been steady with a firm tendency. Despite the recent rise there has been no widening between the January and March positions which points to the inherent strength of the contract. There have been tenders against the January position which amount to nearly 1,250 bales. In the spot market there was good demand for all cottons. New crop Sind N.T. has advanced to Rs. 635 which is an improvement of about Rs. 10 over last week's. A much more substantial rise was recorded in the quotations for Punjab 289F which is now quoted at Rs. 675 for roller-ginned, while saw-ginned is quoted at Rs. 715.

In the foreign section, prices have been maintained. A fresh consignment of 21,000 bales of Sudan cotton has arrived, but the higher marks of this cotton were allocated against War priority orders and only the lower marks such as CG6L were available in the market at Rs. 985. Another consignment of Sudan cotton is expected.

There was some enquiry from Liverpool for 4F cotton, but owing to the higher prices here, no business has resulted. Australia is reported to have bought about 10,000 bales of Sind N.T.S.S.G. cotton. There is also enquiry for C.P.I. Deshi cotton from Liverpool.

LATEST QUOTATIONS

I.C.C. January Rs. 481½
" March Rs. 477½
" May Rs. 477½

MADRAS, Jan. 7.

The Madras Groundnuts market was easy during the period under report. Firms' limits declined from Rs. 74 to Rs. 7. Buyers who were purchasing for Calcutta between Rs. 76 and Rs. 77 at the end of the last month reduced their limits to Rs. 74. The British Ministry of Food made no purchases during the fortnight and their price was unchanged at £33-2-6. A rumour is current in the market that the Hyderabad State is likely to impose a ban on the exports of ground-

nuts from the State except those to the British Ministry of Food. Arrivals from upcountry centres were poor due to wagon difficulties. The oil market was steady but demand was slack.

The Yarn market was very steady and quotations remained unchanged during the fortnight under review. Locally demand was very poor but this is usual before Pongal. There was good demand from Calcutta and dispatches have been made. Arrivals from producing centres were fair. Stocks of unstamped goods being poor, made no impression on the market on January 1, 1944.

HAPUR, Jan. 10.

Grain

There has been a general recovery in the local grain markets, prices gaining appreciably. This bullish turn is partially due to an inevitable reaction that sets in after a continued fall in prices for several weeks and partially due to decreased arrivals. As the local stocks are generally in the hands of the Government, there exists an impression among consumers that the stocks would be utilized only in emergency cases. The petty consumers showed a tendency of heavy purchases in the market this week. Regarding the maintenance of this bullish tendency, the following factors indicate that the markets, particularly of U.P., may turn again easy: (1) Sufficient stocks in the markets. (2) Good showers in Northern India wheat belt which have proved very beneficial to the standing *rabi* crops. (3) Arrivals of grains from nearby villages are expected to move again to the markets as soon as the weather becomes clear. The stockists and growers appear to be willing to dispose of their grains at the present rates, as the Government is fully inclined towards effecting a gradual fall in commodity prices, particularly of wheat. According to the latest report of the local Chamber of Commerce the stocks are computed at (in *khattis*): Wheat 128, Gram 4, Barley 9, Peas 98 and Arhar 244.

Gur

The market continues very weak, due to Government's control policy. Arrivals are daily increasing but there are no exports from here. All arrivals are being stocked locally, causing a great loss to the growers. Gur prices have sagged to Rs. 5-8 and Rs. 6 per maund. Daily arrivals averaged 4,500 maunds. The prices of Gur vary in different markets of the provinces but it is anticipated that in case the ban on the exports of Gur is removed, the prices may be cut down to a reasonably uniform basis. It may be noted that the maximum price as is already fixed by the Provincial Government is Rs. 8 per maund, whereas the local market price ranges around Rs. 5-10 for *dara* quality and in many other *mandis* between Rs. 10 and Rs. 12.

Urad

The market ruled easy following reports of imposition of control on pulses from the next *rabi* crops, but towards the week-end it showed an upward trend and

the prices finished at higher rates. The firmness was due to reactionary upcountry advices and profit coverings. The undercurrent of the market appears to be quite easy. The local stocks are gradually increasing and the delivery time is approaching nearer. Urad Magh opened at Rs. 9-2-6 and closed at Rs. 9-10-4½, touching the highest and the lowest at 9-10-6 and 9-2-6, respectively. Moong prices fluctuated sympathetically with Urad prices. The turnover was very active throughout.

Latest Quotations

Prices were steady but quiet with fluctuations confined to narrow grooves. The following are the latest quotations: Wheat: Rs. 11-7; Gram Rs. 10; Barley 6-9-6; Peas Rs. 7; Arhar Rs. 8; Gur Rs. 5-10; Raw Sugar Rs. 7; Arhar pulses Rs. 12, Urad Rs. 9-6, Moong ready Rs. 9-6; Fagun Rs. 9-9; Jumar Fagun Rs. 5-15-6.

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Hukumchandnagore, Naihati, B. & A. Ry.

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AGENCIES:—At all principal places in India.

AUTHORISED CAPITAL	25 lacs.
Subscribed Capital	10 lacs.
Paid-up Capital	6 lacs.
Working Capital exceeds 2 crores	50 lacs.

SAVINGS DEPOSITS bear interests @ 2½ % p.a. and are withdrawable by Cheques.

FIXED DEPOSITS: Interest allowed for 6 months 3½%, for one year 3-3/4%.

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B.A.,
Secretary.

M. E. Kohli,
M.A., F.I.B. (London),
Managing Director.

CURRENT STATISTICS

BANK OF ENGLAND

	(000's omitted)		(000's omitted)	
	Jan. 5, 1944	Dec. 29, 1943	Jan. 6, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion	1,085	1,156	802	263,700
Public Deposits	9,600	10,300	7,300	31,100
Other Deposits	184,100	234,300	240,100	129,100
Of which Bankers' Deposits	237,800	294,700	157,600	90,100
Govt. Securities	231,600	292,000	197,400	113,100
Other Securities	14,900	15,900	20,400	31,000
Of which Discounts and Advances	1,600	2,500	16,700	6,400
Notes and coins	17,100	12,500	30,800	34,200
Notes in Circulation	1,063,900	1,088,700	920,000	529,500
Ratio of Reserve to Liabilities	6.92%	4.09%	21.38%	12.40%

U.S. FEDERAL RESERVE BOARD

	(000's omitted)		(000's omitted)	
	Jan. 6, 1944	Dec. 30, 1943	Jan. 7, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves	20,100,000	20,146,000	20,204,000	14,600,610
Total Bills Discounted	31,000	101,000	4,000	6,190
Bills bought in open market				550
Total U. S. Government Securities	11,650,000	11,615,000	6,032,000	2,428,160
Federal Reserve Notes in actual Circulation	16,908,000	16,875,000	12,177,000	4,600,280
Deposits — Member Bank Reserve Account	12,602,000	12,769,000	13,464,000	10,951,000
Ratio of total Reserve to Deposit and Federal Reserve Note Liabilities combined	62.4%	62.3%	77.8%	86.9%

RESERVE BANK OF INDIA

WEEKLY STATEMENT OF ACCOUNTS AS ON DEC. 31, 1943.

ISSUE DEPARTMENT		Rs.	Rs.
Liabilities			
Notes held in the Banking Dept.		9,59,72,000	
Notes in circulation		840,80,16,000	
Total Notes issued			850,39,88,000
Total Liabilities Rs.			850,39,88,000
Assets		Rs.	Rs.
A. Gold Coin and Bullion:—			
(a) Held in India		44,41,43,000	
(b) Held outside India			734,83,96,000
Sterling Securities			779,25,39,000
Total of A			12,81,84,000
B. Rupee Coin			
Government of India Securities			58,32,65,000
Internal Bills of Exchange and other Commercial Paper			
Total Assets Rs.			850,39,88,000

Ratio of Total of A to Liabilities: 91.634 per cent.

BANKING DEPARTMENT

Liabilities		Rs.
Capital paid-up		5,00,00,000
Reserve Fund		5,00,00,000
Deposits:—		
(a) Government		
(1) Central Government of India		13,87,40,000
(2) Government of Burma		50,78,000
(3) Other Government Accounts		9,89,82,000
(b) Banks		90,17,39,000
(c) Others		7,16,57,000
Bills Payable		3,37,87,000
Other Liabilities		6,81,28,000
Total Rs.		141,81,11,000

Assets

		Rs.
Notes		9,59,72,000
Rupee Coin		17,93,000
Subsidiary Coin		1,90,000
Bills Purchased and Discounted:—		
(a) Internal		
(b) External		
(c) Government Treasury Bills		3,25,000
Balances held abroad *		120,00,00,000
Loans and Advances to Governments		26,00,000
Other Loans and Advances		18,75,000
Investments		7,68,53,000
Other Assets		3,25,33,000
Total Rs.		141,81,11,000

* Includes Cash and Short Term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

	(000's omitted)		(000's omitted)	
	Dec. 31, 1943	Dec. 24, 1943	Jan. 1, 1943	Sept. 1, 1939
	1943	1943	1943	1939
Held in the Banking Department	9,59,72	10,61,45	13,52,34	35,04,49
In Circulation	8,40,80,16	8,28,37,63	5,78,24,99	1,82,13,17
Total Notes	8,50,39,88	8,39,19,08	5,91,77,33	2,17,17,66
A. Gold Coin and bullion	44,41,43	44,41,43	44,41,43	44,41,46
Sterling securities	7,34,83,96	7,22,83,96	4,12,83,39	59,50,11
Total of A	7,79,25,39	7,67,25,39	4,57,24,82	1,03,91,57
B. Silver coin	12,81,84	13,61,08	12,16,79	75,87,11
Rupee securities	58,32,65	58,32,61	1,22,35,72	37,36,98
Silver bullion under Coinage				
Percentage of Reserve to Liabilities	91.634	91.428	77.287	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

	(000's omitted)		(000's omitted)	
	Dec. 31, 1943	Dec. 24, 1943	Jan. 1, 1943	Sept. 1, 1939
	1943	1943	1943	1939
Cash	9,79,25	10,76,75	13,67,07	35,15,27
Balances held abroad	1,20,60,00	1,24,63,44	66,61,15	10,08,33
Investments	7,68,53	7,68,53	5,98,54	6,81,34
Bills discounted:—				
(a) Internal				
(b) External				
(c) Government of India Treasury Bills	3,25	3,25	1,96,18	1,15,67
Loans and Advances to the Government	26,00	3,00	66,00	31,00
Deposits:—				
(a) Government	24,28,00	31,30,55	22,92,20	14,69,43
(b) Banks	90,17,39	90,77,67	47,49,17	26,91,43
(c) Others	7,16,57	4,84,12	4,46,24	1,24,37

STERLING PURCHASES

	(000's of £)		(000's of £)	
	Total Purchased.	Average rate.	Total Purchased.	Average rate.
	1943:—		1943:—	
January	8,192	1sh. 6d.		
February	11,070	1sh. 6d.		
March	17,779	1sh. 6d.		
April	9,219	1sh. 6d.		
May	8,721	1sh. 6d.		
June	6,338	1sh. 6d.		
July	7,006	1sh. 6d.		
August	8,546	1sh. 6d.		
September	8,371	1sh. 6d.		
October	8,947	1sh. 6d.		
November	7,476	1sh. 6d.		

IMPERIAL BANK

(In 000's of Rupees)

	Dec. 31, 1943	Dec. 24, 1943	Jan. 1, 1943
	1943	1943	1943
Liabilities:—			
Subscribed Capital	11,25,00	11,25,00	11,25,00
Capital paid-up	5,62,50	5,62,50	5,62,50
Reserve Fund	5,75,00	5,75,00	5,70,00
Fixed Deposits, Savings Bank, Current and other Accounts	210,07,28	214,51,68	159,44,16
Loans against Securities per contra			
Acceptances for Constituents	2,71,21	3,21,99	2,59,91
Sundries			
Total	224,15,97	229,11,15	173,36,57
Assets:—			
Government Securities	127,13,35	129,06,19	114,45,26
Other authorised investments	2,66,40	2,66,45	1,41,08
Loans	14,38,89	14,40,83	9,09,73
Cash credits	19,44,30	21,26,29	17,32,57
Bills Discounted and Purchased	2,86,71	3,29,64	6,21,69
Liabilities of Constituents for Acceptances per contra	1,69,42	1,69,41	1,73,92
Dead Stock	3,38,12	1,38,39	2,16,07
Sundries			
Bullion			
Balances with other Banks	1,78,88	1,90,09	1,91,12
Cash in hand and with the Reserve Bank of India	50,79,99	53,43,86	19,05,13
Total	224,15,97	229,11,15	173,36,57

SCHEDULED BANKS

(In 000's of Rupees)

	31-12-43	24-12-43	1-1-43	1-9-39
	1943	1943	1943	1939
Demand Liabilities in India	500,81,88	500,26,42	337,05,79	134,36,49
Time Liabilities in India	157,27,80	154,80,46	111,71,32	102,24,34
Cash in India	27,48,88	23,28,85	15,99,64	6,69,82
Balances with Reserve Bank				
Bank	88,72,16	92,31,36	45,15,41	25,17,19
Advances in India	160,85,89	161,29,19	97,34,20	101,52,18
Bills discounted in India	6,74,22	6,73,28	2,88,02	3,57,28

TENDERS FOR TREASURY BILLS

(In thousands of rupees)

Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter-mediate	Sold in favour of Dept.
Sept. 7	18,85,25	8,00,00	0 13 9		3,72,75
" 10	14,91,25	8,00,00	0 13 4		3,54,00
" 21	15,84,25	8,00,00	0 13 5		3,48,00
" 28	20,10,75	8,00,00	0 13 6		4,79,50
Oct. 4	15,86,50	8,00,00	0 12 0		2,08,50
" 12	12,28,00	8,00,00	0 12 0		5,22,00
" 19	14,57,00	8,00,00	0 12 1		5,40,75
" 25	12,80,00	8,00,00	0 12 9		3,18,00
Nov. 2	10,70,50	8,00,00	0 13 8		3,19,00
" 9	91,480	60,000	0 13 8		16,800
" 16	13,20,50	6,00,00	0 13 8		18,100
" 23	10,71,25	6,00,00	0 13 0		34,725
" 30	11,13,50	60,000	0 12 11		1,45,00
Dec. 7	13,73,75	6,00,00	0 12 3		1,40,50
" 14	14,02,50	6,00,00	0 11 11		1,34,00
" 21	14,26,25	6,00,00	0 11 0		17,850
Jan. 4, '44	10,77,75	6,00,00	0 9 0		60,825

MATURITY OF OUTSTANDING TREASURY BILLS

As on the 31st October, 1943.

Date of Maturity	Amount (000's of rupees)	
	Amount	Amount
2nd Dec. 1943		7,80,25
3rd "		15,25
4th "		4,50
9th "		6,47,50
10th "		1,07,75
11th "		44,75
16th "		12,50
17th "		7,73,75
18th "		13,75
24th "		7,67,50
25th "		32,50
30th "		7,96,50
1st Jan. 1944		3,00
2nd "		50
7th "		8,00,00
15th "		7,59,00
16th "		41,00
22nd "		7,38,50
23rd "		61,50
27th "		7,92,00
30th "		8,00
5th Feb. 1944		7,83,75
6th "		16,25
12th "		5,52,25
13th "		47,75
19th "		5,43,25
20th "		56,75
26th "		6,00,00
Total		98,00,00

COST OF LIVING ABROAD IN 1943

(Base: January/June 1939=100)

	1943		1943	
	1943	1943	1943	1943
Turkey	374		Sweden	150
Palestine	337		Mexico	140
Iran	303		Switzerland	140
Bolivia	308		Peru	143
Iceland	245		Japan	123
India	185		U. K.	128
Finland	186		U. S. A.	124
Chile	184		Argentina	121
Columbia	167		South Rhodesia	119
Spain	166		Canada	118
Ireland	159		Germany	111
Norway	150		China	110

CURRENCY AND PRICES ABROAD

(Base: 1939=100)

	Note Circulation		Sight Deposits		Wholesale Prices		Cost of Living	
	1917	1942	1917	1942	1917	1942	1917	1942
U.K.	769	184	163	193	204	162	230	129
Germany	629	298	304	..	179	108	..	107
France	391	345	150	255 Nov.	273 July	189 Mar.	246	153 Mar.
Italy	369	..	347	..	306	..	260	..
Bulgaria	790	676	343	190 Nov.	..	200	..	206
Finland	676	461	941	341	..	230	582	182
Rumania	940	336	..	196	..	..	..	..
Denmark	222	223	269	221	250	195	196	157
Netherlands	283	306	376	136	276	..	184	..
Norway	302	425	764	695 May	341	179	264	139
Turkey	..	373	..	184 Aug.	..	430	..	360
Portugal	222	232	254	424	..	169	..	146
Sweden	245	190	370	185	239	179	226	149
Switzerland	226	151	202	119	..	202	211	146
Palestine	..	434	..	216	..	276 Sept.	..	204
Egypt	..	369	..	..	..	221 Sept.	..	196 Sept.
Iran	..	572 Oct.	..	..	..	243 July	..	297 Nov.
Iraq	..	473 Nov.	..	306 March	..	466 Oct.	..	..
India	..	316	..	267	..	241	..	181

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939.[†]
(Base: August 1939=100)

	Bombay	Ahmedabad	Sholapur	Cawnpore	Nagpur	Jubbulpore	Lahore	Madras
	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43
Nov.	104 108 120 170	111 111 129 188	108 1 03 130 196	105 112 143 224	105 114 131 190	107 124 141 214	123 115 143 191	107 112 120 159
Dec.	108 110 123 179	113 108 136 204	114 104 136 201	112 111 151 224	116 113 136 208	119 119 153 231	123 115 143 232	110 112 123 161
Jan.	109 111 130 193	111 108 130 237	110 105 132 201	114 110 145 225	111 111 138 212	112 119 148 228	109 113 143 264	109 110 119 164
Feb.	107 113 129 195	108 108 129 226	108 105 127 207	112 108 144 234	105 109 134 234	107 117 147 292	108 111 147 255	106 110 117 167
Mar.	105 113 130 198	107 108 132 237	103 108 132 219	108 106 150 246	105 108 133 262	109 121 155 278	110 109 145 254	107 110 117 173
April	105 113 131 214	107 111 136 256	101 107 136 223x	110 107 140 268	108 113 138 281	110 124 155 279	110 120 148 267	108 111 121 176
May	106 116 135 214	105 112 141 271	103 107 143 234	109 108 155 299	111 113 145 317	112 122 158 309	101 113 155 278	109 110 123 177
June	106 116 145 224a	110 114 152 289	104 111 149 252	108 114 175 336	109 116 180 361	116 126 178 317	100 109 162 275	109 111 131 188
July	108 120 160 225	108 121 160 288	104 115 153 266	109 126 190 341	108 120 181 361	119 134 199 312	102 114 166 275	109 115 136 188
Aug.	109 125 160 227	107 126 168 293	104 118 158 266	112 130 203 339	111 125 183 354	117 131 202 319	102 120 177 286	110 117 140 185
Sept.	107 123 162 233	108 126 160 312	103 119 162 289	113 133 202 353	111 125 183 356	124 136 202 301	108 123 183 293	110 117 149 164
Oct.	108 119 164 236	108 126 166..103	123 177 288	112 134 206 349	117 125 184 273	124 138 202 301	111 133 186 ..	111 117 185 166

Nagpur and Jubbulpore do not include housing.

(a) Figures from June onwards relate to the calendar month and not to the month ended 15th June as before.

(b) Fall in index is due to the taking into account controlled cereal prices instead of market prices.

(x) Revised figure.

† Indian Labour Gazette.

INDEX NUMBER OF WHOLESALE PRICES BY GROUPS OF ARTICLES

ALL-INDIA
(Base: Week Ending 10th August, 1939=100)

Groups	Average for April, 1943	Average for March 1943.	Average for April 1942.
Food and Tobacco	283.7	247.8	136.5
Other Agricultural Commodities	225.1	215.3	114.9
Raw Materials	174.2	172.0	162.3
Manufactured Articles	235.6	227.0	162.5
Primary Commodities	225.9	210.0	141.9
All Commodities	227.9	213.5	146.1
Chief Articles of Export	229.9	210.5	139.7

BOMBAY

July 1914=100

Commodities	Sept. '43.	Aug. '43	Aug. '42
Cereals	7	216	200
Pulses	2	307	281
Sugar	3	258	246
Other Food	3	297	279
All Food	..	252	235
Oilseeds	5	175	170
Cotton, Raw	5	94	94
Cotton, Manufactures	6	282	282
Other Textiles	2	83	83
Hides & Skins	3	99	99
Metals	5	596	735
Other Raw & Manufactured Articles	4	288	228
Non-food	..	239	271
General Index	..	244	236

CALCUTTA

(Prices in July 1914=100)

Commodities	Nov. '43.	Oct. '43.	Nov. '42.	Sept. '39.
Cereals	317	424†	220	80
Pulses	433	434	226	99
Tea	120	123	306	148
Other Food Articles	588	563	371	123
Oilseeds	310	319	186	100
Mustard Oil	229	215	106	81
Jute, Raw	114	108	107	80
Cotton, Raw	162	178	127	75
Jute Manufactures	187	199	166	102
Other Textiles (Wool and Silk)	202	202	164	110
Hides and Skins	101	96	91	67
Metals	303	293	306	147
Other Raw and Manufactured Articles	240	236	186	95
All Commodities	314	334	227	106

† Officially controlled prices of rice taken into account.

BANGALORE

July 1914=100

Particulars	July 1943.	June 1943.	July 1942.
Food Grains and pulses	284	314	179
Oils and Oil seeds	267	276	170
Other food articles	303	297	181
Textiles	286	366	168
Others	349	389	200
General Index Numbers	306	213	189

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodity	Grade & Quality	Market	Unit	Pre-war (1939)			
				This Week.	Last Week.	A Year ago.	(1939)
				Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Rice (not in husk)	New Crop	Calcutta.	per md.	16 0 0	16 0 0	14 0 0	4 14 0
Wheat	Basmati Sela	Amritsar.	..	19 0 0	20 0 0	..	..
	Average quality.	Karachi.	..	8 0 5	8 0 5	5 15 0	..
		Hapur.	..	11 7 0	11 0 5	..	5 15 0
		Lyallpur.	..	10 10 6	10 12 0	5 1 0	2 5 0
Sugar	Marhowrah Crystal No. 1.	Cawnpore.	..	15 5 6	15 5 6	12 3 0	9 15 0
Sugar raw (Gur)	Chikna best quality.	..	..	8 8 0	8 8 0	..	..
Tea	For home market	Calcutta.	..	0 9 5	0 9 5	1 5 4	0 4 4
Potatoes	Desi	Cawnpore	per md.	7 8 0	7 8 0	..	..
Groundnuts	Bold.	Bombay.	per md.	10 13 5	..	..	..
Groundnut Oil	Expeller	Madras.	per 500 lbs.	159 0 0	159 0 0	..	..
Castor Oil	Average	Madras.	per 500 lbs.	213 0 0	213 0 0	170 0 0	..
Castorseeds	Average	Bombay.	per candy	..	15 12 0	16 8 0	7 2 6
Linseed	Bold.	Bombay.	per cwt.	..	..	13 8 0	6 12 6
Mustard	Torla 9% admixture.	Karachi.	656 lbs.)	100 8 0	100 8 0	71 0 0	26 12 0
Cotton (raw)	One M.G. 4-F (Punjab) R.G.	Karachi.	per 784 lbs.	505 0 0	..	..	..
"	*Jarila 3/4"	Bombay.	per candy	482 8 0	480 0 0	..	..
Cotton Piece-goods.	Grey Dhori	..	44"X10 yds.	7 12 0	7 12 0	..	..
	Markin 11 lbs.	..	43"X38 yds	26 6 2	26 6 2	..	..
Cotton Yarn	No. 10s.	Bombay.	per 10 lb.	13 10 6	13 10 6	..	..
	No. 20s.	..	..	17 8 7	17 8 7	15 3 0	..
Jute	Raw Firsts.	Calcutta.	per 400 lbs.	72 0 0	72 0 0	66 0 0	41 0 0
Jute Bags	B. Twills 2 1/4 lbs.	..	per 100 bags.	67 12 0	67 12 0	61 0 0	28 13 0
Wool (raw)	Kandhar (cleaned)	Karachi.	per md.	60 0 0	60 0 0	52 0 0	32 0 0
Cow hides	Best quality (Agras)	Calcutta.	per 20 lbs.	10 8 0	10 8 0	10 8 0	8 8 0
Goat skins	Best quality	..	per 100 pieces.	150 0 0	150 0 0	145 0 0	115 0 0
Tanned Hides	Best quality (cow)	Madras.	per lb.	1 6 9	1 6 9	1 3 6	0 12 0
Tanned Skin	Best quality (goat)	..	..	2 5 9	2 5 9	2 2 0	1 12 0
Shellac	T.N.	Calcutta.	per B. md.	71 0 0	71 0 0	64 0 0	14 0 0
Kerosene oil	Superior.	..	per 4 gallons in tin.	5 4 9	5 4 9	5 5 3	3 13 3
Coal	Selected Jharla (best).	..	per ton into wagon.	10 8 0	10 8 0	7 8 0	4 12 0
Pig Iron	Foundry No. 1.	..	per ton f.o.r.	104 0 0	104 0 0	94 0 0	89 0 0
Copra	Fair average quality.	Cochin.	per 500 lbs.	..	..	167 0 0	43 8 0

*March

RURAL RETAIL PRICE INDEX NUMBERS

Base: January 1943=100

Name of Centre	Cereals					Other articles of food		All articles of food		Fuel and Lighting		Clothing		Miscellaneous				
	'43.	'43.	'43.	'43.	'43.	'43.	'43.	'43.	'43.	'43.	'43.	'43.	'43.	'43.	'43.			
	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.
Eastern Zone																		
1. Bamra ..	217	157*	146	184	185	191	138	142	149	157	151	155	129	129	132	122	129	136
2. Maibang ..	235	232	235	140	163	184	142	163	164	164	168	169	105	105	114	146	143	143
3. Rajapur ..	327	360	434	172	189	228	162	166	173	182	190	195	118	128	131	127	125	124
4. Shankargarh ..	181	179	..	178	180	..	116	110	..	157	154	..	..	..	..	106	+	+
5. Sonali ..	318	314	283	163	185	182	158	193	207	186	212	216	105	105	105	+	+	+
Northern Zone																		
1. Multapi ..	128	130	131	116	123	119	120	123	131	121	119	122	71	71	69	84	94	92
2. Nana ..	93	110	110	107	108	117	99	104	106	99	106	108	118	125	128	99	119	124
3. Safamatpur ..	150†	150†	150†	119	118	119	101	101	104	109	109	111	100||	100||	100||	128	127	127
4. Shujabad ..	129	139	142	105	113	120	105	120	221	114	125	128	104	112	121	101	124	128
5. Gujjar Khan ..	144	152	148	125	148	150	125	126	113	127	135	127	118	136	140	108	113	113
Southern Zone																		
1. Krishna ..	147	152	163	103	103	103	123	122	120	126	126	127	90	90	90	91	88	87
2. Lakh ..	144§	138§	140§	124	127	153	103	101	117	111	109	127	a	a	a	95	94	91
3. Malur ..	118	144	144	130	137	144	122	123	126	123	130	133	88||	88||	88||	117	110	108
4. Muniguda ..	129	138	143	120	126b	131	112	111	109	116	115	117	86||	86||	86||	106	90	85
5. Kudchi ..	159	150	150	139	138	143	120	120	127	127	125	152	100||	100||	100||	116	112	110

* The fall is due to price control by the State.

† Price quotations are not available.

|| On the basis of the controlled prices for Kerosene Oil.

a Figures for January

STOCKS AND SHARES

	This week. Rs. a. p.	Previous week. Rs. a. p.	CALCUTTA (Jan. 11)	
BOMBAY (Jan. 11)				
GOVT. SECURITIES				
2½% 1949-52	99 12 0	99 12 0		
3% 1946 (Defence)	102 5 0	102 5 0		
3% 1949-52	100 11 0	100 11 0		
3% 1951-54	100 3 0	100 2 0		
3% 1963-65	98 12 0	98 12 0		
3½% G.P. Notes	98 14 0	97 4 0		
3½% 1941-50	103 6 0	103 6 0		
4% 1960-70	112 8 0	112 4 0		
4½% 1955-69	115 8 0	115 12 0		
TEXTILES				
Ahmedabad	496 4 0	498 4 0		
Bombay Dyeing	2,077 8 0	2,043 12 0		
Central India	481 8 0	478 0 0		
Indian Bleaching	241 0 0	232 0 0		
Kohinoor	699 0 0	633 0 0		
Century	996 0 0	971 0 0		
Colaba Land	260 0 0	251 0 0		
Gokak	375 0 0	361 0 0		
Phoenix	797 8 0	765 0 0		
Simplex	303 0 0	293 8 0		
Swadeshi	632 0 0	620 0 0		
Vishnu	2,630 0 0	2,645 0 0		
Finlay	377 0 0	351 0 0		
Morarji	790 0 0	788 0 0		
New Great	492 0 0	461 0 0		
Swan	344 0 0	326 0 0		
Apollo	5 10 6	5 9 0		
Sassoon	21 8 0	20 12 0		
Sassoon Defd.	4 9 0	4 3 0		
Model	338 0 0	328 12 0		
Poddar	440 0 0	428 12 0		
MISCELLANEOUS				
Alcock	585 0 0	585 0 0		
Bombay Burma	425 0 0	420 0 0		
Belapur Sugar	250 0 0	258 8 0		
Bombay Tramway	144 8 0	144 8 0		
Bombay Steam	665 0 0	665 0 0		
Scindia Steam	37 12 0	37 6 0		
British Burma Petrol	3 5 0	3 4 0		
Andhra Valley	1,907 8 0	1,890 0 0		
Shivrajpur	78 8 0	78 8 0		
B. I. C.	6 12 0	6 8 0		
Tata Chemical	32 2 0	32 8 0		
Tata Oil	88 8 0	89 8 0		
Tata Power	1,950 0 0	1,950 0 0		
Tata Hydro	204 0 0	202 0 0		
Tata Steel Ord.	406 8 0	332 0 0		
Tata Steel Defd.	2,065 0 0	1,927 8 0		
Premier Construction	239 0 0	234 8 0		
Associated Cement	..	230 0 0		
Indian Iron	37 4 0	..		
Indian Copper	3 3 0	2 14 0		
Tata Steel 1st Pref.	221 4 0	221 4 0		
Tata Steel 2nd Pref.	158 4 0	155 4 0		
BANKS				
Central	95 12 0	90 12 0		
Imperial (Fully Paid)	1,977 8 0	1,970 0 0		
Imperial (Partly Paid)	505 0 0	497 8 0		
Reserve	138 0 0	133 0 0		
India	229 0 0	..		
New India Insurance	80 0 0	94 0 0		
STOCKS AND SHARES				
CALCUTTA (Jan. 11)				
JUTES				
Anglo-India	467 0 0	398 0 0		
Barnagore	77 0 0	175 0 0		
Budge Budge	..	447 0 0		
Champdany	229 0 0	221 0 0		
Gourepore	842 0 0	800 0 0		
Howrah	68 4 0	65 10 0		
Kanknarrah	486 0 0	480 0 0		
Kamarhatty	580 0 0	570 0 0		
Nellumela	..	24 14 0		
Presidency	7 2 0	6 14 0		
Nuddea	113 0 0	108 4 0		
India	582 0 0	..		
MINING				
Burma Corporation	3 14 0	4 1 0		
Consolidated Tin	..	2 8 0		
Indian Copper	3 3 0	3 0 0		
STEEL & ENGINEERING				
Bhartia	..	16 14 0		
Indian Iron	37 6 0	34 11 0		
Burn	..	373 0 0		
Jesop	21 8 0	21 6 0		
Kumardhubi	9 14 0	9 8 0		
Steel Corporation	28 5 0	27 4 0		
Steel Corp'n. Prof.	132 0 0	130 8 0		
TEXTILES				
Bengal-Nagpur	39 0 0	36 2 0		
Cawnpore Textiles	14 12 0	13 10 0		
Elgin	92 0 0	89 12 0		
Muir	..	475 0 0		
Kesoram	18 12 0	..		
New Victoria	10 14 0	10 8 0		
New Victoria Pref.	..	13 9 0		
Dunbar	..	231 0 0		
COALS				
Raneegunge	37 14 0	..		
Amalgamated	..	45 0 0		
South Kanapura	11 4 0	..		
Baraboni	..	3 4 0		
Bengal	692 0 0	581 0 0		
Bhaigora	14 8 0	14 0 0		
Bokaro-Ramgarh	33 4 0	32 7 0		
Burrakur	30 3 0	27 12 0		
East Indian	31 6 0	30 0 0		
Equitable	54 8 0	52 12 0		
Katras Jheriah	59 0 0	57 8 0		
North Damuda	10 0 0	9 12 0		
Searsole	8 15 0	8 14 0		
Sendra	22 4 0	19 11 0		
MISCELLANEOUS				
B. I. C.	6 12 0	6 8 0		
British Burma Petrol	3 6 0	3 5 0		
North Ind. Oil	..	22 5 0		
Titaghur Paper	28 7 0	23 10 0		
Orient	32 7 0	..		
Ind. General Navigation	..	141 8 0		
Dalmia Cements	18 8 0	..		
SUGAR				
Samastipur	21 0 0	..		
Belsund	13 6 0	13 12 0		
Carew	32 2 0	28 4 0		
Murree Brewery	24 14 0	23 10 0		
North Savan	22 6 0	20 2 0		
Ramnugger Sugar	..	13 4 0		
U.P. Sugar	38 10 0	37 6 0		
TEA				
Loobah	..	15 0 0		
Poobong	..	20 8 0		
Bishnauth	..	37 6 0		
Central Cachar	..	102 0 0		
Hasqua	..	15 8 0		
Killing Valley	27 4 0	24 12 0		
New Tarai	..	28 0 0		

THE EASTERN ECONOMIST

Vol. 2

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No. 3

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The Scramble for Markets

THE end of the war is not yet in sight; but already nations are fighting for post-war political and economic positions. The Russo-Polish controversy regarding frontiers and the Anglo-American debate on markets in the future are dangerous pointers to the safety of international political and economic relations. If these controversies concern and affect only the nations which are engaged in them, we need not be unduly alarmed although they reveal the state of mind of those peoples who have learnt nothing even out of this war. The latter still think in terms of markets for their manufactures or of the supply of their essential raw material requirements. Unfortunately the interests and feelings of those nations whose territories are to be the dumping ground of their wares or the areas of raw material supply are either ignored or treated with scant regard. It is necessary, however, to warn these advanced countries that there is a third party in this fight which will not put up permanently with a position in which they would be treated as mere pawns in their game but which on the other hand would compel attention to their own problems and interests.

The controversy that rages between the U.S. and British commercial interests over the Indian markets in the immediate present and after the war, of

which only one side has been allowed to be heard rather belatedly in India can only be understood in the light of the developments that have occurred in the course of the war. Three major factors supply the key to the understanding of this issue. Until lately America had no manner of doubt that she would be the one country which would supply the rest of the world their capital goods and consumers' goods. She has built up a huge war machinery which could be switched on to peace-time production. Although Britain too was favourably placed in this matter, the loss of her overseas income and the need for raw materials would place her in deficit on current account and on the whole her position in world trade was bound to deteriorate. Hence while Britain was over-anxious to retain and develop her external markets in all possible ways, the problem for America (it was thought) was only to secure a balanced trade position by importing as much and as rapidly as her export was bound to expand. But within the last few months a psychological change has occurred on both sides of the Atlantic. On account of the wide difference in the degree of inflation between America and Britain it is felt that American price-levels are soaring to such heights compared to British price-levels that nations would rather buy from Britain than America. This

feeling has also been fostered by the change in the military position. If the war in the western front comes to an end earlier than on the eastern front, American economy would show in an increasing degree the symptoms of inflation. In the result the world would find not a shortage of dollars but a glut as America would have to buy far more than she is able to sell. In a recent number of the British *Economist* it has been pointed out that "the post-war period will witness a scarcity of sterling and a super-abundance of dollars." Now this prophecy is highly uncertain and dangerous; but the psychological effect cannot be ignored. The feeling grows in America that she cannot afford to be complacent in regard to her export trade and her anxiety to have more of the Indian market can be understood in the light of the above analysis. That this fear of abundance of dollars rather than scarcity in the post-war period is not wholly groundless may also be gathered from the following statement of a director of one of the Big Five British banks who in an article in the *Statist* has said as follows: "Is it certain that after the war America will be relatively 'so big'? I dare to predict that if the Pacific war goes on for two or three years after the European war, it is Europe which will be the 'Arsenal of Democracy'; that the whole economy of Europe will be restored, with England as its broker; that Lend-Lease will go violently into reverse; and that our American allies will be looking into us for backing not only in fighting, but also in finance. Gold will flow East across the Atlantic to the centre of confidence." Much of the above may be wishful thinking; but there is enough in it to rouse the sense of keen competition and rivalry between the two nations.

The second major factor explaining the controversy is India's large accumulation of sterling. It is to America's interest (and here we may add that we should join hands with America in this matter as it is to our interest also) that this is cleared not bilaterally but multi-laterally. In other words India should be enabled to buy from wherever she likes and not compelled to get back the sterling only by import of British goods. Incidentally it may be pointed out that the reason why the British currency plan is almost silent on the liquidation of the so-called abnormal war balances whereas the U.S. plan provides for their orderly liquidation (although not as rapidly as India would wish) is that it is to America's interest to provide for multi-lateral clearing and for British interest to clear by the bi-lateral channel. Argentine which had also accumulated large sterling was definitely allowed (with the consent of U.S.A.) to clear her credit by imports of British goods. In the case of India there is no such agreement. But whether there is binding provision or not the fact of a large volume of sterling accumulation by India is enough to give a great and compelling pull to British exports to India. America is again legitimately anxious that she should not be placed under a heavy handicap in her export trade with India.

The third and in some respects the most interesting factor which affects this question is the way in which India's dollar resources have been allowed to increase British trade at the expense of India's trade and economic development. From our own standpoint this unexpected controversy is highly revealing. It has exposed the pretensions and hollowness of the claims of the city of London and shown up in their true colours the vested interests of the British commercial community. For what are the facts? As soon as the war was declared the Government of India at the dictation of the British Government converted all the dollar holdings of the people of India into sterling and also vested all dollar balances on trade ac-

count with the British authority which converted them into sterling and used it for its own purposes. There was not an iota of justification for this step. The plea that for the better prosecution of the war the scarce dollar resources of the Empire should be conserved cannot hold water as India did not have a voice in the determination of the uses to which the dollar resources were put. War economics no less than peace economics cannot be entirely dissociated from politics. It is idle to contend as British papers have done that India like other parts of the sterling area clears her dollars through London, for this is to ignore that India was not allowed to use her dollar balances even to promote her war effort by building up a war machine in the country. Every time that India asked for imports of American machinery and component parts the answer was given unilaterally that there was no shipping available and that dollar resources should be conserved for better ends. To quote the words of the President of the Federation of Indian Chambers of Commerce and Industry, "The policy of the Government of India, influenced as it is by H.M.G., has been consistently to deny the use of the surplus dollar resources of India for the purpose such as imports of essential requisites for expanding India's industrial productivity. Such proposals of Indian industrialists have often been turned down on the plea of shortage of dollars although India's favourable trade balance with U.S. since the outbreak of the war now amounts to more than Rs. 40 crores." In the face of the above the specious pleas of British journals that the dollar income of British Empire is cleared through London, not to serve the interests of British export trade, but to ensure that every dollar earned by the Empire is mobilized to pay the U.S. for essential imports thus reducing Britain's Lend-Lease requirements from U.S. cannot convince anybody. For even assuming that there was justification for compelling India to surrender her dollar resources at the beginning of the war there was no justification for the continuance of this restriction when once the Lend-Lease agreement was concluded. India should thereafter at least have been allowed to use her dollar resources in the light of her own war requirements and of the Lend-Lease resources available to her from U.S.A. Britain could have secured all her legitimate requirements without having placed India under a handicap. The city of London is prepared to deny even the fact that India has had large dollar balances in the course of the war. In 1940-41 India had a favourable balance of Rs. 5 crores with U.S.A.; in 1941-42 it amounted to Rs. 19 crores. In 1942-43 and in subsequent months the balance should have increased much more so that the estimate of Rs. 40 crores cannot be regarded as erring on the liberal side. All these resources if put to effective use in India should have built up her industrial economy on an adequate scale. The opportunity was denied to her.

The voice of India went unheeded. But Britain cannot but answer the forthright charges made by U.S. against the policy of discriminating against America in the Indian market. India's case receives support not from the altruistic motives of American business interests but from their self-interest. The American case has been set forth in clear terms. "The India Government is being controlled by Britain to the point that they may not buy in the United States any more than they have to, so that when the war ends Indian importers will continue to trade with England." To this blunt, straightforward charge the answers of British journals and business interests are a mixture of injured innocence and casuistic arguments. It is said that the U.S. Treasury has unduly restricted dollar accumulations in Britain and the sterling area (including India) to

a minimum working balance,—in sharp contrast to the generosity with which many non-British countries are treated. Again it is argued that Britain need not worry about foreign markets as no country will buy in the United States after the war when it can possibly get everything from Britain more cheaply. The *Financial News* goes further and asks whether in view of the fact that "Britain after the war must supply India with perhaps £1,000 millions worth of goods *gratis*, America would give away about £1,000 millions worth of goods simply to build export contacts." The lengths to which British commercial interests will go to rebut the slightest charge are exhibited in the above statement that Britain gives India *gratis*. Britain has been getting goods *gratis* from the rest of the world for the last 150 years and more by the same process of argument and reasoning.

To us in India the controversy has a lesson. It is that until we are politically free and powerful, we should be cautious in entering upon any plan of in-

Wanted an Indian Exchange Bank

PUBLIC opinion in this country has at all times been alive to the injury arising out of the meagre participation of her nationals in the financing of her foreign trade and has clamoured for its correction. Even the majority of the Central Banking Enquiry Committee, despite their halting acceptance of the weight of commercial opinion in the matter, came to the definite conclusion that "it is not desirable that India should rely for all time on the facilities afforded by non-Indian institutions for the financing of her foreign trade."

The advantages of the increased share of Indians in their nation's trade and in financing it are not to be reckoned merely in terms of the profit or loss which will accrue to the agencies involved in the business, but with reference to the valuable commercial contacts which can be built abroad which will prove of enduring value both in retaining existing markets and developing new ones. The example of German and Japanese foreign exchange banks in causing the rapid growth of their country's foreign trade, and of non-British banks in this country must afford sufficient evidence. Nor are the purely banking advantages negligible. The impetus to domestic banking, the growth of the much-longed-for bill market, increased business to Indian insurance companies, saving on brokerage, commission and other 'invisible' services—all these are no mean gains.

At the time when the subject of starting an Indian Exchange Bank for securing for Indians their due share in foreign trade was discussed by the Central Banking Committee, there were keen differences of opinion. The dissenting minute of the influential minority of the Committee pleaded for the immediate starting of an Indian Exchange Bank. But the majority thought that the Imperial Bank of India could actively participate in foreign trade as soon as the limitations on such participation by it were removed on the establishment of the Reserve Bank of India, and they recommended the starting of an Indian Exchange Bank only in case the Imperial Bank failed to fulfil Indian nationalist aspirations in the matter of foreign trade finance.

It is more than twelve years since their recommendations were made. It is more than eight years since the Reserve Bank has been in existence and the Imperial Bank was freed from the restrictions on its participation in financing foreign trade. There is no evidence as yet that the Imperial Bank has attempted to meet Indian national aspira-

ternational trade or monetary arrangements. We should have complete freedom to shape our trade and monetary policies in the way we deem best calculated to further our welfare. The controversy has also brought to light the fact that all the talk of "no shipping space" even today for the most urgent of India's industrial requirements is just bunkum or interested. One of the foremost American exporters who has dealt with India for almost fifty years has said: "It is true control in India hampered the purchase of United States goods during the war although *there has recently been plenty of foreign exchange and shipping.*" Many an industry in India today suffers for lack of machinery, parts and other components. In the light of the battle that is going on in New York and London for the capture of the Indian market, we are in a better position to see the situation in its correct perspective. No country can ever get justice in the hands of any international authority unless she is independent and can make herself felt. India needs political independence in order that she may be economically free.

tions in the matter or that the institution has been Indianized on the lines recommended by the C.B.R. so as to enable it to take an active share in foreign trade without rousing nationalist suspicion. Nor is there any evidence that the monopoly of foreign exchange banks has in any manner been impaired and Indian participation has appreciably increased. No doubt, some existing Indian joint-stock banks are permitted to do and in fact are doing foreign exchange business. But their share is still negligible and is unlikely to be very much in excess of what it was in 1930.

Present conditions are extremely propitious for starting an Indian Exchange Bank. The case for reopening the issue is imperative. There is plenty of money in the country which has inadequate scope for employment in domestic business and can most gainfully be used to finance foreign trade. The fear expressed previously that the Bank cannot command sufficient resources by means of deposits and capital is unfounded today. Moreover, India's external financial front is one of impregnable strength. We have a large volume of sterling assets to our credit. It is no longer true today that the external world should look to the London money market for financing world trade. London's importance in world trade and, with it, the pre-eminence of the trade bill in the portfolio of the banks had declined considerably in the inter-war period, and is still further declining under the present war. Now is the time to press our abundance of domestic and foreign money into full service to establish foreign connections and come into our own.

Certain significant changes in the methods of export finance which have taken place in the last three years also lend strength to this view. In normal times, the bulk of the bills between India and Europe, America and the colonies is in sterling. But after the collapse of France in June, 1940, fast air mails to London ceased to operate and exporters found it more satisfactory to draw their bills in U.S. dollars and have them sent direct to the United States. But as the Report of the Reserve Bank puts it, the cessation of fast air mails alone could not have led to much change in the financial methods, if the financial advantages which had previously lain in the sterling bills had not been removed by the export control regulations. Indian goods sold to the U.S.A. through the medium of London merchant houses or brokers still continue to be financed by sterling bills on London. But the bulk of direct business began to be done on a dollar-basis. Though this tendency did

not show an increase in 1941-42 and 1942-43, the drawing of bills in foreign currency instead of in sterling has not declined. The significance of this development lies in the fact that the London money market is no longer indispensable as it seemed to be in the past. We can establish contacts with American banks which are certain to help us.

The initial capital of the proposed Indian Exchange Bank will depend on the volume of business it will handle. The average value of India's foreign trade in the last four years is about Rs. 350 crores, and assuming that the share of Indians in it is at present 20 per cent., i.e., about Rs. 70 crores of trade, the Indian Exchange Bank may require total resources of nearly Rs. 15 crores. The share capital of the Bank need not exceed Rs. 5 crores, and the entire amount need not be called up at once, but as and when the business it handles increases. The subscribed capital will be Rs. 2-1/2 crores and the paid-up capital Rs. 1-1/4 crores. The subscription to the shares should be thrown open to the joint stock banks and to the general public, and if the entire capital is not so taken up, the balance might be subscribed by the State. But that situation is hardly likely to arise. The participation of the joint stock banks in the share capital of the Exchange Bank has the sanction of the Central Banking Committee and many precedents in foreign countries. It will of course be found necessary to provide that no non-national banks or individuals are allowed to take up the shares of the bank. Such restriction should apply to the transfer of the shares of the Bank as well.

The participation of the joint stock banks, large and small, in its promotion will confer many advantages. It will avoid unhealthy competition among themselves in a field of business in which they have no experience. Moreover a united effort on the part of all Indian joint stock banks through an organized and powerful bank will have far greater chances of success than the isolated and sporadic attempts of individual banks pitted against strongly entrenched foreign corporations. It will avoid loss of capital and misdirection of energy. Indian joint stock banks have so far made very little headway in the field of foreign exchange, mainly because of the want of a united effort. The Central Bank of India and the Tata Industrial Bank (when it performed exchange business) could not succeed just for this reason. This mistake must be avoided this time. Agreement among Indian joint stock banks as to the share in the capital and profits of the proposed Exchange Bank, as to its share in the deposits of the country and internal trade should be very easy to secure, if the supreme importance of India attaining her share in the field of international finance is remembered.

It might be objected that the business of foreign exchange calls for great skill and experience, that it is extremely risky and that the amateur Indian Exchange Bank will prove no match for the age-old veterans in the field. These arguments were not valid at any time but are specially invalid today. Already some

banks are having personnel trained in the exchange business. The Managing Governor of the Imperial Bank of India in his evidence before the Central Banking Committee admitted that the necessary staff could soon be trained for the purpose. The Reserve Bank is also having its London branch and it must help the Exchange Bank in training personnel and in other ways by giving the benefit of its contact with foreign exchange market. Further, the complexity of the business is exaggerated by those who monopolize it. India must learn it some time or other. The sooner, the better. There is practically no element of risk in the foreign exchange business not only because today exchange rates are controlled but also because every foreign exchange bank worth anything tries always to secure a balanced position in its day-to-day operations.

The opposition from the existing exchange banks must be reckoned with. For many years to come, there will be room left for them too. Their share in India's trade is however bound gradually to decline, and they must face the inevitability of facts. If, however, there is an organized attempt on their part to hit the Indian Exchange Bank, there is no constructive and effective remedy except the one suggested by the minority of the Central Banking Committee, "the full resources and prestige of the State" being brought in, not only at the start, but for such a period as may be necessary to get the foreign banks to realize their correct and legitimate position in this country."

The argument of a State *versus* Shareholders' Bank is, as has proved in the case of the Reserve Bank, a formal and academic matter. The main objective is to develop foreign trade financing. An arrangement regarding the manner and degree of State control and aid can be hammered out by discussion.

It will not be necessary to open foreign branches at once. Agents and correspondents can be employed, provided Indians are employed in the main business to get the requisite experience and training. It cannot be too much emphasized that the employment of Indian personnel is an essential condition of success. We may count upon the co-operation of American bankers in this respect.

The Central Banking Committee said that the details of the scheme could be worked out in consultation with the Reserve Bank and with due regard to the circumstances prevailing at the time of the creation of the new Indian Exchange Bank. We have made the above proposals as basis for discussion. Banking and commercial circles may make suitable changes. On the principle itself, there can hardly be any disagreement. The circumstances are today highly propitious. If we miss the chance now, we may miss it for a long time to come. The matter is so vital to the interests of the country that it can brook no delay. We hope that the representatives of banking and commerce in this country will take this up actively with the Government and the Reserve Bank, hammer out an agreed proposal and get a move on.

of the plan will have to be worked out when its essential basis has been endorsed by the country. But there is no doubt that the plan will receive widespread approbation and approval, for there can be no difference in respect of the objective set out or the end to be achieved. The trebling of the total national income or the doubling of the per capita income in a period of fifteen years and the increase in the national welfare and living conditions of the masses of the

population which such doubling of the per capita income implies may be regarded by some as too ambitious. Indeed when one reads that in order to reach the goal an expenditure of as much as Rs. 10,000 crores is contemplated, it is almost certain that he will put it down in the first instance as visionary and failing to take account of the so-called hard realities of economic phenomena. But the sponsors of the scheme are not academic theorists or visionaries who take delight in dreams. They are practical businessmen, disciplined in the school of realism and fully aware of the implications of what they have set out to achieve. No one can therefore afford to brush aside the memorandum as one of the numerous essays emanating from the land of Utopia but will on the other hand have to examine the plan in all its aspects against the background of our economic circumstances and in the light of our hopes and fears.

The memorandum sets out briefly and concretely the requirements of a minimum standard for the masses of the population and the targets fixed in respect of food, clothing, housing and sanitation will be regarded by all reasonable people as worthy of national endeavour. To secure adequate and balanced food for all would require the doubling of food production. In regard to clothing India consumes only 16 yards of cotton textile per head of population as against 64 yards in U.S.A., 34 in Germany, 21 in Japan; but these latter countries consume a lot of woollen and silk stuff too. It is proposed to double the per capita consumption of cloth and the target figure is fixed at 30 yards. As regards housing the plan provides for 100 square feet of house room per person, and considering the fact that a fairly large proportion of the existing houses both in rural and urban areas should be rebuilt the total expenditure has been estimated at about Rs. 1,400 crores. Besides housing, a reasonable standard of health should also be provided for. Hospitals, dispensaries, special clinics and maternity services would all cost a substantial sum and roughly about Rs. 300 crores of non-recurring and Rs. 185 crores of recurring expenditure have been provided for the various kinds of health and medical services. To liquidate the illiteracy of the 200 millions of our population and to provide for the mass education of the children between the ages of 6 and 11 would require vast sums of public outlay, and it is the sense of the magnitude of the expenditure involved that led Lord Wavell practically to cold-shoulder the (Sargent) scheme. But we can neglect education only at our peril. A minimum of education is the right of every child and the community cannot afford to ignore it. These then are the requirements of a basic National Minimum of Welfare in our country. Adequate and balanced diet, 30 yards of clothing, 100 square feet of housing room, satisfactory medical and sanitary service and free and compulsory education for all.

Having set out the goal, the plan outlines broadly the scale of expenditure involved, the methods of reaching it, the cost of the plan and the distribution of expenditure between agriculture, industry and services. The three-fold increase in the total national dividend is to be brought about in such a way that the present overwhelming predominance of agriculture would be reduced. The plan of development envisaged proposes a change in the composition of the nation income from 53, 17 and 22 p.c. respectively, into 40, 35 and 20 p.c. for agriculture, industry and services. This change is to be achieved through increasing output from industry by about 500 per cent., and yet the increase cannot be criticized as disproportionate. The essentially agricultural character of our economy and of our population will of course still remain. The memorandum lays down a nicely balanced set of considerations dictating the distribution of invest-

ment between the basic industries and consumers' goods industries on the one hand and between cottage industries and large scale industries. Power production is rightly placed in the forefront of the plan as the former is at the basis of all economic development. Agricultural output is to be increased through a number of reforms and measures including consolidation, co-operative farming, irrigation, soil reclamation and prevention of erosion, and improvement in methods of cultivation. Insufficient stress has perhaps been laid on the reforming of land-tenures but the plan is of course not a complete scheme. The magnitude of the financial needs of the plan may be understood from the following distribution of capital expenditure spread over fifteen years.

	(Rs. crores).
Industry	4,480
Agriculture	1,240
Communication	940
Education	490
Health	450
Housing	2,200
Miscellaneous	200
Total	10,000

Will the plan break down on the financial front? The answer is given in Chapter IV where the sources of finance have been described. One need not accept fully Lord Wavell's thesis that the money which is available for war can also be made available for peace; but given the will to reach the goal, every nation can secure the money to fight the evils of peace—poverty, lack of education, unemployment, ill health, etc. Money is not the master of a country's economy but its servant and instrument as Germany and Russia have proved it. It is not finance that will constitute the bottleneck of the plan for the country's resources in men and material themselves constitute the factors required for economic development. Our hoarded wealth, our sterling resources, our savings, our reserves of idle resources in men and material and above all, each year's progressive rate of increase of saving and capital formation can supply us the 600 crores that we need annually on the average.

What then will be the real difficulties and obstacles to the fulfilment of the plan? First, lack of agreement on the structure of the plan; lack of a government rooted in popular will and enjoying confidence of the community; and the disruption of the economic unity of the country. Secondly, too much controversy on non-essential features of the plan. For example the plan may be executed successfully without going all the way of Russia in the sphere of socialism or communism. For the success of the plan the essential elements are centrally accepted targets and an over-all central control and direction. Within those limits it is possible to have fairly varying types of enterprise—co-operative, collective and private enterprises.

The industrialists who have put their signatures to the memorandum may be trusted to be fully aware of the further problems which their plan is bound to raise. Indeed, the authors have stated quite definitely that these matters such as the problem of distribution, the question of the control to be exercised by the state over economic activities whose importance is fully present to their minds are under examination by them. The country will look forward with great interest and keen expectation to these promised reports. The framers of the plan deserve to be congratulated on their vision and practical sense in laying before the country the essentials of post-war planning and thereby have carried planning one stage further along the road to fulfilment.

A Fifteen-Year Plan for India

THE publication of a 15-year plan for the development of India so as to revolutionize her living conditions by a body of leading industrialists* constitutes a landmark in the history of post-war economic planning. The plan is not a blue-print, it is only an outline indicating the direction and goal. The details

* The signatories are: Sir Purshotamdas Thakurdas; J. R. D. Tata; G. D. Birla; Sir Ardeshir Dalal; Sir Shri Ram; Kasturbhai Lalbhai; A. D. Shroff and John Mathai.

The Week's Notes

CONTROL OF CAPITAL ISSUES

When the control of capital issues was promulgated in May last, the Government categorically stated that it was not intended to handicap the legitimate industrial expansion of the country or to hold up the promotion of companies leading to war effort or civilian production. While we were prepared to take this assurance at its face value, we expressed the fear that there might be long and unconscionable delay in granting permission and that Government might have no rational or acceptable criteria by which to regulate the new issues. We further pressed for constituting a machinery of consultation composed of the representatives of industry, commerce and banking. Seven months of working of the order have confirmed our fears and strengthened our demand. Often long delays occur and months pass without any action being taken. Government cannot pretend lack of information because the application calls for full and relevant details regarding every aspect of the business. Also the Government do not seem to have any principles to go by except some sort of provincial allocation which, in the absence of regional planning, is apt to be whimsical, and a vague anti-inflationary prejudice, which, in the context of the Government's failure to help production in this country, is likely to be restrictive even of enterprises with chances of immediate realization in the coming year or two. Sensible post-war planning calls even now for the formation of companies which can place orders for plant and machinery to be delivered after the armistice. The Viceroy recognized this in recommending Indian industrialists to visit Britain. How can these men place orders for plant for starting new industries, unless the first step, viz., the formation of companies is permitted to be taken? Merely to place orders for the worn-out machinery of existing industry will not do. Planning of new industries calls for imagination and knowledge of industrial potentialities. The departmental committee, composed of officers drawn from the Departments of Commerce, Finance and Supply now in charge of capital control hardly possesses these qualities. Only a committee composed of the representatives of industry and trade can intelligently deal with the problem. If the Government are really anxious to free themselves from the charge that they are out to impede the growth of industries, they should have no hesitation in implementing this suggestion.

FINANCING AGRICULTURAL RECONSTRUCTION

At the recent Agricultural Economics Conference held at Walchandnagar, Sir Manilal Nanavati, its president, made a very interesting suggestion for financing the reconstruction of agriculture in India. Apart from taxes and loans he suggested that half the profits of the Reserve Bank which are annually accruing to the Government of India should be earmarked for the development of agriculture. That precedent is not lacking for his recommendation is clear from the fact that in Australia a certain portion of the profits of its central bank is reserved for agricultural improvement purposes. But it is doubtful whether this is the most effective or even desirable way of financing agricultural improvements in our country. We require large sums for agricultural expansion and development; and to depend upon the uncertain and fluctuating amounts arising from the profits going to the Government's share of the profits of the Reserve Bank is not really desirable. Further the Reserve Bank's object is not to earn profit at all. Profits are quite incidental to the main function and purposes of

the Reserve Bank whose duty is to maintain the integrity of the monetary unit and to maintain proper conditions of credit and price-levels. To look to the profits of the Reserve Bank for any essential economic activity is not only futile but even harmful. The Reserve Bank can do much more to agriculture by its credit policy and by creating the conditions for easy agricultural finance. By bringing the vast net work of co-operative and other agencies of credit within the orbit of the central banking scheme in India, the Reserve Bank might do far more than by earning a little profit which may be availed of by agriculture. Already, thanks to the beneficent work of the Reserve Bank, seasonal stringency of credit is now a mere memory. If the Reserve Bank will stretch itself out by affording liberal rediscounting facilities for agricultural bills and otherwise liberalize the terms under which credit will be afforded to rural credit agencies, agricultural improvements can be speeded up. We, therefore, do not quite share the enthusiasm of Sir Manilal in seeking to appropriate some of the profits of the Government or the Reserve Bank for the improvement of agriculture. But Sir Manilal was Deputy Governor of the Reserve Bank and knows what he is talking about. There may be special reasons for the particular proposal which he has made. If so, we would like to know them. On general grounds, however, his proposal does not commend itself to our favour.

U.K.C.C. AGAIN

While the British private commercial interests have themselves begun to look askance at the increasing activities of the U.K.C.C. because of the fear that it poaches into their own territory, here in India their activities continue to affect both private business interests as well as of those of the country at large. In Britain the U.K.C.C. has come in recently for much criticism both from the public and business interests because the former feel that its activities involving large public funds have not been properly examined from the financial standpoint; the latter feel that although markets for British goods may be secured as a result of the contacts established by the U.K.C.C. in various countries the legitimate field of private trading may be adversely affected. Here in India we are affected adversely in every way. Not only is India's trade placed under heavy handicap but the Indian section of brokers and shippers is discriminated against. As one instance we may cite the case of the Indian brokers and shippers of jute, hessian and gunnies. It has been reported that since August last the U.K.C.C. which used to purchase jute through Indian and European brokers has appointed a European representative to make purchases on its behalf and some of the biggest Indian shippers have had no opportunity to get contracts for the last few months. Whatever explanation may be offered for this loss of business to the Indian section of traders and brokers, the fear cannot be wholly dispelled that it is due to a certain amount of discrimination shown against Indian businesses. We have on several occasions previously exposed the injury which the activities of the U.K.C.C. have caused to Indian trade and business. It is well known that the M.E.S.C. (Middle East Supply Council) has been operating in the Middle East countries through the U.K.C.C. and these are precisely the countries in which India is greatly interested as markets for her exports. Our future export trade is likely to be injured through permanent contacts established by this organization and our failure to establish a similar organization.

There is no doubt that the Government of India have failed to allay public opinion in this matter and have shown great indifference to war period.

SALE OF GOLD

During the last four months and more, the Reserve Bank of India has been selling considerable quantities of gold and has arrested the rising trend of Indian bullion prices. All attempts to get a definite statement of policy on the matter have been in vain. The Finance Member's conception of the 'public interest' in this regard seems to be widely at variance from the consensus of informed commercial opinion in this country, which, however divided on the expedient of 'gold cure' for inflation, has never supported an uncertain policy couched in needless secrecy. It is now becoming clear from foreign press comments that the sale of gold in India is part of a definite anti-inflationary policy pursued by Britain in the Middle Eastern and other countries whose financial systems have been within the sphere of her influence and that she is making handsome profits by buying low from South Africa and selling high in India. There can absolutely be no justification for a transaction of this kind. India should get gold at prices prevailing in world markets and sell it here at market rates, and the profits should go to the Government of India. The Government of India should fight out the issue with the British Government and public opinion in this country should have no rest until this iniquity is corrected. On no ground, economic or military, may this transaction be defended. If this is allowed to go on for any length of time, it would be tantamount to dumping another commodity on the Indian market in the same way as other consumer goods are sought to be dumped now at inflated prices or to getting India's commodities very cheap through paying in gold instead of in sterling. We are not against a diminution of our sterling assets which the large-scale sale of gold in excess of Allied purchases of India's goods will bring about. But there is no justification for attempting to make a profit at the expense of India. We are aware that the present high price of gold cannot be sustained after the war and its decline will mean a fall in the assets of the cultivators. But the country at least may be saved from the inevitable loss and this may be done if the profits that accrue go to India and are kept as special reserve. Sale at any price, other than market price would lead to undesirable speculation. Further, the transaction from a high to a low gold price need not be catastrophic, but can be made smooth and gradual by the Reserve Bank continuing its present policy of slowly lowering its selling price. Further all assets, including shares and goods have gone up in prices in the last three years and the rise in gold prices is no alarming phenomenon. The profits which would accrue, if the policy outlined above is adopted, should go not to swell the current revenues of the Government, but into a fund which should be utilized for reconstruction in a manner to be decided upon by representative public opinion in this country after the war.

RAILWAY FARES

It is reported that proposals are under consideration to raise railway fares by 25 to 40 per cent. "both as an anti-inflationary measure and to reduce travel." We may recall that in his speech on the Railway Budget for 1940-41, Sir Guthrie Russell, Chief Commissioner for Railways, estimated that the railways could with their existing capacity, if the necessity arose, absorb all the coast-wise traffic except coal. The policy followed by the authorities during war has been in a large measure formed by such facile opti-

mism and a totally inadequate estimate of the strains that would be falling on our railway system. Railway workshops have been converted to produce munitions and thus even the current replacement needs have been starved. Proposals to start locomotive building industries in India have been shelved, on the ground that it would be several years before they could come into production and so they could not make any contribution to war effort. Branch lines have been dismantled and rolling stock taken over for shipment overseas. Railway personnel have been released for military service. The cumulative effect of all such actions and inactions has been increasing strains on the railways. The transport bottleneck has aggravated local food situations and impeded industrial production. As for train services, although they have been reduced by more than a third under peace-time normal, passenger traffic has increased by 75 per cent. In other words over-crowding is more than 2½ times in relation to peace-time standards. Two increases in fares and "travel less" appeals have been unable to reduce the passenger traffic. But it would be an error to ascribe this to luxury travel by a public which has come by a plethora of money to spare. Congestion in third class compartments is appalling, although this class of people has been hardest hit by the inflation, while comfort standard in second class travel has probably been reduced to below the pre-war intermediate class standards. Apart from military traffic, this increase in traffic is a necessary concomitant of increased industrial and commercial activity and even a drastic enhancement of fares would be unable to reduce to any appreciable extent the strains imposed on our railways. The argument that an enhancement of fares would be an anti-inflationary measure serving to mop up surplus money can hardly be accepted. All price rises "mop up surplus money" and, in so far as railway travel is essential to industrial and commercial activities, railway fare form an element of cost; the psychological effect of an increase in the price of such a basic service as transport is bound to be the opposite of the desired. Due to increase in fare and overcrowding, the railways have not only put Rs. 84 crores in depreciation fund and Rs. 10 crores in the railway reserve fund, but are estimated to make net profit of Rs. 36 crores during the current year. These facts attenuate the force of the argument that a further increase in railway fares would help the railways to build up a special reserve fund for post-war reconstruction of Indian railways, three five-year plans for which are said to be under preparation. Surely these plans can be financed other than by further exploitation of the travelling public during war. The fares that are now charged for travel are very high in relation to service which the travelling public receive. Increased fares will do nothing to improve the quality of the service, as it is extremely doubtful if any appreciable reduction in travel can be secured through enhancing fares. The contemplated proposal deserves to be condemned.

EMPLOYMENT EXCHANGES

Under the auspices of the Department of Labour, Government of India, an Employment Exchange has been opened in Madras and it is reported that more employment exchanges will soon be opened in towns in the United Provinces, e.g., Cawnpore, Lucknow, Agra, Meerut and Bareilly. The primary purpose of these exchanges will be placing of demobilized servicemen in jobs after the termination of hostilities. A great bulk of the Indian soldiers are drawn from the agricultural classes and undoubtedly many of them would go back to the villages after war. But during the war a large number of men have

undergone technical training of various sorts, for work in the factories and in the fields; also many have acquired the training and aptitude for mechanical work and many of these would be unwilling to go back to the villages to their old ways of life. These employment exchanges are designed to serve as a clearing house of skilled technical labour and will contact big employers of labour and trained workers. These exchanges will be helped by an advisory committee consisting of representatives of employers, labour, provincial governments and the Demobilization Directorate of the General Headquarters. The scope of these employment exchanges is thus limited to helping men from war services and to smoothen the process of demobilization. Nevertheless, the question of the establishment of general employment exchanges should also be given serious consideration. Uptil now there have been no general employment exchanges in our country and there has been only a limited use of labour bureau of a sort for the employment of certain categories of railway and dock labourers. The Royal Commission on Labour in India was against such general exchanges because they could not offer relief or prospects of increased employment and it was not "practicable under present circumstances" to compel employers in general to recruit through them, nor would it be "wise to start them at a time when most factory owners can find sufficient labour at the gates." Conditions have changed since these findings of the Labour Commission. Not only has the war created problems of exceptional vastness and complexity in regard to post-war demobilization, but the pace of industrialization has quickened and by all takens will probably be still further accelerated after the war. If there is any acceleration of the rate of industrialization, the supply of skilled labour will undoubtedly form a stiff bottleneck and factory owners would be unlikely to "find sufficient labour at the gates," especially skilled labour. Consequently both employers and workers would welcome employment exchanges. Until the employment exchange can be linked with the administration of a general unemployment insurance scheme, they should, however, be limited to skilled technical labour only, but should not be limited only to those who are in war services. The value of employment exchanges would be great not only to smoothen the transition to peace economy, but also to increase labour mobility to suit a period of heightened tempo of industrial progress.

THE COMMON WEALTH PARTY

Party alignments in the British Parliament are more or less stationary, unlike under the multi-party system of French democracy before 1939. Indeed the only major development in British party politics during this century has been the rise of the Labour Party which wrested position from the Liberals as the principal rival to the Conservative Party for office. Consequently when party policy is dictated from headquarters there is little scope for dissentients to try new allegiances. In peace-time even making common cause over foreign policy is rendered impossible and one has only to recall in this connection the attempt of Sir Stafford Cripps to form a popular front in 1937 which led only to his expulsion from the Labour Party. In such a tradition the career of even two-men and three-men parties in Parliament is bound to attract attention. The recent Skipton by-election which resulted in the fall, by a clear margin, of a Conservative stronghold for 26 years has brought the Common Wealth Party into prominence. The new Party was formed by Sir Richard Acland who has himself been Conservative, Liberal and Independent in succession. The way in

which the Party's name is written would indicate that it stands for the common ownership of wealth and not for bolstering up the British Commonwealth of Nations as an ideal arrangement. As the Labour and Liberal Parties have joined the Government and agreed on an electoral truce which preserves the political alignments of the out-dated 1935 Parliament, the Common Wealth Party got an opportunity to feel the country's pulse on many issues of the day in the Skipton by-election. The result is significant for the immediate as well as future policies that were placed before the electorate and were endorsed by it, and as an indication that the present House of Commons has ceased to reflect public opinion on many vital matters of war and post-war policy. Labourites are reported to be suspecting that the dissatisfaction of farmers with prices and ploughing-up orders, and the delay in laying the cards regarding post-war planning are responsible for Government's defeat in the elections. It is of particular interest to us that the successful candidate won on the issue of independence for India and Sir Richard has confirmed that his party wants the establishment of a provisional National Government in India.

The long-range policies formulated by the Common Wealth Party are of considerable economic interest, including as they do the nationalization of mines and other vital industries and a World Council to handle shipping, aviation and international trade. Nationalization of coal mines has already been recommended by a Royal Commission nearly ten years ago but the proposal has been shelved by a Conservative Government apathetic to economic change. The stress on international control of shipping, aviation and trade is also to be welcomed at a time when Anglo-American views in the matter are still hesitant, if not positively reactionary.

IMPORT OF ESSENTIAL COMPONENTS

In our article entitled "Wanted an *Ad Hoc* Tariff Policy" (in our issue of December 24, 1943), we wrote: "Complaints have been coming from many quarters that production in many lines has been impeded for lack of certain small but vital components which could only be procured by import; but that the Government has in many cases refused to permit the import of the small components, although only too keen to permit the import of the whole finished products." Our attention has since been drawn to the fact that whatever difficulties might attend on the importation of parts and components they were never used as basis for refusal of licences to import. We agree that our statement quoted above might convey the impression that the Government withheld licences for the import of essential parts and we are glad to correct that impression and point out that Government have not refused licences to import. But our main point was that while Government have been unable to provide for the import of the essential parts required by industries here on account of lack of shipping space or other causes, they are witnessing, and have taken no action to prevent, the import of wholly finished goods which could be easily produced here if only necessary parts had been made available. It is known that these consumers' goods which are now imported occupy much more shipping space than the parts and components required for industry and it is therefore no consolation to Indian industry that it is able to obtain licences to import. Unless the Government of India are able to ensure imports and have complete control of the allocation of the shipping space that is available as between various kinds of goods required by this country including machinery and other parts, mere permission to import given to industries is of no avail.

SPECIAL ARTICLES

Rationing of Rice in Madras City

By T. S. Krishnaswami Iyengar

I

RATIONING of rice was introduced in Madras City from Sunday, the 5th of September, 1943, and the daily ration was fixed at 1lb for adult and ½ lb for child. On July 19, 1943, the Madras Rationing Order was promulgated and as a necessary preliminary step a census was taken of the residents of Madras at the end of July, the enumeration being done by the A.R.P. volunteers. There were found to be 7,29,727 adults, 2,33,640 children between the ages of 2 and 12, and 24,478 infants below two years.* Infants were naturally excluded from ration; and the total rice ration for the adults and children for Madras City, calculated on the basis of 2 units of 1¼ ollocks each per adult and 1 unit per child came to about 11,338 tons per month. Allowance had to be made for quite an appreciable number of householders in the city, who, since they owned rice fields in the districts, preferred to obtain their own rice from their villages. These mostly belonged to the districts of Tanjore, Trichinopoly, South Arcot, Nellore, Kistna, East Godavari, West Godavari, Guntur, North Arcot and Chingleput, which were scheduled as surplus districts. And such householders were permitted to import into Madras for domestic use 4 maunds of rice i.e., two bags of 46 measures each per mensem. This was irrespective of the number of persons in the family. Later on, with effect from December 1943, this general permit was modified and no more than what the ration-card holder is entitled to in each month is allowed to be imported by him. There are about 660 such permit holders importing rice for domestic consumption; 370 from Tanjore, Trichinopoly and South Arcot districts, 220 from Chingleput and North Arcot and 70 from the Andhra districts. The exact number of bags of rice imported by such permit holders has varied from month to month and accurate figures for the same are not available. But from the fact that the Government has estimated the monthly rice requirements of the city at 11,000 tons, it may safely be assumed that the 300 and odd tons of rice would cover that and other margins.

Ration card holders are of two classes: (1) the ordinary householder who is given a yellow card, and (2) establishments i.e., hotels, institutions and residential lodges who get a distinctive blue ration card. Different methods of ascertaining the number under each of these sub-heads were employed. In the case of hotels, eating houses, and restaurants, the number of servants in permanent employ therein was taken as the basis and a scale of unit suitable of application to them was adopted. Institutions such as hospitals, and orphanages, offered no difficulty, as the inmates of such were easily ascertainable at any given time. As for residential lodges, the average of guests from January to June, 1943, was taken as affording a reasonable standard.

For administrative purposes connected with rationing, the city was divided into seven circles, each circle being incharge of a circle rationing officer of the rank of a tehsildar. His office is within the circle and he is assisted by an assistant rationing officer. Originally each circle officer was given an assistant, but after nearly four months of experience it was found that the work had grown simpler and more of the nature of routine, and the assistants are being found unnecessary and so are gradually withdrawn. Over the circle rationing officers is the City Rationing Officer with

his Central office at Mount Road, Madras. Over him again, is the Provincial Controller of Rationing, and the whole department is under the Commissioner of Civil Supplies.

Each circle office has a head clerk with 14 to 16 clerks under him. Each circle is again sub-divided into ranges. There are altogether 35 enquiry officers whose business it is to deal with all matters connected with household rationing cards. Three to six enquiry officers are attached to each circle, their number depending on the number of shops and ration-cards in the locality. There are 35 checking inspectors whose duty it is to go about day after day supervising the work in the various ration shops allotted to them, to check the accounts and stocks in each shop and also to give necessary instructions from time to time to the staff working in the ration shops. Each checking inspector is placed in charge of about 20 shops. There are also five food inspectors of the grade of health inspectors who inspect the quality of rice vended in the retail ration shops week after week to satisfy themselves that it is wholesome and to condemn such rice as may be or become unfit for human consumption and direct the withdrawal from sale of such rice.

The Central rationing office is manned by 13 head clerks and 177 lower division clerks. There are 8 sections dealing with (1) indents of retailers, (2) correspondence with retailers, (3) indents of establishments, hotels, eating houses, etc., (4) correspondence with such establishments, (5) establishment of the rationing offices, (6) statistics including prosecutions, (7) appeals, and (8) general matters. There is an office manual compiled and printed for use by the office which contains regulations, rules and detailed instructions regarding the procedure to be followed in the administration of rationing. There are a central food advisory committee and seven circles food advisory committees which meet generally once a month. The expenses in connection with the Madras City Rationing Office and circle offices, which are run as a department of the Government are about Rs. 28,000 a month.

The number of ration card holders, i.e., private individuals who take rice for their domestic consumption amounts to 1,30,889 weeklies and 68,022 dailies.* How much rice is taken up by the weekly purchasers and how much by the daily, is not yet computed as the whole scheme is still in an experimental stage. It will not, however, be incorrect to state that while almost all the daily purchasers usually take in parboiled rice, only a small fraction of weekly purchasers go in for it. In fact, a very large proportion of weekly ration card holders in the city, purchase only raw rice. Out of about 2 lakhs of householders in the city, a lakh and twenty-five thousand are consumers of raw rice while about 75 thousand eat parboiled rice. This will also be the proportion of the rich and middle-classes to the poor and labouring classes resident in the city, it however being borne in mind that quite a number of rich and middle-class people, mostly Malayalese and several Non-Brahmin families, prefer parboiled to raw rice.

* The revised figures as in December 1943 are as follows:— Population 10,66,481; families 2,20,627; Adults 7,96,701; Children 2,46,793; infants 22,990.

The proportion of parboiled rice to raw sold in the city was 5.2 in September, 10.3 in October, 5.4 in November and 4.7 in December. While the 1¼ lakhs of people taking raw rice purchase only once a week, the 75,000 purchasers of parboiled rice take it nearly seven times a week, and allowance has to be made for the financial strength of the several classes of buyers and the general poverty of the strata of society to which the daily ration card holders belong. All the same, the extraordinary violent fluctuations denoted by the above rations need explaining, which will be done at a later stage in the course of this article.

In Madras city under the rationing scheme there are now 494 recognized retail dealers or shops, 2,927 hotels, institutions and residential lodges, comprehensively called establishments, and 10 "approved grain shops" run by factories and similar institutions.* Each retail dealer or ration shop is permitted to register not more than 500 ration cards but is allotted from time to time temporary permit holders also by the rationing office. These retail dealers have to furnish every week indents of their requirements for the next week, which indents are scrutinized and passed by the rationing office after taking into consideration the sales in the particular shop in the prior week or weeks and the balance of stock. The required quantity of rice is then released from the Government godowns on payment of the price fixed therefor. Immediately prior to the introduction of rationing, two weeks' stock of rice was supplied to each shop calculated on the quotas of rice on the ration cards registered in that shop. It was intended then that each shop should have a week's stock as a reserve. But in the working the reserve has dwindled and disappeared, and if for any reason there is delay in the passing of the indent or in getting the rice released from the godown on payment, the shop will have no rice to sell. This has happened, though only very rarely. The retail sale prices are also fixed by the Government for the two main varieties of rice, namely raw and parboiled, though no provision is made to fix the prices for the different shades of quality under each of the two main varieties. At the end of December, however, a differentiation has been made between a superior kind of rice and an inferior one with a slight variation in price between the two. All rice sold in the city is unpolished or under polished. The Government import into the city raw rice from the northern districts of Nellore, Kistna, East and West Godavari, and boiled rice from Tanjore, Trichinopoly and South Arcot in the South, the raw rice supplied being mostly of what is called the Tadepalligudam or "average" variety. Nellore rice, much in demand in Madras City in normal times, has not been seen in the city since rationing was introduced. The rice sold in Madras from September to December, 1943, is all inferior rice of "average" quality.

Below are given the tables showing the sales of raw and parboiled rice in tons from September to December in Madras city:—

TABLE I

	Raw	Parboiled	Total
September to 25-9-43			
Retail Shops . . .	2,522	6,098	8,627
Establishments . . .	221	156	377
Grain Shops . . .	47	792	839
Total . . .	2,797	7,046	9,843
October 26-9-43 to 23-10-43.			
Retail Shops . . .	1,619	5,252	6,871
Establishments . . .	190	160	350

Grain Shops . . .	46	1,111	1,157
Total . . .	1,855	6,523	8,378
November 24-10-43 to 20-11-43			
Retail Shops . . .	3,520	4,177	7,637
Establishments . . .	189	205	394
Grain Shops . . .	208	642	850
Total . . .	3,917	4,964	8,881
December 21-11-43 to 18-12-43			
Retail Shops . . .	3,666	2,168	5,834
Establishments . . .	319	156	475
Grain Shops . . .	228	195	423
Total . . .	4,213	2,519	6,732

The Triplicane Urban Co-operative Society, Ltd. (T.U.C.S.) has 58 shops in the city, distributes rice and other groceries to the middle-class population in the city and has on its rolls about 9,700 members of households besides supplying food articles to a vast number of non-members under the Emergency Scheme of Food Supplies to the city, evolved by the Madras Government since January 1942, to tide over the crisis caused by the Japanese conquest of Malaya and Burma and threats of invasion to India. The statistics of sales in the T.U.C.S. (given in Table II below) can therefore be taken as a correct index and reflection of the sales in the city and are quite instructive. About one-ninth of the ration card holders in the city are registered in the shops of the T.U.C.S. and its supplies of rice amount roughly to 11 per cent of the total rice distributed in the city. The institutions, hotels and grain shops take up a little less than 3 per cent. The balance of 86 per cent is sold by the 436 private ration shops. The T.U.C.S. sells about 18.4 per cent of the entire raw rice sold in the city, but only 8 per cent of the parboiled rice. This again indicates clearly the strata of society who patronize the T.U.C.S. In most of the shops of the T.U.C.S. the full quota of 500 ration cards are registered. The average works at 390 a shop including weeklies and the dailies. In a few shops the dailies alone exceed 300, which means an enormous amount of work to the persons employed in the shops. To cope with such increase of work additional hands, accountants or sales boys as the case may be, are being provided.

The sales of rice in the three or four months previous to the commencement of rationing on September 5, 1943 were extraordinarily heavy in the city. Everyone knew that rationing was certain to be introduced and there was naturally a tendency even among the not very well placed to accumulate stocks. Those who afforded it and had the necessary ready cash and convenience bought up as much rice as they could. The unofficial rationing or "partial control" over sales of rice that prevailed in Madras City in those months greatly encouraged this kind of buying and hoarding, which was not prevented effectively by even the orders of the Government of Madras calling for returns of rice stocks from householders, the prohibition against keeping stock in excess of 10 maunds of rice and the "freezing orders" of all stocks in the hands of mer-

* The revised figures as in December 1943 are 1,44,829 weeklies and 70,432 dailies.

* The 10 approved grain shops in the city belong to (1) the Buckingham and Carnatic Mills, (2) the M. & S. M. Ry., (3) the S. I. Ry., (4) the workshops of the Madras Electric Supply Corporation and Tramway, (5) the Harness and Saddlery Factory, (6) the Crompton Engineering Works, (7) Ford Motors (India) Ltd., (8) Burmah Shell Co., (9) P. Orr & Sons, and (10) the Diocesan Press.

chants, issued just before rationing was introduced. An individual was allowed to purchase 2 rupees worth of rice at a time. Each person bought that much of rice whatever the size of his family, and he bought it every day if not oftener. Not only that each member of a family if he had money, patience, and a powerful elbow, purchased as much as he could. It was estimated that the sales of rice in these months went up to about 14,000 tons a month. When it is seen that the Government ration estimates or "legal consumption" figures are only about 11,000 tons a month, and that in fact the highest figure reached after rationing was introduced, is only 9,850 tons, it will be realized what scope there was afforded for the abuse of the privilege of purchasing rice under the "partial control" system. While a good quantity of rice thus sold in July and August may be assumed to have been absorbed by the private householder, it may safely be taken that quite a large portion of it found its way into the black market. This process received an impetus from the fact that the rice available in the market at that time was well polished rice, and it was common knowledge that ration rice would be unpolished.

Below are given the figures of the estimates (legal consumption) and actual sales of rice (real consumption) in the 58 shops of the T.U.C.S. in the city from September to December, 1943.

TABLE II

Estimates (in bags*)	Raw	Parboiled	Total
164½ lbs. . . .	10,800	8,640	19,440
Actual Sales (in bags)	Raw	Parboiled	Total
Up to 25th September . . .	8,435	7,637	16,072
October (26-9-43 to 23-10-43) . . .	5,998	6,845	12,843
November (24-10-43 to 20-11-43) . . .	7,316	4,973	12,289
December (21-11-43 to 18-12-43) . . .	8,693	2,905	11,598

*One bag=2 Mds.

The large variations between the real consumption and the legal consumption as well as the violent fluctuations in the sales in the four periods in question will be noted, especially the rapid fall in sales in parboiled rice with but an all too meagre increase in sales of raw rice.

The sales figures for September cannot be deemed to provide a proper or safe index. The feelings and fears adverted to in the foregoing paragraphs were still in active operation even after rationing was introduced. It was thought that the ration scheme might break down some time or other and the city might be left with no supplies coming in to replace the stocks sold out. The Government of Madras, it was said, was not in favour of rationing but was forced to it much against its will, by the Central Government and resorted to it as a last recourse; that it was half-hearted in embarking on the scheme; that no ration scheme could be successfully worked unless the Government had on hand a reserve of at least 3 months' stock to begin with, and that the Government in spite of all its staff of grain purchasing officers operating for months in the surplus districts were not able to gather more than what would suffice for 2 or 3 weeks and so on and so forth. The fear was, it would appear, not entirely groundless, as responsible government officials kept repeating that the September crop would be very satisfactory and would provide enough rice stocks to fall back upon. The people, however, apprehended that the September crop was bound to be sub-normal owing to the abnormal rains in South India in the middle of May, which had affected the soil adversely. Moreover, *Kuruvai* or *Kor* rice, as the produce of the short summer crop is commonly known, is generally unfit for use as raw rice,

is consumed only by poorer sections of agriculturists, and that only as boiled rice, and this variety of rice rarely finds its way into the city and is never favoured here. Again there was a misgiving that if the ration quotas were not taken up in full the Government might take it that the ration fixed was more than enough and therefore reduce it, as was reported to have happened in Bombay. There is also reason to believe that in some cases at any rate the data given by the householders, though not exaggerated as to the numbers comprising the household, was slightly inaccurate in that it took into account probable and inevitable guests. It is a well-known fact that, ration or no ration, there is no stopping the arrival and stay for longer or shorter periods of relations and dependants from the countryside, and Madras is the junction through which all travellers from the South to the North have to pass. The Government circular to the effect that no additional rations would be provided unless a guest stayed continuously for a fortnight at least, was certainly unhelpful in this regard. Moreover, no supplementary ration was allowed for ordinary dinners and entertainments; and for religious ceremonies, the extra ration prescribed was ridiculously low. No wonder discreet house-holders thought it wise to provide for eventualities by including one or two fictitious permanent guests. The authorities have since commenced a "check up" of the data furnished by house-holders with a view to arriving at a correct figure of persons comprised in each household and to revise the legal consumption accordingly on a better basis. The result of it will have to be seen.

The figures for September cannot therefore afford a correct basis. Those for October may be nearer the mark and indicate perhaps more correctly the city's rice requirements, though, owing to the confusion and the privations that the citizens of the city were subject to at that period, due to unprecedentedly heavy rain and consequent flooding of large parts of Madras even that month may not provide an absolutely correct standard. One noticeable feature in October was that the raw rice supplied was much inferior in quality to what the city was normally accustomed to, while the parboiled rice was distinctly better and finer than what used to be sold in the city, being from Tanjore and South Arcot districts, so much so that quite a large number of families who in the ordinary course take raw rice preferred the other variety and even found it convenient and necessary to go in for it. Some took their rations in both. In this they were influenced largely by the permission given by the rationing authorities to have a portion of their ration quota in parboiled rice even though the card was registered only for raw. This would explain in some degree the increase in sales of boiled rice and the fall in raw rice sales in this second period. Even raw rice eaters do require parboiled for some of their preparations, *iddalis* for example, which is a favourite with the South Indian and is frequently made in every house.

In November, which is the third period of review, there was a swing of the pendulum the other way. Owing to the large number of rainy and wet days in October and November in Tanjore and Trichinopoly districts, which retarded to a great extent, if it did not actually prevent, the processes involved in parboiling of paddy and making it ready for the market, regular supplies of parboiled rice to Madras City became difficult and stocks ran very low. The ration authorities therefore passed orders that holders of ration cards for parboiled rice be given only half their quotas in that rice and the rest they could have if they chose in raw rice. Not only that; the issues to shops of parboiled rice were cut by 50 per cent. This accounts

for the very low sales in this kind of rice in November and December. In many cases this worked as a serious hardship. Many a person belonging to the poorer strata of society, though he was accustomed to only parboiled rice, was forced to content himself with only half his quota of rice, foregoing the other half as he was not accustomed to raw rice. In the case of the very poor daily purchasers it was highly inconvenient, as it involved cooking of two kinds of rice each time separately at a period when fuel was very scarce. This switching of from one kind of rice to another in the course of the day or on alternate days was deleterious to the health. Nor was the raw rice of a quality as might allure and attract a person not ordinarily its user; and prejudices die hard indeed.

At about the end of December normal conditions began to prevail and sufficient supplies of raw and parboiled rice began to come into the city. But a change was again brought about. Parboiled rice was classified into two qualities, superior and inferior, the superior costing 2-1/8 measures per rupee and the inferior 2-3/8 measures per rupee against the uniform rate of 2-1/2 measures per rupee which till then prevailed. Raw rice too was similarly classified with effect from December 27, 1943, the superior costing 2-1/4 measures a rupee and the inferior being continued to be sold at the old rate of 2-3/8 measures a rupee. The rice supplied to far in the city is all inferior rice. How people will react to this change has to be studied in the coming weeks. With effect from January, 1944, the restrictions on the supply of parboiled rice to ration card holders of that rice was withdrawn as the stock position of parboiled rice has improved and the imports are adequate. On January 1, 1944, the stock position with the Government was about 1 lakh of bags of raw rice and 38,000 bags of parboiled rice.

All things considered, the October and November figures taken together may be regarded as indicating a nearer enough standard of the city's normal requirements, as at present situated. The follow-table showing the real consumption of the two kinds of rice in the four periods in question will be instructive.

Total legal consumption per month; 11,000 tons.

TABLE III

	Sept.	Oct.	Nov.	Dec.	Total for 16 weeks
Raw	2,800	1,860	3,920	4,210	12,790
Parboiled	7,050	6,520	4,960	2,520	21,050
Total	9,850	8,380	8,880	6,730	33,840

A comparative study of the sales progress, and therefore of consumption, of rice in the city as a whole on the one hand, and of the 58 shops of the T.U.C.S. and 484 ration shops run by private merchants on the other, will be facilitated by the following table.

TABLE IV

Raw	Estimate permonth (in tons)	Estimate Sep. tons.	Estimate Oct. tons.	Estimate Nov. tons.	Estimate Dec. tons.	Total ons.
T.U.C.S. shops	800	625	444	542	644	2,245
484 retail shops		2,530	1,620	3,520	3,670	11,340
Boiled						
T.U.C.S. shops	640	566	507	368	215	1,656
484 retail shops						
Total						
shops	6,100	5,250	4,117	2,170	17,637	
T.U.C.S. shops	1,440	1,191	951	910	859	3,911
484 retail shops		8,630	6,870	7,640	5,840	28,980

Compared with the consumption in September, 1943 in the city, the raw rice taken up in October fell

short by 36 per cent. but recovered in the succeeding months rising to about 40 per cent and 50.5 per cent of the September figures in November and December. But in the case of parboiled rice there was a sad fall month after month; in October the fall was only 7.5 per cent., but in November and December the fall was very steep by 29.7 per cent. and 64.3 per cent. The total sales of raw and parboiled rice marked a fall of 14.9 per cent., 9.8 per cent., and 31.7 per cent. respectively in October, November and December 1943. So far however as the sales in the T.U.C.S. were concerned, the changes were not so marked. The sales in raw rice fell below the September figure by 28.9 per cent. in October but recovered and rose to 14.5 per cent., in November, but in December it further rose to 3 per cent. above the September sales. The sales of parboiled rice continued to be in deficit throughout, though the fall was not so abrupt as in the figures for the whole city, being only 10.3 per cent. in October, 35 per cent. in November and 62 per cent. in December. The combined figures of sales of raw and parboiled rice in the T.U.C.S. showed a fall from September of 20.1 per cent., 23.5 per cent. and 28 per cent. in the three succeeding months.

Compared with the original estimates of legal consumption, which are based on the units (quota) recorded on the ration-cards, registered in the shops of the T.U.C.S., the total sales in September were only 80 per cent. and this suffered further decrease in October, November and December, when the sales fell still further to 65 per cent., 61.5 per cent. and 57.5 per cent. of the estimate. The corresponding percentages for the city were 89 per cent., 76.4 per cent., 81 per cent. and 61 per cent. for the four relevant periods.

(To be continued).



THE WORLD ABROAD

Reaction to Roosevelt's Programme

(From Our Washington Correspondent)

WASHINGTON, Jan. 17 (By Cable).

THE United States obtained a clearer perspective of its economic course for the duration of war when President Roosevelt last week sent Congress two messages, one recommending general legislation and the other transmitting this year's one hundred milliard dollar budget with an estimate of the national debt which will reach 285 milliard dollars by June 30th 1945. The future is not particularly alluring judged by congressional and popular reaction to the President's recommendation.

There is little doubt that Congress will disregard much of President Roosevelt's five-point domestic programme, the chief feature of which was the advocacy of national service law. Opposition to an all-inclusive labour draft legislation is so strong that it is unlikely even to be seriously considered by the Congress.* But continued threat of new strikes could result in new anti-strike statutes providing conscription for workers in factories which Government is forced to operate because of labour disputes. Other highlights of President Roosevelt's programme included higher taxes, food subsidies and control of war-time profits and prices and wages. Here is the outlook for these measures based on current prevailing sentiment.

Pending the Bill, raising taxes to the extent of two and a quarter milliard dollars represents congressional limit particularly in the election year. Congress has no intention of enacting ten and a half milliard levies which President Roosevelt urged as a primary step against inflation. The administrations' tax plans have been rejected, firstly because additional taxes are unpopular with the electorate, secondly because they would bear most heavily on those already onerously assessed and allow millions of war-expanded incomes to escape proportionate increase. The reasons first given are persuasive although the second always offers better argument.

The President's recommendation for the continuation of war contract renegotiation law will be respected. This is the only major point in Roosevelt's new economic platform whereon there is no important disagreement. The President urging reauthorization of consumer subsidies termed them "food cost law" thus making them popularly more palatable but congressional dislike for subsidies nevertheless persists. They will probably be renewed on a restricted scale but it would not be sufficient to avert another rise in food price level. The Stabilization Act whose continuance Roosevelt asked and which authorizes Government to control wages and prices expires by June 30 next. The President advocated its re-enactment but it is more likely to be revised to include certain modifications. As far as the budget is concerned 90 per cent. of its 100 milliard dollar recommendations have been earmarked for war expenditures. The Congress will unquestionably approve these authorizations even while it is generally realized that if war against Germany ends this year there is little chance of such huge sums being spent for munitions and other war-materials. There is little generally to worry about the rise in public debt except among orthodox economists. The United States has long ago passed the stage where a few milliards more or less will cause widespread concern.

*Later report says that consideration is indefinitely postponed.

To summarize President Roosevelt's recommendations to the Congress and indirectly his appeal to the people is not entirely simple. The republicans were quick to brand both the messages as an open bid for the fourth presidential term. But it is scarcely appealing for votes, to ask labour draft whereto both American Federation of Labour, Congress and the industrial organizations are vigorously opposed or to urge higher taxes whereto every body is opposed—except in principle as applied to every body else.

Regardless of the President's motives all indications are that his programme won't be followed. It is likely it may stem inflation and certainly would help to do so. But no one expects congressional compliance and no one cares too much regarding inflation these days. Everybody in the United States is prosperous beyond pre-war imaginings. Some commodities are difficult to obtain except in black market; otherwise the inflation spiral thus far only bothers the theorists. Some of them however still raise a warning voice. Regan Connally, former high official of the Office Price Administration, last week said that major inflations are the most important factors in the nations' stabilization programme and asserted that if the controls are eased this "would be a dangerous year from the inflation view point." In the last war whole sale prices rose 102 per cent. then, after the armistice jumped to 148 per cent. when compared to pre-war prices. In this war the wholesale prices have advanced only 37 per cent. How far they will climb before the end of 1944 depends to a great extent, on how far Congress becomes aware of the inflation danger.

NOTICE

IMPORT TRADE CONTROL

Imports From United States Of America.

In the case of applications for licences for imports from the United States of America the goods must be described in sufficient detail to enable them to be classified in accordance with approved procurement programmes. The description according to the Import Trade Control Schedule may frequently not be enough for this purpose. Applicants are therefore advised to describe as fully as possible the exact nature of the goods required, failing which their application is liable to be returned for further particulars.

Licences for goods which have been programmed will contain at the top an entry showing the "IND. NUMBER".....This entry gives the reference to the procurement programme, and it may be of advantage to the importers in obtaining supplies from the United States of America if they communicate also this reference Number to their suppliers when informing them that an import licence has been obtained. Reference numbers in respect of other classes of goods will be communicated to licence holders as and when the programmes for such goods are approved.

(Sd.) K. G. AMBEGAOKAR,

No. 37. Jt. Chief Controller of Imports (F.P.).

Housing in Post-War Britain

(From Our London Correspondent)

LONDON, Dec. 30. (By Airgraph).

THE housing problem has been acute in Great Britain ever since the last war. By 1921 there was a shortage of nearly a million houses and the result was much overcrowding in practically every town. By 1931 the deficit was in the neighbourhood of two million houses. Some progress was made during the last decade and by purely quantitative measures the deficit was reduced to something like half a million houses. Add to this replacement of bomb-damaged houses and special war obsolescence, and we arrive at a total for the next two years of something like 1,300,000 houses. Actually this is an underestimate, since it does not take into consideration the very large percentage of houses which do no longer conform to required standards of amenities. Normal obsolescence will increase the total to practically two million houses by 1951. In other words, between now and 1951 two million new houses have to be built. This is one part of the problem.

On the other hand, much replanning of towns all over the country has to be done. In the matter of town-planning Great Britain has lagged far behind other European countries. Extensive bomb-damage in some of the towns, London for example, is offering many advantages for replanning. There was such an opportunity for London after the Big Fire when Wren in fact had prepared a plan for what is now the City of London and parts of Holborn. Private interests, and mainly interest in the sites, prevented any real attempt at planned rebuilding. It was feared that a similar situation would arise at the end of this war when building man-power and materials would become free to be employed to repair the ravages of the bomber and of general obsolescence. It is one thing for national and local authorities to have plans drawn up and quite another for these plans to be realized. In his Survey for Greater London Highways Sir Charles Bressey said that in the central areas of the town the cost of comparative insignificant street widenings sometimes works out at the rate of £2,000,000 per mile and the cost for the road schemes envisaged by him (in 1937) for Greater London would amount to something over £250,000,000, or more at post-war costs.

The London County Council recently published a Plan for Greater London which was drawn up by a panel of experts. If this plan is eventually legalized it will mean the rebuilding of practically 50 per cent. of the town. Such rebuilding would, of course, take place gradually. But any new building would have to be in accordance with the plan. Thus in due course about thirty per cent. of the area new built over would be free of buildings to be utilized for open space and new roads. This will interfere vastly with the private ownership rights of land. And, unless some new method of dealing with land ownership in built up areas is found, the cost for the local and national authorities will become prohibitive.

It was to study this problem that the Uthwatt Committee was set up. Unfortunately their terms of reference prevented them from studying the most obvious solution, namely the nationalization or communalization of all land in town areas. It would have been interesting and instructive to have the views of such a committee on this question. As it is Mr. Justice Uthwatt and his colleagues have done the best they could under their terms of reference.

proposal which had gained some favour in the last few years they found inadequate. This was for pooling the land ownership rights of the land. The land owners would have to divide their individual rights into a pool and a corpo-

ration of former owners would be formed. This corporation then would own and manage the separate estates so formed. This would make more rational planning and building possible. But the drawback as the Uthwatt Committee found would be that it would still be the financial interests of a multitude of such corporations competing against each other rather than co-operating in a common effort, which would remain paramount. If one considers that half the population of Great Britain lives in towns of over 50,000 inhabitants, the magnitude of the problem is evident.

The Uthwatt Committee, whilst acknowledging that Unification of Land Ownership by pooling would have some advantages, came to the conclusions that its disadvantages were against its adoption. Unification of Land Ownership in towns had to be advanced much further than could be done by pooling. They, instead, made three main proposals:

(a) The vesting in the State of all development rights in all land lying outside built up areas; the user interest of the land remaining for the time being with the owner of the land. If and when development became necessary the ownership of the land should be bought outright by the State. The land would then either be developed by the State or local authority or else the land leased to private enterprise for development. Compensation would be paid for the loss of development rights to the owners.

(b) Land required for development or redevelopment in built up areas should be bought outright by the State. Again, the State or local authority might rebuild themselves or lease sites to private enterprise for building.

(c) The site value of all property in developed areas should be periodically assessed and a levy of 75 per cent of the increase in value to be paid to the State by private owners.

A subsidiary proposal is that local authorities should be given much greater powers of acquiring land than they now possess and land, once acquired by either local authorities or the State should not be sold again but leased out if not required by the authorities or the State. Thus, then the Uthwatt Committee are definitely in favour of a very extended national and communal land ownership. If their proposals are accepted it is likely that within fifty years practically all land in built up areas will in fact be owned either by the State or local authorities.

In order to regularise the method of acquisition of land by local authorities and the State, the Government have already indicated that they will set up a special department, the duty of which it will be to act as purchaser of land both for the State and for local authorities. Thus in future State departments and local authorities will have to acquire whatever land they require through this department. But so far this is the only indication of Government action as far as the Uthwatt Report is concerned though it is expected that early in the new session of Parliament the Government will give some indication as to how far they will act on the report.

As to the three proposals of the Uthwatt Committee, there is, of course, a great difference between the market value of land which is as yet undeveloped for building purposes but may sooner or later be turned into building sites, on the one hand, and land which is already built over. The increase in value of the former may be a very large one once development is in sight or has already started. Changes in value of the already built over land are smaller on a per cent. basis though they may be considerable. If, then, new

land cannot be developed by the present owner unless by licence—which would be granted in special circumstances only without the land being appropriated by purchase by the State or local authority—the owner cannot profit any longer by impending or actual development of his land. For the loss of this expectation in increased value he will be compensated out of a general fund. The details of the very technical and somewhat difficult assessment of such development value we need not concern ourselves with here. The matter is fully dealt with in the report. The result of the proposal would be that, except in comparatively few special cases the owners of the land would have little further interest whether land was or was not developed. The realization of planned development would become much easier and communal and national interests would have a much better chance of receiving their due. So long as the land is not being developed the present owner can do more or less what he likes with it, he can lease it, can sell it, or work it himself. But it is only the user value of the land which he owns and can lease or sell. Once general development takes place he, of course, has to relinquish his ownership against compensation.

The above proposal together with the proposal that land required in built up areas for reconstruction and re-development is to be bought outright by the State or local authority, again, will make rational planning possible at least. It remains true that any sites in densely populated town areas and in the centre of business districts such as the City and Westminster, will have to be bought out at enormous prices. But the increased amenities resulting from planned development will tend to raise rather than lower the ground rents obtainable for such sites. Thus outlay for rebuilding streets, for open spaces, and incidental work in connection with redevelopment will largely be recouped from better rents on such sites. Besides this, the levy on increased values of building sites still privately owned will not only bring in a considerable revenue, but it will tend to repay the State for costs expended on general improvements. In other words, whilst at present increased amenities, caused by the tax-payers' effort in common, necessarily turned into unearned profits for the lucky land owners in the vic-

nity, in future these profits would largely be returned to the common treasury. Initial costs for large-scale redevelopment, such as planned by the London County Council, would thereby merely become a capital investment which would amortise itself in due course.

The only hole in these proposals would appear to be in the fact that increased values of agricultural land, caused by higher agricultural prices and such better facilities for the country-side, as proposed in the Scott. Report, would escape a special levy. This would have the well-known bad result that whatever is being done to help the farmer will, in fact, not benefit him *qua* farmer except for a short period. All such advantages are in due course discounted in higher rents for the tenant farmer, on the one side, and increased land values for the landowner. This has been the general experience of all campaigns to "help the farmer" in this and other countries.

The British Labour Party now demand that all agricultural land should be nationalized; i.e. bought up by the State. For immediate purposes the land would then be re-leased to (now) owner farmers and to tenant farmers. In other words, all farmers would, *ipso facto*, become tenant farmers, and special conditions as to the type of farming to be conducted could be inserted in the lease thus safeguarding the country's food production whilst at the same time reserving for the nation as a whole, the farming population included, the benefits from any measures of improvement taken by the State. The bug-bear "nationalization" will, of course, at once be raised by opponents. Perhaps it is not without some fault of the approach of the Labour Party to nationalization that has kept this bug-bear alive for so long. Because, not without some reason—non-socialists fear this to be the thin wedge of communism. But whilst one can say almost with certainty that within twenty or thirty years this problem of nationalization of the land will be settled for goods—developments economic and political will force the issue in favour of national ownership of all land—the question is still to be considered whether the working and exploitation of the land should be, at least the larger part of it, by private enterprise or by State Corporations. However, whatever the eventual outcome of the argument will be, the former policy must needs be adopted in the initial stages. May be it will prove itself by experience to be the better method.

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COMMODITY CONTROLS SECTION

Iron and Steel Control

OF all commodities of domestic and industrial use which war has denied the people perhaps, iron and steel tops the list, and it is only because it has been the peculiar misfortune of India to be confronted with the shortage of very essentials of life that her starvation of an essential raw material for all housing and industrial needs has failed to catch popular imagination. At the last annual meeting of the Tata Iron and Steel Company in August Mr. J. R. D. Tata said in this connection "while it is inevitable in war-time that the consumption of steel for private building purposes should be heavily curtailed, the almost complete withdrawal of structural steel during the last two or three years has had a serious effect on the pace of the country's industrialization." Doubtless, the needs for the manufacture of munitions for the defence of the country must take a precedence over every domestic or industrial use of iron and steel. But the merits of a wartime governmental control must be assessed not simply in so far as it succeeds in curtailing civilian consumption but also in the light of various other relevant considerations. Firstly, has the control done everything to maximize the production of this strategic material and utilized the potential resources of the country to meet all sorts of essential needs? Has it done its best to salvage and collect the scrap and imported all that could be imported? Secondly, has it distributed the total supplies in such a manner that the competitive demand for iron and steel for all civilian and military purposes is related to the needs of the war economy as a whole? Has it established effective channels so that the quotas deemed essential for particular requirements reach the final users at prices insulated from the effects of war-time scarcity? It is reasonable perhaps to expect a modern government contemplating drastic reductions in civilian consumption to be concerned with all these aspects of the question.

With the outbreak of the war, India being the only country east of Gibraltar with a considerable production of iron and steel it was evident that the supplies of this invaluable material were going to be one of our mightiest contributions to the democratic cause. But her immediate production was no more than 1.9 per cent of the world's total and what was produced was inadequate for even the largely undeveloped domestic demand. Nevertheless possessing occurrences of ore comparable in quantity and quality to the largest and the best in the world, and a quarter century of experience in the most up to date methods of production it was evident that her production of steel could be expanded easily from 1.5 million tons to as much as 5 million tons. If such a policy of expansion was pursued with foresight, it would have eliminated the necessity of trenching on civilian supplies to a great extent and helped to industrialize India. Opportunities offered by wars have been utilized to forge ahead in industrialization by all countries and it is not too much to have expected a governmental policy with such an objective in this country. But the Government of India proved unequal to the occasion and the opportunity was largely wasted. There is reason to believe that the effect of the Roger Mission in this respect was to prevent India's progress, and India's loss was Australia's gain, that country being aided to start an iron and steel industry and go ahead with higher varieties of production like aircraft.

It was only in August 1941, when the shadows of war with Japan were perceptible, and shipping difficulties were accentuating the insufficiency of India that

the Government was spurred to action. Even then it confined itself to a control over distribution only so as to divert existing production to strategic needs, instead of undertaking a comprehensive policy to meet the maximum possible amount of civilian necessities under the circumstances. An order which came into force on August 1, 1941, provided for a system of quotas and licences in the distribution of all finished and semi-finished iron and steel produced in the country, including pig iron ingots, sheets, plates, bars, nuts, bolts, screws and wire nails. All available production was to be allotted to a number of scheduled departments by the Master General of Ordnance who was to be the supreme quota authority, in consultation with representatives of quota-holding departments on the basis of requirements submitted by the department in advance and these departments were to license the use of the material for specified purposes. All principal users have been grouped under one or the other department and the departments ration the available supplies to the applicants under a scheme of priorities. Any body wanting to buy or sell steel or iron must first obtain a licence from the scheduled department authorizing him to do so. The scheduled departments can also authorize for the granting of sub-licences for the purchase and disposal of iron and steel within their respective quotas. An iron and steel controller having previous business connections has been appointed to co-ordinate the demands for iron and steel from the various departments and production. The order had a retrospective effect in as much as all standing contracts needed to be licensed before execution. The various licensing departments and the purposes for which they have the authority to license are the following:—

Commerce Department:—Steel needed for commercial and industrial requirements which are not solely for war supplies or defence purposes and requirements of public utility undertaking.

Labour Department:—Steel needed for Central and Provincial public works departments, orders for Port Trusts, local bodies and A.R.P.

Railway Board:—All railway requirements.

Directorate-General of Munitions Production:—Ordnance factories, aircraft production and demands of defence forces not covered under following departments.

Engineer-in-Chief General Headquarters:—All engineering stores for the defence forces.

Naval Headquarters:—Naval requirements and mercantile shipbuilding and repairs.

Transactions between stock-holders and dealings in small monthly quantities of certain specified categories of iron and steel were excepted from the necessity of prior authorization subsequently. But the difficulties of controlling distribution without any control over the categories of production and a mechanism for the prior determination of the categories of demand became evident soon. In November 1941, a census of the producers of different controlled categories was taken and in December different associations of manufacturers and Chambers of Commerce were asked to furnish the estimated requirements of industries grouped under them. The governmental interference in production appeared in April 1942. Control was extended to production on the plea of co-ordinating the necessary demand of the various categories with the quantities produced. The Controller of Iron and steel was authorized to direct any producer

to employ his capacity to produce only specified categories of production and scrap was included in the schedule of controlled categories. This inclusion of scrap was due to the scarcity and high prices prevailing which prevented the full time employment of the capacity of re-rolling mills. It was an interesting departure because when the control was inaugurated a Governmental Press Note announced that Government was not interested in the collections of scraps since they were of no use for munitions productions. It was obvious now that the pressure of circumstances which has raised the strategic importance of Indian supplies was forcing the Government to make belated endeavours to maximize our production and bring within the orbit of war economy increasing extent of available supplies of raw material. But the control over production so far as it goes is still only indirect and is limited to the specification of demand to the producers through the Iron and Steel Controller.

In September 1942, a set of panicky orders were issued by the Government following a strike in the Tatas. I. and S. (Control of Distribution) Order, 1942, required that every transaction subsequent to the date of that order needed fresh licence from the controlling authorities. I. and S. (Movement by Road and River) and I. and S. (Movement by Rail) order prohibited transport of iron and steel without fresh licences. I. and S. (Demand for Information) orders required everybody holding the scheduled categories of iron and steel in excess of one cwt. to inform the controller. These hasty orders did incalculable harm to trade and industry, freezing all available supplies for a considerable time. The new control over distribution order was cancelled subsequently on October 16, but the other orders remained to discourage the flow of stocks with the consumers back into market attracted by the high prices prevailing.

Statistical black-out prevailing over important figures regarding production and allocation of iron and steel prevents us from getting a complete picture of this control and estimating it fully in the light of considerations outlined above. Yet it is apparent that Government has not cared to set up new blast furnaces and expand significantly the iron-producing capacity as well as the production of the country. Its efforts in the direction of production have been limited to the keeping the existing foundaries and re-rolling mills fully occupied, and no doubt India's production has been considerably higher thereby. The production of steel has increased about 50 per cent. and India is manufacturing today some special qualities of steel and alloys which she was not doing before. India is also manufacturing today axles and wheels for locomotives. But the foresight of the Tatas who had equipped themselves in time with laboratories and instruments for a conversion of their capacity for these purposes, is more to be thanked for progress in this respect than the control. Some tools have been supplied no doubt by the Government under lease-lend from America, but the Tatas have paid for all such provisions. But in spite of what progress has been made in the production of steel suitable for ordnance purposes, it remains true that control has not taken sufficient care to expand production. Salvaging of scraps was long neglected and existing provisions of the control considerably discourage augmentation of civilian supplies from this source.

The striking fact in the matter of control over the distribution of iron and steel is the segregation of what are regarded as strategic requirements and are accorded priority, from all civilian requirements that are relatively neglected. It is true that it is possible to differentiate between military and civil needs to a certain extent and preferential treatment for the former is understandable. But a large part of civilian requirements form part of essential activities needed

to sustain the total war effort and their neglect has certainly reacted adversely on the ends of war economy. Even in the matter of efficiency in the method of allocation of production among the strategic requirements the control has proved to be unsatisfactory.

The technical incompetence of the licensing authorities lead in many cases to an overestimate of the total departmental needs by the different quota-holding departments. This results in a part of steel officially assigned for strategic requirements leaking into markets where abnormally high prices are prevailing. Another defect regarding meeting strategic needs is the lack of local co-ordination of demand. It often happens at a particular place that steel acquired under licences from one department for a certain purpose can not be immediately used for that purpose and lies in stock while another essential requirement under some other department is temporarily parched up for supplies. What is wanting in this respect is the sort of local and regional co-ordination of demand which the dealer was doing freely before the control.

The control has failed singularly to build efficient channels for the proper distribution of the insufficient quotas assigned for essential civilian requirements through the Commerce Department. The small quantities released through trade channels to meet such requirements are sold at 400 per cent. to 500 per cent. above the pre-war rates and the rates at which the government and licensed wholesalers receive their supplies from the producers. There is no statutory price control over iron and steel and the final civilian consumers have not even a paper protection against those who are there to make their best out of the war-time scarcity. The price which the producers receive for their supplies from the Government is a negotiated price, but it was only 6 per cent. above pre-war till recently and is only about 115 per cent. pre-war; and it is obvious that only the minimum allowance has been made for the rise in cost owing to higher wages and price of fuel and Government has thus maintained effective control over prices for most of its supplies. The result of the want of price control and direct distribution channel in the sphere of civilian requirements has resulted in the less essential requirements being met to the exclusion of the agricultural requirements of the poor cultivators. Worst part of it has been that even the government has often come forward to purchase at abnormal prices in the open market, thus not only reducing civilian supplies but also acting as patrons of what might be considered a black market. The failure of the machinery of control in the matter of distribution appears all the more glaring when we realize that a considerable part of the iron and steel which is purchased on behalf of the Government from the open market is only what has leaked out of the assignments of the various departments. An announcement was made in November by the Central Government to the effect that greater amount of usable defectives were going to be released through provincial and trade channels to meet the crying need for agricultural implements. But the situation has hardly improved and the task of supplying the requirements of the small and scattered agriculturist at controlled prices is really a difficult one.

A disquieting alteration in the personnel of control is imminent. Government of India is importing a person who was connected with several British Iron and Steel firms to be "Steel Commissioner" with the function of co-ordinating the work of various departments dealing with iron and steel. What sort of co-ordination is to be made by this sort of 'super controller' is not yet known, but there is the evident danger in such appointment to the Indian industry that a person interested in a competing business will go back with the knowledge of all the secrets of the Indian enterprise, namely the plans and schemes of expansion, costs etc.

FROM THE PROVINCIAL ANGLE

Madras Letter

ABNORMAL RISE IN THE PRICES OF MILLETS— SCARCITY OF FIREWOOD—DR. KHARE DISCUSSES OVERSEAS PROBLEMS (From Our Correspondent)

MADRAS, Jan. 14.

THE Madras Government have tackled, rather successfully, the rice problem but as regards millets and other foodstuffs, the situation is disquieting and deteriorating. The prices of millets have risen abnormally creating difficulties for the average man to supplement his diet. The firewood problem has also assumed alarming proportions and the rationing plan, thought of as early as November last, is still in the stage of preparation and it is doubtful if it will be introduced even early next month. The Madras Corporation discussed these questions at a special meeting held this week and passed a resolution requesting the Government to take such measures as are necessary to reduce the prices of foodstuffs and to introduce rationing of firewood in the city at an early date. In the course of the discussion, more than one speaker described the present situation as "menacing" and pointed out that unless the Government tackled it effectively, not only would the people be discontented but worse things would happen. The problem of firewood is not only immediate but is bound to present itself in the future, as there has been no fresh planting worth the name, while cutting down of *casuarina* tops has been regular and systematic. Here is a clear case for immediate and careful planning. It was therefore with great foresight that Mr. T. T. Krishnamachari, M.L.A. (Central) drew attention to this question in his address to the agriculturists of Chinglepet, adjoining the City. He said: "The bulk of the area of land available in the coastal belt of the Chinglepet District is sandy or semi-sandy and is fit perhaps only for *casuarina* planting. There has to be deliberate and conscious encouragement for this purpose. The high expenses during the first two or three years for planting *casuarina* have got to be provided for. There must be a scheme of credit available to people who undertake this work beginning at the initial stage with contributions for expenses and for upkeep and the maintenance of the agriculturists' families over a period of six or seven years before *casuarina* is cut, the entire investment being realized at the final stage. The work has got to be undertaken in the interests of the City and the work is only possible if finance is provided, a fair price for the produce is assured and a definite encouragement offered to people who undertake *casuarina* plantation." It is clear some urgent action is called for and in the above scheme the co-operative department can render useful service. The Government should come out for action and should not rest content on their laurels.

Iron and Steel Control

Under the directions of the Iron and Steel Controller to the Government of India, a company to be known as the Madras Circle Registered Stockholders' Association is being formed in Madras. The primary object of the company is that it should be appointed as the stock-holders of iron and steel of the controlled categories and to hold and handle such stocks as are placed in the hands of the company by the Controller. The directorate is to consist of officials and merchants. The official directors are to be the Controller of Supplies and the Deputy Controller of Supplies, Southern India Circle, the Deputy Iron and Steel Controller, Madras Circle, the Chief Engineer to the Government

of Madras and the Commissioner of Civil Supplies, Madras. There are to be six directors who will be merchants carrying on trade in iron and steel. All merchants are expected to become shareholders of the company. When this company is formed, all the stocks of the controlled varieties of iron and steel will be released to the company at the controlled prices and the sales by the company will be again at the controlled rates. The existing prices in the market being far too high, the market is bound to be affected when the company begins its operations. From the consumers' point of view, it will be a definite advantage in as much as there will be a general reduction in the price level. But from the point of view of the stockists, who might have purchased the materials at high rates in the course of the past few months, it is bound to result in a heavy loss. The one good result that is expected out of the formation of this Company is that the market would change from torpidity to activity once again.

Indians Overseas

Dr. N. B. Khare, Indians Overseas Member, Government of India, visited the Southern India Chamber of Commerce this week and discussed various problems relating to Indians overseas. He stated that the question of appointing agents to the Government of India in some of the colonies was under consideration. In this connection, it is to be remembered that it was as late as in 1937 that the Government of India agreed to secure the appointment of agents to look after the interests of Indians in British Guiana, Jamaica, Trinidad and Fiji. The Chamber asked whether the services of the United Nations Relief and Rehabilitation Association would be available to India in return for India's contribution. There has been some apprehension in the minds of business men, as a seat for India in that institution has been secured notwithstanding the British opposition to the proposal as the India office was jealously safeguarding the interests of India. Dr. Khare could not say anything much useful on the subject beyond the fact that India has been given a seat in that body. One should therefore draw the natural conclusion that India being a member, would derive the benefits of the Association. The Overseas Member's announcement that the Ceylon Government's proposal for introducing piece-rate wages scheme had been withdrawn on the intervention of the Government of India is bound to be received with satisfaction in this country.

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Bombay Letter

SCHEMES FOR POST-WAR RECONSTRUCTION— GOVT.'S IMPRESSIVE PROGRAMME—LAND DEVELOPMENT AND INDUSTRIAL EXPANSION— PROCUREMENT OF FOODGRAINS.

(From Our Correspondent)

BOMBAY, Jan. 15.

Procurement Of Foodgrains

THE Government of Bombay is not lagging behind in schemes for post-war reconstruction. It has chalked out an impressive programme of land development and industrial expansion, which include both long term and short term measures. The plans are based on the decision to raise the economic level of the rural areas through the agency of extensive schemes of land reclamation and development, at the same time to provide employment for a large number of demobilized soldiers by the expansion of public works in urban areas as a short term measure. The programme for the rural area comprises firstly, soil conservation to be tackled through anti-erosion work to prevent further deterioration in the cultivable area; contour bunding on a large scale to conserve available water supply and enable the extension of proper dry farming methods; and afforestation and Gradoni terracing of hillsides, whether these are owned privately or by the State. The other main lines of development will be the encouragement of well sinking and minor irrigation, extension of the road system, the provision of education and other amenities, the extension of marketing facilities, consolidation of holdings, improvement of live-stock and stabling facilities, the provision of "modern" housing in the villages and the construction of large irrigation projects. A considerable amount of preliminary work has been done to determine the best and the most economical means of introducing these schemes. For instance, after a series of experiments a technique of contour bunding has been evolved which is calculated to be the salvation of large tracts in the province which are now subject to periodic scarcity and famine. A survey of all the reclamation of land now rendered useless as a result of sea or river erosion in coastal tracts has also been ordered. The technical personnel required for the execution of these projects in 1944-45 is being trained and it is hoped that large numbers of ex-soldiers will find employment in the scheme during the post-war period.

Industrial Expansion

Regarding industrial expansion in post-war years, the Government is considering the establishment of many industrial units which would be of lasting benefit to the Province. Amongst these are an electric grid system which would involve the setting up of more hydro-electric and thermal stations in different parts of the Province, an industry for the manufacture of electrical parts and instruments, the rayon industry etc. While the plans of rural and industrial post-war reconstruction of the Government are indeed praiseworthy and the programme definitely ambitious, it remains to be seen how these huge projects will be financed as many of the schemes will require huge amounts which may be beyond the scope of a Provincial Government. Another point that strikes us is, in the programme as outlined above, sufficient importance has not been given to removing illiteracy in the Province. Without a literate populace the Government may find it very difficult if not impossible to carry out their schemes.

Procurement under the Bombay Government plans for the purchase of foodgrains in the Province is now making progress. According to the plan, Government are to purchase from the producer at least 10 per cent. of the millet crop in all districts together with the export surplus in the surplus districts and also about 25 per cent. of the total rice production in the Province. It is good to learn that the approach of the Government to tackling the problem which arise in the carrying out of this policy is sympathetic and considerate. Thus, for instance, in certain places this policy of the Government was interpreted to mean that every producer was bound to sell 10 per cent. of his millet crop and 25 per cent. of his rice crop to the Government. However, it is not the intention of Government to force small cultivators to sell more grain than they normally bring to the market. Such cultivators have been protected by the Government from the unreasonable demands which might be made on them by the local purchase agencies, as the Government have laid down that the cultivator whose total produce is estimated at 25 Bengal maunds or less should not be called upon to sell any grain to the Government. This exemption is being granted generally all over the Province with necessary exceptions due to the varying circumstances in certain districts. For instance, in Ratnagiri, where the rice deficit is very serious the exemption limit has been fixed at one candy of paddy, i.e., approximately 19 maunds. Another problem which has arisen in the execution of this plan is that connected with prices. Government have stated that they intend to fix controlled prices for *Kharif* foodgrain produce. The intention of the Government in fixing these prices is to stabilise the price level throughout the crop season, that is, the next *Kharif* harvest is available. This however does not mean that the prices to be notified are intended only for Government purchases. The prices will only give the level above which no transactions of any kind can take place while the Government itself will also continue to make purchases if and when necessary. Retail controlled prices for the *Kharif* grains are now being notified in all districts of the Province.

The chief event in the Bombay bullion market was a sensational drop in the price of silver as a result of strong rumours to the effect that the Government would be selling silver to the public. These rumours were however found to be unjustified and by the end of the week, silver prices staged a recovery to the extent of the set back. The upward trend in silver would have continued but for the appearance of some up-country selling orders of the actual. Although these orders gave some relief to the bears who had to suffer a loss of about Rs. 4 keeping alive their short transactions, the bears all the same continued to be at the mercy of the bulls who had complete command of the stocks. The latest quotation is Rs. 120. Regarding the question of Government selling silver, it is learnt from reliable sources that while the Government has been getting some stocks from Mexico, these are mostly meant for coinage purposes. Regarding the week's trading in gold, prices continue to be steady. With the Bank offering gold freely at Rs. 71-2, prices could not forge ahead. At the same time a fall in prices is also very unlikely looking to the heavy offtake of gold which amounted to about 35,000/40,000 tolas a day. The latest quotation is Rs. 71-2.

Bengal Letter

**A STATISTICAL PROBLEM—BENGAL GOVERNMENT
ON THEIR TRIAL—OUTLOOK FOR JUTE
INDUSTRY—CLOTH POSITION
(From Our Correspondent)**

CALCUTTA, Jan. 18.

NEEED for more adequate data and statistics regarding the various aspects of the changing economic situation in the province, particularly with reference to the aftermath of famine, is being energetically emphasized in various quarters. Either the lack of correct and sufficient statistics or a failure to make a proper appraisal of available facts and figures must have been responsible, it is pointed out, for the series of official acts of omission and commission which culminated in the devastating famine of the last year. The Director of Public Information, Bengal, had occasion to observe recently that throughout the summer and autumn of last year figures were not available regarding the mortality rate in the province which, presumably, stood in the way of a proper anticipation in advance of the slowly developing crisis. At the moment statistics are sorely needed about the quantum of rice that would be really available to the people in the course of the year, and about the price trends of rice in the different parts of the province. Happy thoughts about a bumper *Aman* crop have tended to generate a mood of complacency. But has *Aman* crop been adequately harvested? What are the factors that lie behind the recent rise in the prices of rice after they came down to some extent from the dizzy heights of last year? The Government must ascertain facts correctly and tell the people truthfully what the trend of events is and what the shape of things to come is likely to be.

The Crucial Test

Recent tussles between the Central Government and Bengal Government over aspects of the food policy of the province have evoked much interest. The important fact to note is that very little sympathy, if any at all, has gone to the Bengal Government. The bungling of the present Government is writ large upon every phase of the economic situation of the province. People here are all for a strong food policy that will give them food—cheap and adequate food. The Bengal Government have as yet failed to give effect to such a policy and even now they are stumbling and faltering. That provides the *raison d'être* for Central intervention. The plea for provincial autonomy wears thin. Central co-ordination in food matters is the supreme need. Recalcitrant as the Bengal Government have been they have had to bow to the inevitable. In regard to rationing, the Central directive has compulsorily enforced the use of normal trade channels. The procurement agency of the Bengal Government has had to be modified to include the representatives of the Central Government as latest reports reveal. But whatever the Centre may do, it can at the most ensure some of the pre-conditions of a successful and effective policy, and it is for the Bengal Government to bring about the fulfilment of the final objective of food policy. As Lord Wavell had occasion to observe in the course of his Associated Chambers address, Bengal's solution now lies in her hands. Bengal Ministry are in fact on their trial. They are put to a hard and tough test. It is for them

to realize this and shake off the least trace of complacency. The people cry out: Give us cheap and adequate food or get out.

Prospects for Jute

Two factors dominate the present position and prospects of jute trade and industry. One relates to the current reports about the sowing of jute crop in the season ahead; the other relates to the improved position of coal supply for the jute industry. Much is being said and written about the Jute Conference that recently met in New Delhi. It was given out in sections of the local Press that the purpose of the conference was to fix the quota of jute sowing, and that it was the policy of the Bengal Government to fix the quota in such a manner that fair price was assured to the cultivator and adequate supply was guaranteed to the industry. There is however considerable apprehension in the industrial circles that in deference to the demand for growing more food a decision might be taken in favour of a drastic curtailment of jute sowing in 1944. A factor which spokesmen of the industry ignore, is that the cultivators themselves have less desire for growing jute than in the past, because the price of jute has lagged behind the prices of paddy price, and because his sale-proceeds of jute have enabled him to purchase so little of his requirements which are all available only at very high prices. The jute mill interests are worried that they will not have enough jute if sowing are reduced; they are apprehensive that an attempt to furnish a "floor" to the jute prices might give rise to inflationary tendencies by bringing more money into the pockets of cultivators. Some of the anxieties of the industry are understandable, but it is to be wished that they should try to look at the matter from the cultivators' point of view also. Jute-growers, it should be remembered, have been the worst sufferers among the cultivators in the recent crisis. In that view a minimum price of jute needs to be assured, and sowing has to be so regulated as to prevent an over-supply of jute from bringing prices down. As already noted, the jute industry's prospects have brightened up a little through an improvement in the coal supply. This and the anticipation of reduced jute sowing have introduced a bullish factor in the raw jute market. As regards jute manufactures, prices are near maxima, but mills are so behind their production-schedule that not much activity is noticed in the market for jute manufactures.

The Cloth Position

Mr. A. J. Elkins, Bengal Government's Textile Controller, recently warned the public not to buy any unstamped goods, not to pay more than the controlled rates for the marked goods, and to report to the controller any attempt by dealers to evade the provisions of the control order. He also revealed that the initial inquiry undertaken in connection with the control order showed that the dealers were holding eight months' stocks. The public however continue to complain that cloth available at controlled rates is still scarce. Standard cloth also is conspicuous by its absence.

U.P. Letter

**THE OIL TRADE AND CONTROL MEASURES—NEW
TRADE BODIES TO DEAL WITH ANTI-HOARDING
ORDINANCE—HOUSING WORKMEN IN CAWNPORE
—FALL IN THEIR COST OF LIVING
(From Our Correspondent)**

CAWNPORE, Jan. 16.

THE U.P. Government have not favoured the idea of dealing with the provincial oil industry through its Oilmillers' Association for purposes of the purchase of oils on Government account (all exports are on Government account), and the procurement of oil-seeds to the industry. This they feared might lead to the formation of another powerful interest among oil millers which the Civil Supplies Department might have found embarrassing in due course. The Government have, however, authorized each of their Regional Controllers—the Meerut and Cawnpore Regions between them represent more than half of the oil producing area in the Province—to appoint advisory committees for their regions. These committees will include representatives of the oil millers and where the Regional Controllers wish they may be utilized for helping in the purchase of oils, etc.

Employment Exchanges

From a Press Note issued by the Secretary of the National Service Labour Tribunal it appears that the employment exchange at Cawnpore, which will be under the direction of the Tribunal's Chairman, and a Provincial Committee consisting of Government representatives, employers and labour will commence functioning soon. As soon as the exchange in Cawnpore begins functioning satisfactorily other exchanges will be opened at Lucknow, Agra, Meerut and Bareilly. It has been again made clear that the proposed exchanges will primarily cater to the needs of military technical personnel on their demobilization.

Traders' Conference

Various trade interests of the U.P. are meeting in a conference at Lucknow this week. More than a dozen trade organizations have come into being under the pressure of the Anti-Hoarding and Profiteering Ordinance, and the latest to form themselves into such associations are chemists and druggists. The chemists and druggists also intend sending a deputation to meet the Controller-General to represent their case for exemption from the operation of the ordinance. The licensing fee, it is being pointed out, is too heavy for the smaller dealers. The presidentship of the U.P. Traders' Conference has been given to Lala Beharilal Channana, President of the Punjab Beopar Mandal, who came into prominence in the Punjab traders' conflict with the Unionist Ministry.

A complete and detailed census of Cawnpore to find out if all the people entitled to benefit under the present rationing scheme have obtained ration cards, and to prepare for the all-inclusive rationing, if its introduction is decided upon, will commence in February. Under the present partial rationing arrangements approximately six lakhs of people in Cawnpore are entitled to purchase from the Government ration shops or the mill shops. Of this number two-thirds represent mill workers and their families.

Workmen's Houses

The progress in the construction of workmen's quarters at Cawnpore for which the U.P. Government have loaned Rs. 33 lakhs free of interest to the Improvement Trust has been rather slow. The work should have been completed by December, but now another three months' time has been granted. Practi-

cally nothing could be done in regard to the housing schemes to be undertaken by Employers despite the Government's lavish promises of assistance. In one case the bricks prepared by one workmen's settlement were seized, and in another the bricks prepared by the Improvement Trust in its own kilns were seized. The cement stocks with the Cawnpore Municipality needed for urgent road repairs were also seized, with the result that Cawnpore's roads, subjected to heavy war-time traffic, are in a most dilapidated condition. All the road rollers have already been requisitioned by the Government. To discuss these and the allied problems with which local bodies in the U.P. are faced, it has been suggested that a conference of Municipal Chairmen of the whole province should be held in Cawnpore at an early date.

Accommodation Committee

Cawnpore's problems resulting from the shortage of living accommodation and the increase in population on account of the war are now more acute. The requisitioning of houses for the military and others engaged in war work is done here by a civilian officer but on several occasions public attention has been drawn to the undue hardship caused to the civilian whose premises have been commandeered. It has therefore been suggested that an Advisory Committee might be appointed to scrutinize all cases where the requisitioning of accommodation becomes necessary. There is already an Advisory Committee which assists authorities in the proper distribution of telephone connections and their requisitioning for important war work. Over 100 telephone connections were in the last few months removed and given to people engaged in various kinds of war work. The advisory committee includes a representative of each of the three Chambers of Commerce of the Province.

As a result of the policy of the Employers' Association to roll back wages by ensuring a drop in the cost of living through making available to their workmen foodgrains and other necessities of life at low rates, there has been a further drop in the index number for working class cost of living in Cawnpore. According to the Government Labour Office the December index number for general workers was 313.6 and for workers engaged in the Employers' Association member factories it was only 282.3.

**OFFICE OF THE CHIEF CONTROLLER OF
IMPORTS,
NEW DELHI.**

Importers are informed that their applications for import licences for goods to be shipped in January-June, 1944 from the United Kingdom, North America, Australasia, South Africa, East Africa, Middle East, South America or the Persian Gulf should be submitted before the 15th March, 1944. Applications received after this date can only be considered if the circumstances are exceptional.

A DELHI DIARY

NEW DELHI Jan. 20.

The two-day meeting of the General Policy Committee unfortunately far too belated served one useful purpose. It brought together leading non-official representatives and Government Members for a preliminary discussion of post-war problems. So far as one can see, the Committee has not been able to go further than hold discussions on certain general issues. As a result of the first day's discussions which dealt with post-war currency policy with particular reference to British, U.S. and Canadian proposals a sub-committee is reported to have been appointed to go into the whole question. The Finance Member reiterated the assurance that the Government have not entered into any commitments on behalf of this country and before any decisions are taken the Central Legislature will be consulted. The non-official view appears to be that though it is necessary to keep Indian opinion fully informed and study the question in all its details from the point of view of India's interests, it would be better to wait for the conclusion of the expert talks now going on between Britain and the United States. The Finance Member himself told the Committee: "The plans which have been elaborated by the experts have not yet assumed their final form, and even since Sir Theodore Gregory wrote his memorandum in November last year the plans have undergone further changes." It appears that the Government of India have not so far been invited to send any representative to participate in these talks. It is expected, however, that before April next a clearer idea will be available of British and American plans. I understand that non-official members made it clear at the meeting that the proposal as they stand do not take into account the peculiar conditions of this country—particularly by the reason of the large accumulated credits in England in sterling. The need for care and vigilance in watching India's interests was emphasized. But the question is—how far is the present Government of India, which is neither "responsible" nor national in any sense, in a position to safeguard the interests of this country?

It is now proposed that the several Policy Committees set up by the Government of India should meet and prepare reports on specific subjects with the help of such material as has been gathered by the Government of India. As a number of these committees have yet to meet, it is hardly likely that their reports will be available before autumn next. Unfortunately no decision has yet been taken by the Government on the question of publishing these reports including such interim reports as may have been submitted. In the course of his speech the Finance Member recognized that they "should take cognizance of public opinion and in order that public opinion may be informed, organized discussion is desirable." To facilitate organized discussion and enable the public to take continuous and intelligent interest in the problems of post-war reconstruction, the Government of India should keep the public fully informed of what they are doing and of what the committees have been able to do or propose to do. For some reason or other the Government of India seem to be still unwilling to publish all that they have in their possession. If a separate Indian Member for Post-war Reconstruction is appointed with a full-fledged Department under him it may help to improve matters. The present way of dealing with the problem through a sub-committee of the Viceroy's Council is far from satisfactory.

As now it has been finally decided to send Sir Feroz Khan Noon to England as the Government of India's representative in the War Cabinet, the question has again arisen about possible reshuffling in the Viceroy's Council. Civil Defence has been absorbed in the Defence Department. But is there any need at all for a separate Defence Member unless it is desired to give the impression that an Indian Member is in charge of the defence of the country which is far from true? Without any loss to efficiency the Defence Department can easily be entrusted to one or other of the Indian Members who happen to have comparatively little work, like the Law Member, the Overseas Member or the Education Member. If, as is still expected, an Indian is appointed to officiate as Home Member in succession to Sir Reginald Maxwell, the Defence Department can be attached to that portfolio. What, however, the experience of the last two months has abundantly shown is that the Commerce Member has far too heavy a portfolio. His portfolio can easily be split up in order to create a separate Membership for Post-war Reconstruction. There is no need also for a separate portfolio for Indians Overseas. It was hoped that some additional work will be found for it by attaching to this Department the proposed High Commissionerships in Australia and Canada, but it is reported to have been decided to keep these Commissionerships in the hands of the Commerce Member—on the analogy of the High Commissionership in London. There is no move also to transfer any of the responsibilities of the External Affairs Department to the Overseas portfolio.

It is now more or less certain that the Railway Budget will contain far-reaching proposals for increasing Railway fares—ranging from 25 per cent. to 50 per cent. The usual explanation which one hears is that it is partly intended to raise revenue and partly to discourage traffic and thereby reduce the strain on Railway capacity. These proposals are bound to give rise to heated protests in the Central Legislature on the ground that it will throw unconscionable burdens on the poorer classes of the population. As a revenue source it cannot be expected to be very helpful, for even today a large proportion of the traffic is either military or Government. With reference to the Budgetary position certain interesting figures have this week been released by the Government of India. During the five years, the total expenditure on Defence and Supply brought to account in India's books is Rs. 1,641 crores. Of this amount India's share comes to Rs. 715 crores, an increase of Rs. 484 crores over the normal. During this period the total expenditure of India amounted to Rs. 1,005 crores as against the normal expenditure on the pre-war scale of Rs. 426 crores. The increase in expenditure apart from Defence aggregates Rs. 95 crores. The statement on war-time taxation shows that though the total normal revenue has come up to Rs. 727 crores—an increase of Rs. 304 crores. The Government's claim is that "war-time taxation has been so devised in India as to tax those most able to pay and leave the poor with comparatively light taxation." This is not quite correct in fact, for if the incidence of taxation is closely examined then the burden of taxation has not been quite so light as the Government seek to make out. And it cannot also be forgotten that even according to the 1943 figures the cost of living has doubled itself. The general expectation is that the Finance Member, who, it is said, is receiving an extension of his term as Finance Member, will not come out with any big taxation proposals this year.

ARGUS.

NEWS PAGE

The total quantity of foodgrains despatched by the Food Department to deficit areas during the week ending January 6, 1944, is reported to be nearly 30,400 tons. Bengal received 21,100 tons, Bombay 4,400 and Travancore|Cochin 2,500 tons.

The Government of India have issued the Foreign Cotton Control Order, 1944, according to which every person carrying on any undertaking which involves the import, purchase, sale or consumption of *any* foreign cotton shall submit to the Textile Commissioner, Bombay, by the 15th of February, 1944, and thereafter by the 15th of every succeeding month a return regarding stocks, receipts and sales of such cotton.

The food situation, recent developments in the lines of communication into Assam, measures taken to improve the capacity of Indian ports, especially on the east coast, and the coal situation were among the subjects discussed at the recent meeting of the National Defence Council held in New Delhi.

It is learnt that an Ordinance levying a welfare cess on coal raisings and giving relief from the Excess Profits Tax to mine-owners is to be promulgated within a few days. It is proposed to levy a cess of four annas per ton of coal raised, yielding Rs. 60 lakhs annually for a welfare fund.

The Indian Purchasing Mission, headed by Mr. Narogi is now in Canada, to negotiate purchase of railway equipment for India. Mr. Narogi told pressmen that even before the war India was faced with shortage of railway equipment and needed an increased quantity. Since the beginning of the war also, he pointed out, a large quantity of Indian railway material was sent to Iran.

As background to current proposals to draft women for national labour service, the U.S. Census Bureau estimated that there are 34 million American women aged 18 to 45, the age group under discussion, of whom 18 million are mothers with children under 18. The Bureau estimated that 13 million out of the 34 million are now employed, including childless and those with children.

It is understood that out of the Punjab's recently declared further surplus of 30,000 tons of wheat, Travancore and Cochin will get 14,000 tons between them. In addition a substantial quantity of millets is expected to be allotted to these States from 20,000 tons surrendered by Madras.

Two Notifications under the Hoarding and Profiteering Prevention Ordinance have been issued, the first calling on cigarette dealers, wholesalers and retailers, to exhibit a price list at a prominent place in the shop, and the second directing all producers of playing cards to supply information regarding stocks ex-factory price, etc.

The next meeting of the Railway Convention Committee, which was set up by the Central Assembly in March 1943 to report on the question of the future allocation of the surplus on commercial lines between the railway reserve and general revenues, will be held in New Delhi on January 25, 1944.

Special arrangements have been made in Bengal for the effective distribution of Standard Cloth, 32 million yards of which were received up to the end of November 1943. Officers in charge of reception centres appoint handling agents, on commission not exceeding one per cent. for receiving the cloth and rebooking it to ultimate destinations. When no proper agents are available, departmental arrangements are made. The cloth is rationed at 15 yards per annum for each individual.

Reports show that in all the coalfields of the U.S.S.R. production in 1943 was at its highest since the beginning of the war. In addition to the Kuznetsk basin, Karaganda and Moscow coalfields have exceeded their plans.

The Government of India have, under the Vegetable Oils and Oilcakes (Forward Contracts Prohibition) Order, 1944, laid down that all forward contracts in any article to which the Order applies outstanding at the close of business on January 12 and not already exempted are to be closed out at the market rate applicable to such class of contracts at the close of business on that date.

The total approximate gross earnings of the Budget lines of Indian Railways for the month of November 1943 amount to Rs. 14.07 crores, i.e., Rs. 99 lakhs more than the actuals for the corresponding month of the previous year and Rs. 289 lakhs more than the actuals for the corresponding month of 1941-42. Compared with the last year, coaching earnings increased by about Rs. 139 lakhs, goods earnings decreased by about Rs. 42 lakhs and other earnings show an increase of about Rs. 2 lakhs during the month.

There were 694 industrial stoppages during the year 1942 involving 7,72,653 workers as compared with 359 stoppages involving 2,91,054 workers during 1941. The total number of man-days lost was 57,79,965 as compared with 33,30,503 in the previous year. The figures for 1942 also contains statistics for stoppage due to political causes. Textile (cotton, silk, woollen and jute) Mills accounted for 40 per cent of the stoppages, 69 per cent of the workers involved and 66 per cent of the loss in man-days. In 438 or 63 per cent. disputes the demands related mainly to wages or bonus. The number of stoppages in which the workers were wholly or partially successful was 286 or approximately 42 per cent. of the total number of stoppages which ended during the year.

THE BIHAR MICA INDUSTRY

Facts you should know

THE world's most important deposit of mica is in Bihar and gives direct employment to 1½ lakhs of workers, with a further 3½ lakhs of dependents.

Mica mining in Bihar is, therefore, one of India's most important industries, based on one of India's greatest national assets.

The Bihar mica mining industry, which dates back to the 1870's, has not progressed as it should, due largely to an extensive and ever growing trade in illicit mica.

From time to time during the past 40 years the question has arisen of preserving the valuable Bihar micafield, and its important mica industry, from the ultimate destruction with which it is threatened by the illicit mica trade. But nothing has been accomplished.

Whenever this question arises, it encounters strong opposition and causes great agitation amongst those who benefit directly from the trade in illicit mica. Irresponsible statements are then made in an effort to divert attention from the necessity to preserve this great national asset, and protect its deep mining industry for the benefit of its 5 lakhs of Bihari dependents.

The legitimate mica miners believe it to be their duty to make

known to the people of Bihar the facts relating to this industry.

Recently, for example, handbills have been circulating in the micafield irresponsibly accusing members of the Kodarma Mica Mining Association of curtailing output in order to compel Government to impose "still more rigorous control over the industry", and of "threatening 50,000 Mica Majdoor with unemployment".

Both these statements are incorrect.

Output has been seriously affected by the exit from the deep mechanised mines, whence the bulk of the production normally comes, of a large volume of labour attracted by big profits in the illicit mica trade. Such labour is, of course, uneconomically employed, to the detriment both of the war effort and of the factory labour, which depends on mines output for employment, now and in the future.

The mica industry does not depend for its existence on mica dealers, but on mica producers. Anything that ensures the proper operation of the mines automatically means more and better employment for factory labour.

The responsible mica producers do not want, for its own sake, more Government control of the industry. What they do seek, however, is the protection of their property and their elementary rights as traders, who, through good times and bad, have developed the industry to its present important place in the life of Bihar and the war effort of the United Nations.

THIS ADVERTISEMENT IS INSERTED
IN THE INTERESTS OF THE
RESPONSIBLE MICA MINERS OF BIHAR

Indian War-Finance and Taxation

During the five war years 1939-40 to 1943-44 the total expenditure on Defence and Supply brought to account in India's books amount to Rs. 1,641 crores, of which, under the terms of the Financial Settlement, concluded in September 1939 between the Government of India and His Majesty's Government regarding the allocation of this expenditure between them, India's share comes to Rs. 715 crores and His Majesty's Government's to Rs. 926 crores. Thus, during the period, Great Britain has spent Rs. 211 crores more than India in respect of Defence expenditure of this category. The former's share has rapidly increased from Rs. 4 crores in 1939-40 to Rs. 345 crores in 1943-44. The latter's Defence expenditure has increased from Rs. 10 crores to Rs. 220 crores during the same period.

Capital expenditure amounting to crores of rupees has been incurred by H.M.G. in India in implementing certain recommendations of the Chatfield Committee. In addition that Government are also meeting half the capital expenditure on measures of industrial expansion including those recommended by the Roger Mission; India pays the other half of the capital outlay and retains complete ownership of all the assets so acquired. They have further undertaken to supply India, without charge, large quantities of aeroplanes, vehicles, guns and other equipment required in connection with the expansion of India's Air Force and Army. The total value of such free supplies cannot be readily estimated, but certainly runs into many crores of rupees.

Under the Financial Settlement, India is to pay her pre-war normal budget for effective charges, a sum in adjustment of the normal budget for rise in prices, the cost of such war measures as can be regarded as purely Indian liabilities and a lump sum contribution of Rs. 1 crore towards the additional costs of her external defence. H.M.G. is to pay for the remainder of all general Defence and Supply expenditure incurred by India. The Finance Member proceeded to England in the middle of 1942 to discuss these and other major aspects of the Financial Settlement with H.M.G. While H.M.G. pressed for a revision, the Government of India's contention was that the present Settlement should not be abandoned. The Finance Member was able to announce in the last budget session of the Central Assembly that "H.M.G. do not intend to pursue the proposal to modify the character of the present Financial Settlement. The Settlement therefore stands."

It is natural that war-time expenditure should increase, particularly Defence expenditure. During the five years 1939-40 to 1943-44, the total expenditure of India aggregated Rs. 1,005 crores. On the pre-war scale (1938-39 expenditure) the total normal expenditure for the above five years should be Rs. 426 crores. This extra expenditure of Rs. 579 crores should directly or indirectly be attributed to the war. The total Defence expenditure incurred by India during the above five years is Rs. 715 crores; this represents an increase of Rs. 484 crores over the norm. Civil administration accounts for an increase of Rs. 17 crores. Direct demands on revenue have not increased much at all. All other items of expenditure show in the aggregate a substantial increase. The increased expenditure of Rs. 579 crores during the war period (1939-40 to 1943-44) over the basic normal ex-

penditure is thus accounted for: increase in Defence expenditure Rs. 84 crores, increase in expenses of civil administration Rs. 17 crores and aggregate of other increases Rs. 78 crores.

On the pre-war (1938-39) basis, the total normal revenue for the five war years 1939-40 to 1943-44 should be Rs. 423 crores. The actual revenue was Rs. 727 crores. The difference between the normal and the actual, i.e. Rs. 304 crores, should be taken to represent extra revenue realized during the war period through (1) normal growth of tax receipts (2) extra taxation and (3) increased contributions by Railways, Posts and Telegraphs, etc. This increased revenue is made up of increases in the principal heads of revenue, Rs. 195 crores; increased contributions of the Railways and the P and T, Rs. 96 crores; and increases from other miscellaneous sources, Rs. 43 crores. (Out of the aggregate of Rs. 334 crores Rs. 30 crores should be deducted, this amount being increased contribution to the Provinces from the income-tax pool, which leaves a net increase in revenue of Rs. 304 crores). The increase of Rs. 195 crores in the principal heads of revenue should be partly attributed to normal growth in revenue and partly to additional taxation. After the adoption of the slab system, income-tax has shown a progressive tendency. Moreover, war-time expenditure of business activities has brought in more assesses and more tax revenue from them. In a similar manner, excise revenue has normally increased owing to increased industrial output. Taking all these and other factors into consideration, we will not be far off the mark if we assume that half the above amount represents the proceeds of extra taxation and the rest normal growth in the war period.

A businessman now-a-days pays 66-2/3 per cent. of his war profits as E.P.T. He pays another 13-1/3 per cent. as income-tax and surcharge. Of the remainder another 13-1/3 per cent. go to Government as compulsory deposit by the assessee, which will be returned to him after the end of the war. He is thus left only with 6-2/3 per cent. of his war profit as free balance available for his own benefit, 93-1/3 per cent. having gone to Government either as taxation or as compulsory deposit. Increased taxes on income have been the only method of war-time direct taxation. They account for by far the greater portion of war taxation; in 1943-44 (estimates) these taxes account for Rs. 102 crores as against a total of Rs. 169 crores expected from the principal heads of revenue. For the rest indirect taxation has been resorted to, like increases in or new excise duties, increases in postal, telegraph and telephone rates and a general increase of 20 per cent. in customs duties. Increases in postal rates have been of a progressive character as more revenue has come in. Customs revenue, on the other hand, has been regressive, for obvious reasons connected with the war. Next to taxes on income, excise duties have been a most fruitful source of revenue during the war period. Besides natural expansion due to increased industrial production resulting from the war, old taxes have been increased and new ones levied. Excise duty on sugar was increased by a rupee and that on matches doubled. Petrol duty was raised by two annas per gallon. A new excise duty of 10 per cent. *ad valorem* was levied on pneumatic tyres and tubes. Two new excise duties were levied in 1943-44—the tobacco tax and the duty on vanaspathi.

CAUSERIE

Diehard in Dreamland

By R. Saraswathi and Doris Rebello

(A burlesque conversation between the exGrand Duchess Anna Anachronistivitch of Russia and an English economist, Mr. Dauntless Diehard.)*

Anna. Oh, M'sieu Diehard, I'm so distraught. When I fled from Russia, I had hoped to leave behind me the heretical doctrines and the satanic practices of the bolsheviks. I had hoped to forget altogether that lunatic Marx. But I found evidence of his surreptitious influence all over Europe. Not even England was exempt. First, there were taxes; then all forms of irksome control; then more taxes. Finally, when the war came, I found England too avaricious to hold me. Just imagine, M'sieu Diehard, 19 shillings in the pound, over nearly half my income! And so I came to the United States, this land of genuine freedom and Christian charity.

Diehard. That is so, Madame. Here at least you can make millions without the Trade Unions mulcting them from you and the Government robbing you of the rest.

Anna. That is true, M'sieu Diehard. But tell me, do you believe in these newfangled notions of planning and pandering to the clamour of the 'canaille'?

Diehard. Madame, I am prepared to swear before the assembled might of economic learning, by the principles of *laissez faire*. My belief is that economists would not have brought discredit on themselves, if only they had maintained the old attitude of aloof superiority. When they began to meddle with plans, none of them turned out as foreseen.

Anna. Tell me, Monsieur, do you believe in Income Tax, and in taxes on excess profits?

Diehard. Madame, I have always firmly upheld the benefit theory of taxation—those who pay most should benefit most. I have always thought that taxes on profits kill enterprise. My theory is that the recent rise in taxation is the main reason of the increase in the severity of the slump.

Anna. Do you see any purpose in fixing prices?

Diehard. None at all, Madame. Further, I believe it does definite harm. Prices are indications, as any first year student will tell you, of the consumers' wants. If you fix them at any level, they fail to fulfil their function. But neither economists nor economics ever fulfil their function these days.

Anna. If you had enough power, you would make an altogether different world, would you not?

Diehard. Madame, the dream of all right-minded economists has ever been a world of perfect competition. If you care to come with me, I shall give you an idea of what it is like.

Anna. A votre service, M'sieu!

Diehard. Then, Madame, behold and rejoice. You see here a world of perfect competition. It is a land overflowing with milk and honey. Everything abounds, everything is cheap. No seller will dare sell above cost price. Diamonds are as cheap as dust.

Anna. Oh, that would be enchanting, M'sieur. I mean per-r-fect. I don't think I could ever have enough diamonds. But—wait—I am in doubt. If diamonds are as cheap as dust, then the wives of Tom,

*A dialogue at the Indian Economic Conference, recently held in Madras.

Dick and Harry will all buy diamonds.

Diehard. So equitable is this system.

Anna. Oh, well, I don't know, if I shall quite like that. But you can't have everything your own way, I suppose.

Diehard. Also, Madame, goods are so abundant, that no one suffers from shortage of any kind.

Anna. But consider, M'sieu, my special brand of perfume—will it also be abundant. I should like to be exclusive in my dress, my jewellery, ma toilette....

Diehard. That is what Veblen calls conspicuous waste, Madame. It will disappear in a perfect competitive economy.

Anna. Conspicuous! Of course, it will be conspicuous if the parlour maid is seen wearing what would suit a duchess alone! And what more can your world boast of?

Diehard. The best is yet to come, Madame. All things in our world are infinitely divisible. There is absolutely no waste—no hint of what we economists term excess capacity either in men or in material. You can produce as much or as little corn as you please. Machines are divisible and you can always get the best out of them as they are never too large. Labour..

Anna. But, if as you say, M'sieu, labour is divisible, a man may suddenly find himself divided into two beings, if being a single unit is less economical.

Diehard. That, Madame, is necessary in a perfectly competitive world.

Anna. M'sieu, you mean to say, I shall suddenly find myself in two?

Diehard. Not at all, Madame. A duchess is not a factor of production, she is only an important factor of consumption.

Anna. Heaven be praised for that! Mr. Morgan, my husband, is a banker. Can it happen that I shall return home one evening to discover two husbands instead of one?

Diehard. Financiers are entrepreneurs. Entrepreneurship is divisible. Yes, Madame, your foreboding may come true. But in the interests of....

Anna. Many forebodings seem to come true even here, if I may say so. And pray, M'sieu, what else has this per-r-fect competition to offer?

Diehard. Resources, Madame, are perfectly mobile. Today you are the owner of a copper mine; tomorrow it becomes an oil well. No calling is closed to anyone. You can be a doctor, a miner, or a porter. As all labour is mobile, incomes will be equal.

Anna. I see, M'sieu. And so the butcher will earn as much as my husband does. And I shall have to suffer the indignity of seeing my charwoman in pearls, and of having to invite her to my parties, a mes soirees.

Diehard. Pearls only become a duchess, Madame. But there will be far more equality in our order.

Anna. You cannot deceive my sir! Why this is worse than the rankest Bolshevism. Equality indeed!

And I thought I could trust you as a friend of the old order! I shall go back to Russia immediately, M'sieu.

Diehard. But, Madame, wait. Before I go further I must explain to you the principle of the time lag.

Anna. Pray, M' sieu—What is that?

Diehard. It means that theory in Economics lags far behind practice. It is sometimes easier to tear a miser from his money bags, than an economist from his assumptions. The world I showed you cannot be realized, as it is based on unreal assumptions. For long it was our belief that the less you looked at the world, the more you know about it.

Anna. I can more than forgive the theory for that. But don't you ever try and explain facts?

Diehard. We are trying to, Madame. We started with duopoly—two sellers selling the same things. But we have not been able to tell what the price will be.

Anna. But why? I should have thought that would have been easy enough.

Diehard. You see, Madame, we don't know how to begin. If one seller assumes the output of the other as fixed, we have one solution; and if he assumes that the price is fixed, we have another.

Anna. But M'sieu, why should any one assume anything so stupid? They wouldn't actually believe that, would they?

Diehard. We don't know what....

Anna. You don't know anything, if you ask me. In your world of per-r-fect competition, all men are demi-gods. And in du-o-poly, you make them imbeciles. But we shall never descend to the real world if I don't make you. Why did all the economists, save a few like you, cease to believe in *laissez faire*?

Diehard. There were two reasons, Madame. One is war. The other is the Trade Cycle.

Anna. What is the Trade Cycle? Some kind of machine?

Diehard. Madame, it is the economic merry-go-round. The whole world is forced to sit on it. There seems no escape.

Anna. Escape, M'sieu! Why should anyone want to escape from a merry-go-round?

Diehard. Because it is not always, actually merry, Madame. The upswing is enjoyable, but when you come down with your purse emptying itself all the way, you begin to prefer stability and peace.

Anna. Surely, you being economists should be able to give the world that?

Diehard. Madame, the Court which tries to determine the guilty party, sits in judgment eternally. All economists have abandoned their separate quests and have turned detective to hunt down the criminal. But we have not yet quite succeeded in tracking him.

Anna. Will I be permitted to have a peep at the proceedings, M'sieu?

Diehard. With pleasure, Madame. There are many who have been tried and found not guilty. Mr. Hawtrey thought that the magician Money, was the villain of the piece. They found that he invariably made himself scarce during the depression. But in 1932, they cheapened money and yet the depression persisted. So he was absolved.

Anna. How can Money ever be to blame! It makes the world go round.

Diehard. And then came Psychology. They

thought that the brain of the business men became periodically addled. Booms were caused by limitless optimism and slumps by black pessimism. A few of us thought that the sun spots were to blame, but we could not bring them to the deck.

Anna. Dear me, it looks as if your brains are addled. Once you drag in Psychology, and then you drag in Astronomy. At first you make men demi-gods, then imbeciles—now with the Trade Cycle, they become nervous wrecks. Really, M'sieu Diehard, what next?

Diehard. Now, Madame, that sherlock Holmes of the economic world, Lord John Maynard Keynes has brought to heal a whole gang.

Anna. How clever of him. And who are the gang?

Diehard. The first, Madame, is a lady called Propensity to Consume. Her craze for preserving a slim figure is such that the more she is given, the less she consumes.

Anna. I entirely sympathise with her sentiments, M'sieu.

Diehard. The archfiend is Marginal Efficiency of Capital—given to fits of hysteria and a tendency to collapse. The last is Liquidity Preference, an inveterate drunkard who, when he cannot get a drink at the bar, swallows the lubricating oil, and brings the machine to a standstill. He is aided and abetted by the Magician Money—these are responsible for the merry-go-round of boom and slump.

Anna. And these booms and slumps have led to the abandonment of *laissez faire*?

Diehard. Mainly, Madame. These have resulted in a plethora of planning.

Anna. And what exactly are these plans?

Diehard. Madame, I can easily explain myself. When tried in Germany, it is called Fascist fanaticism; when tried in the United States, the success of the New Deal; and when tried in France, the failure of the Blum experiment.

Anna. And these plans have quite overcome the depressions?

Diehard. In a way, yes, Madame. In a way, no. In the Reich, unemployment is at an end. For while the demand for butter is easily satisfied, the demand for guns is not. So if you produce only guns, you can be sure of work for all.

Anna. But they don't want work. They want bread, M'sieu Diehard.

Diehard. If you do away with political *laissez faire*, Madame, you can effectively prevent anyone from telling you so. Besides bread is promised in the long run—with the coming of Lebensraum.

Anna. And is that all Germany has done?

Diehard. No, Madame, the Fuehrer has completely brought the Magician Money into his power.

Anna. How did he achieve this feat?

Diehard. There is only one way, Madame, through the power of a greater Magician.

Anna. Who is this greater Magician, M'sieu?

Diehard. His name is Dr. Schacht. Money in his time has played many sad tricks on our world. He is as fickle as his mistress fortune. He can make you a millionaire today, a pauper tomorrow. Today he sides with Marginal Efficiency, tomorrow he deserts him and

allies himself with abstinence. You can never rely on his word. But now in Germany, his independence is gone. He has become a Nazi and cries "Heil Hitler," with the rest. Inside Germany, he performs the trick of undervaluation for the mark, outside Germany, the trick of overvaluation. If money is ever disobedient, Dr Schacht threatens to exile him, and put his bitter rival, Barter, in his place.

Anna. But, M'sieu, I thought that money took its orders always from gold.

Diehard. Madame, as a duchess, it is your privilege to be behind the times. But the Kingdom of gold is neither here nor there; it is within you. It belongs to the class of purely psychological phenomena. There it stays, as a primitive prejudice. All the gold now is in the United States where it affords the common spectacle of royalty in refuge.

Anna. Then, M'sieu, I am overjoyed to be here. I feel safer in a country which has a stake in gold.

Diehard. The world too thought so, Madame, when all the currencies offered allegiance to gold. But he was a hard taskmaster, and the most respectable of his subjects, the impeccable pound sterling, was the first rebel.

Anna. M'sieu, tell me about the New Deal in America.

Diehard. President Roosevelt formed a Brain Trust, Madame, but soon found that he could not trust the brains to set things right.

Anna. Then whom could he trust?

Diehard. Nobody, Madame. That was the beginning of the end. He tried to please everybody, and found he could please none. He raised farm prices and found that wage-earners disapproved of the rise in the cost of living. He strengthened Trade Unions, and found Big Business against him. Industrialists wanted tariffs, but agriculture opposed them. He could do nothing without offending someone or the other. Finally, that Council of antediluvians, the Supreme Court of the United States renowned for their sanity, disapproved of the New Deal, because it was new, and almost declared the President illegal.

Anna. And what about England? Surely these ridiculous attempts were not made in the time of Cobden and Smith.

Diehard. I am sorry to say that the infection spread even there, Madame. England forgot free trade, and piled up tariffs against the better judgment of her better economists.

Anna. But why did they build up tariff walls?

Diehard. After the war, there were so many industries clamouring for protection. Our industries then discovered that they were infants too. In this they were honest, Madame—for many of them are in their second childhood.

Anna. And which are these other countries?

Diehard. Oh, the whole of Europe and even parts of Asia, Madame, to give you an example—India is one. There, all the economists are Lists.

Anna. How are you interested in India, M'sieu? It is so far away and after all does not concern us. I do not remember its name being mentioned in the Atlantic Charter which was drawn up recently.

Diehard. The British Government is sending me there on a special mission, Madame. Mr. Amery told me himself that in India my qualities will be duly appreciated. For there, I am informed, the Govern-

ment still believes in economic *laissez faire*.

Anna. Doubtless, then, the people there are really prosperous.

Diehard. No, Madame. That unfortunate country is the classic case of poverty in the midst of plenty.

Anna. But surely now that there is a war on, the Government cannot let well alone? How will they pay for the war?

Diehard. Madame, that is the problem, I am being sent to solve. It is difficult as the people are so poor.

Anna. That ought not to stand in your way, M'sieu?

Diehard. Madame, it does not. But we cannot realise enough through taxation. All taxation as you know, is robbing Peter to pay Paul; but in India, the Pauls are too many, and too poor; and the Peters are too few in number.

Anna. But M'sieu, why trouble about taxing the public when borrowing is so much easier?

Diehard. It is not easy in India, Madame. Either they think that they are too poor to lend or too patriotic. They are full of false notions.

Anna. So what do you intend doing, M'sieu Diehard?

Diehard. These people cannot save, Madame, but they can starve. Starvation in India is practically a tradition. They positively revel in fasts. I think I shall encourage the habit as a measure of war-time economy. As a matter of fact, there is a scarcity of almost every article of necessity in India.

Anna. But there is always scarcity in war-time, M'sieu. I remember it was impossible to get silk stockings in New York two months ago.

Diehard. Yes, Madame, but a rich country does without silk stockings in war-time. A poor country must do without food.

Anna. So there is hardly anything in India? It must be very difficult to carry on the war in such circumstances.

Diehard. Madame, there is a scarcity of everything except money. We too have tamed that magician. He must shake the pagoda-tree at our bidding, or he will be arraigned under the Defence of India Act. The pagoda-tree is easy to cultivate. After all the seed is our sterling. Technically, the shaking of this tree is termed inflation.

Anna. And what exactly is inflation?

Diehard. Madame, the Indian economists are still engaged in a heated debate on that problem. If the goods are halved, that is called scarcity; if money is doubled, that is called inflation.

Anna. But surely, M'sieu, the ratio is the same in both cases. What then is there to argue about?

Diehard. Madame, if you were acquainted with the ways of economists, you would know that they either have one name for two different things, or two names for the very same thing.

Anna. Doubtless, M'sieu, a great asset to clear thinking. But how exactly can the problem be tackled?

Diehard. Well, Madame, only statistics can give us the correct proportions. But India cannot afford statistics. The people there are too poor to measure their poverty.

Anna. Don't Indian economists think of planning for plenty? Or are they all dreaming of the sc-

wonderful world of perfect competition you had the temerity to show me?

Diehard. Madame, all of them are keen on planning. But what is the good of writing a book on how to plan feeding four hundred million when the Government refuses to plan for even one million.

Anna. Ah, I do fear that in Bengal there is a famine. Is this too due to *laissez faire*, M'sieu? But if the Government has nothing to do, why are you being sent to India at all?

Diehard. Madame, the Government has a great deal to do. But now it is occupied with financing the making of cannon and cannon fodder. We wish the Indian peoples good living in the long run. But we must look to the army at present. For though we are dead only

in the long run, the army is dead in the short run.

Anna. Oh, M'sieu, I am weary of listening to your dismal tale. Life in Soviet Russia seems not so bad after all. I suppose there will be still more plans in the post-war world.

Diehard. Plan or no plan, Madame, I have while expounding my beliefs to you, realized an ancient truth.

Anna. And cette inspiration—this inspiration what is it, M'sieu?

Diehard. The voice of my heart, Madame, crying in the wilderness. It is this—that no man can serve two masters, for either he will hate the one and love the other, or else he will hold to the one and despise the other. You cannot serve God and Mammon.

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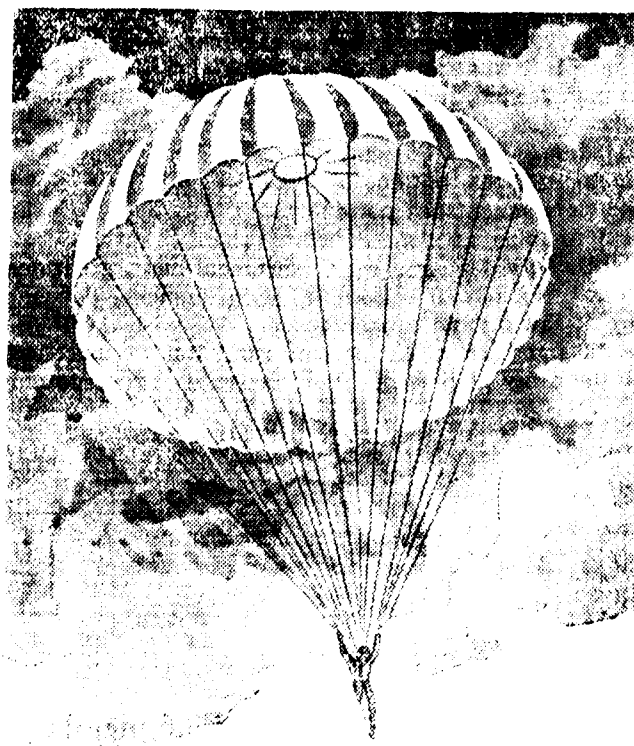
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BOOK REVIEW

WAR RISKS (GOODS) INSURANCE ORDINANCE
1940. By C. K. Ray. New Book Co., 188-90
Hornby Road, Bombay, 1943. Pp. 147. Price Rs. 5.

We are so much accustomed in this country to "rule" by ordinances, most of them pugnacious and seeking to curtail civil liberties, that we are apt to suspect even a constructive and beneficial enactment if it is called an ordinance. To cover any damage or destruction that may be caused by possible enemy action to goods of trade, the Government of India brought into force the War Risks (Goods) Insurance Ordinance in October, 1940, a year after the commencement of the war, the scheme to be administered through 108 odd private insurance companies. In the book under review Mr. Ray, who is special duty officer for War Risks Insurance in the Commerce Department, has written a running commentary on this piece of legislation "to explain the implications of the Ordinance for the benefit of the mercantile community. There is no doubt that the book will substantially contribute to the achievement of this object, as at present the Indian mercantile community is lost in a maze of war-time rules and regulations legislative and executive—without authoritative guidance as to their scope and interpretation. Of greater interest to those taking only an academic interest in the Ordinance are the first two chapters of the book in which the author compares it with the United Kingdom War Risks Insurance Act of 1939, and outlines the fundamental legal principles as applied to war risks insurance in general. Though the Indian Ordinance is almost a copy of the U. K. Act, there are some important differences and the points of difference mostly go against the former. For example, while the U. K. Act, as amended by the War Damage Act of 1941, covers war damage to buildings and other immovable property as well as to goods of trade the Indian Ordinance covers only goods and not immovable property. In the case of the former sellers as well as suppliers of goods may avail themselves of insurance and they may be carrying on business either in the United Kingdom or abroad, while under the Indian Ordinance only sellers of goods and doing business within British India (and certain Indian States to which the Ordinance is applicable) can apply for insurance of their goods. On the other side however in deference to the then prevailing public agitation, the Indian Ordinance, by an amendment in 1942, has granted indemnity to risks undertaken in pursuance of any "scorched earth" policy—a provision absent in the U. K. Act.

As to how the Ordinance will work in practice will also depend on the interpretation that may be put on it by Courts in test cases, if any should come up. The author says that an insurance policy under the Ordinance is governed by the general principles of the law of contract, and this law on our statute book is one of the most difficult to resolve judiciously. Apart from all this, however, there was little justification for the Government of India to enact this measure as an Ordinance, thus depriving discussion on it by competent students of the subject in the Central Legislature which might have resulted in its greater utility in the difficult war days that lie ahead of us.



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MONEY MARKET

(From Our Correspondent)

BOMBAY, Jan. 18.

Last Monday a slight flutter was caused in the money market. A leading bank all of a sudden withdrew its call loans of about two crores resulting in a scramble for funds among the borrowing banks. A few exchange and new banks were affected. Some paid as high as $\frac{3}{4}$ to 1 per cent. It was even rumoured that funds were borrowed for the day from the Reserve Bank at Bank Rate. Banks at times resort to such borrowing when they are faced with an adverse clearing at the end of the day and there is no time to arrange for funds elsewhere.

The tight conditions lasted only a couple of days. The situation has again become normal. That in the midst of plentiful money stringent conditions should re-appear is perhaps significant from another angle. The newly established banks are active borrowers in the call loan market. Funds provided by their own capital and deposits are apparently not enough for them. Trade demand for funds is slack. Can it be that some of these banks are either over-lending or over-investing? The temptation to take advantage of easy money conditions by borrowing at $\frac{1}{2}$ per cent. and earning 2 to 3 per cent. by lending or buying Government Loans is perhaps irresistible. It may help them to meet their heavy establishment and recurring expenses and to show larger profits. One can only hope they do not overlook the necessity of liquidity in their desire to inflate profits. The need

INVESTMENTS

(From Our Correspondents)

BOMBAY, Jan. 19.

The stock market ruled firm during the first fortnight of 1944. Cautious trading together with a small short position had kept the market in check before the Christmas holidays. Nothing eventful happened during the holiday. Active buying was therefore in evidence on the opening. Tata defds. opened at Rs. 1,900 and ordinaries at Rs. 390. Bulls became predominant and steadily the market improved to Rs. 2,115 and Rs. 415. Shorts were forced to cover their sales and at the end of the fortnight a small bull position was also built up. Similarly in textiles. Bombay Dyeings improved from Rs. 1,970 to Rs. 2,070. Kohinoors from Rs. 616 to Rs. 715 and Centurys from Rs. 961 to Rs. 1,005. The general tone in cotton and bullion markets, however, is quiet and the trend in the Share Market cannot remain divorced for a long time. Conditions are again tending to be quiet and the active shares have shed part of their gains in the last two days. The budget session is ahead. Fear of increased taxation is predominant in the mind of the investor. Prices are at their peak. The market has therefore declined. The closing quotations are: Bombay Dyeings Rs. 2,036-4-0; Centurys Rs. 978; Kohinoors Rs. 704 and Tatas Rs. 2,075 and Rs. 408. A large bull position is built-up in Kohinoors on the rumour that the Company will pay a final dividend of Rs. 28 per share on the total capital of Rs. 45 lakhs. Even on the basis of this dividend the share appears fully valued particularly because of its increased capital resulting in large number of shares in circulation. A notable feature in the textile group is spurt in Minerva Mills shares. They have improved from Rs. 250 to Rs. 305 on expectation of a better dividend than last year's Rs. 12. The Company has an ordinary capital of Rs. 25 lakhs (face value of Rs. 100 and Debentures worth of Rs. 12 lakhs). The mills are situated in Mysore State and the Company

for liquidity will be far more vital for the new banks which have yet to gain public confidence.

Treasury Bills

Government borrowing through Treasuries, however, goes on at record low level. Their yield has fallen further from Re. 0-9-0 to Re 0-8-7 per cent. per annum. Maturities exceed weekly borrowings. Tenders for Treasury Bills invited in the current week are however raised from Rs. 6 to Rs. 8 crores.

Interest Rates

Rates for three months deposits with banks remain unchanged at $1\frac{1}{4}$ per cent., for six months at $1\frac{1}{2}$ per cent and for one year at $1\frac{3}{4}$ per cent.

Reserve Bank

The weekly statement of the Reserve Bank dated 7th January shows a sharp drop of Rs. 10 crores in Scheduled Banks' deposits from Rs. 90 to Rs. 80 crores. This must be for the purposes of year-end accounts for showing better liquid position. Notes in circulation have further increased by Rs. 4.9 crores against sterling securities in the Issue Department which now stand at Rs. 738.84 crores. Balances held abroad in the Banking Department have also increased by Rs. 3 crores and stand at Rs. 123.70 crores. Government balances with the Bank have improved to Rs. 27.05 crores against last week's Rs. 25.26 crores. Other liabilities stand at Rs. 14.28 crores against Rs. 6.81 crores which is a sharp increase of Rs. 7.47 crores.

is therefore favourably placed for taxation in the miscellaneous group. Alcock Ashdown are talked up to Rs. 610 on possibility of higher dividend; Associated Cements are steady at Rs. 224 x-d. and Belapur are neglected at Rs. 241 x-d., Scindias are neglected at Rs. 36-10-0 x-d. The Bank of India have announced a issue of further Capital and Central banks are also expected to follow suit. One new share of Rs. 50 paid up will be issued at a premium of Rs. 50 for every two shares held. Central Banks are likely to adopt the same course and issue one new share at Rs. 50 for every two shares. Interest in bank shares has abated and the news of further capital has no effect on the share prices. The closing is Bank of India Rs. 227-8-0 and Central Bank Rs. 93.

MADRAS, Jan. 14.

This week has been an active period in the Stock Exchange. Sentiment has brightened up and there have been signs of optimism. What with the pressure of idle funds seeking investment and the belief that the leading textile mills would continue to declare handsome dividends, there has been a revival of interest in this type of shares. There was a large volume of business in the Government Securities market with good investment support from institutional investors. Three and a half per cent. Paper after rising to Rs. 99-3 closed four annas lower. This is a significant feature, as the rise has happened without any effort from the Reserve Bank of India. There have been fractional rises in other dated loans but four per cent. Loans 1960-70 must be singled out as they have registered an advance of eight annas to Rs. 112-12. Madras Loans 1952 and 1953 were done round about par.

Textile shares have substantially risen in value in the New Year, and this has been mainly due to the sentiment expressed above. To give a few examples of the rises, Kaleeswarers have moved from Rs. 950 to Rs. 1,120, Coimbatore Cottons from Rs. 340 to Rs. 358, Mettur Industries from Rs. 293 to 311-8, Rajalakshmis from 287-8 to Rs. 308, Saradas from Rs. 265 to Rs. 286 and Radhakrishnas from Rs. 443 to Rs. 472. The volume of inquiry has broadened and a large turn-

over has been done. The planting section too received good support and share values have risen though not to the same extent as in textiles. Cochin Malabars were done up to Rs. 18-4 c.d. and Tropical Plantations up to Rs. 47-12. Tea shares received better support than for sometime past. United Nilgiris were done at Rs. 300 x.d., Chembra Peaks at Rs. 12-12 and O. Valleys at Rs. 16. The profit figures of some of the South Indian banks published recently show that the banks have done very well despite the curtailment of business in many directions, consequent on Government controls. The publication has given an impetus to the market and bank shares have shown a substantial rise on the past week's

COMMODITY MARKETS

(From Our Correspondents)

BOMBAY, Jan. 15.

The authorities are relentlessly pursuing their policy of tracking down the stocks of unstamped goods. In this connection, the view that the seizure of unstamped cloth by the Government is neither justified nor equitable was expressed by the Vice-President of the Hindustani Native Merchants' Association, Bombay. He outlined the various difficulties including those of transport that prevented the disposal of cloth within the stipulated period and went to the length of challenging the Government to dispose of these stocks in the same conditions within a further period of three months even at lower prices. Looking to the large quantities of unstamped cloth remaining unsold, one cannot but feel that the task set by the Government to the holders of these goods of disposing of the stocks within a specified time was well-nigh impossible. It is suggested that the best way to deal with these unstamped stocks now is to stamp them with ceiling prices and allow the same merchants to sell it. This appears to be a practicable suggestion and if the Government wish to impose certain penalty on the holders it could be done by stamping the prices a little below the ceiling prices and leaving the merchants to dispose of the stocks as best as they can.

In the piecegoods market there was hardly any improvement to report. Contrary to expectations, the fixing of ceiling prices for a number of styles did not lead to brisker business. The demand from consuming centres as well as from local sources was hardly encouraging. Regarding export, business is negotiated whenever licences are obtained. While inquiry from Australia, New Zealand and S. Africa is limited, licences for these places are obtainable for reasonable quantities. On the other hand, E. Africa, Persia Iraq and Ceylon are crying out for more cloth but for these markets, licences are very limited.

Groundnuts

It is reported that a small business was done with the Ministry of Food at £33-7-6. In the local market Bold for January-February was sold at Rs. 14-5 and for February at Rs. 14-6 while some business was done in Khandesh quality for February-March at between Rs. 15-1 and Rs. 15-2 and for January-February at between Rs. 15-2 and Rs. 15-3. Business in Madras-Mormugao was done for January-February at between Rs. 15-6 and Rs. 15-7 and for January-March at between Rs. 15-8 and Rs. 15-8-6.

Other Seeds

No business has been reported. Nominal quotations are Rs. 16-4 for castorseed Madras and Rs. 16 for Gujarat castor seeds, both Bombay delivery.

Nominal quotation is Rs. 13-4 for ready Bold quality linseed and Rs. 13 on wagon supply condition, while Linseed Small was quoted at Rs. 13-4.

Groundnut oil January Rs. 185-15 per quarter, Copra oil Rs. 10-6 per quarter, Linseed oil Rs. 10-10 per quarter, Castorseed oil Rs. 12 per quarter.

trading. Indian Banks and Reserve Banks have gone up by over six points. Indo-Commercials "A" moved up from Rs. 125-8 to Rs. 140. In the miscellaneous section, chemicals and fertilizers continued to advance, in view of their growing importance in the agricultural and industrial spheres in the country. Mysore Chemicals and Fertilizers improved from Rs. 33 c.d. to Rs. 36-4 c.d. Mettur Chemicals (new) changed hands at Rs. 27, registering a rise of two points. There was a good volume of business in Mysore Papers at Rs. 31 as against the last close of Rs. 29-6 c.d. There was interest in Deccan sugars and United Breweries. Spencers received more attention on the publication of a good balance sheet.

In the early part of the week the Futures market showed a weak tendency due to the sharp drop in silver prices. Later however, reports of unseasonal rains and frost in Broach and Surat districts and of reduced trade estimates of the crop in these districts imparted steadiness to the market. Of importance to this market is the news that the Cotton Committee of the Textile Control Board has recommended the reopening of the R.F. Hedge Contract at Karachi with a ceiling price of Rs. 61 per maund and a floor price of Rs. 46 per maund. The latest quotation for I.C.C. January is Rs. 481-4 and March Rs. 476. In the spot market, values have been maintained due to good demand. In the foreign section, prices have ruled firm especially due to a good demand for East Africans.

Regarding exports, some business in short staple Oomras and Punjab as well as 4F variety has been reported.

MADRAS, Jan. 14.

The tanned kips market is ruling very firm at 1 to 1½ annas above the revised schedule and shippers are unable to operate on this basis. Internal business has been good with large up-country orders. The prices of raw goods at the purchase centres have advanced by about 15 per cent. over the 1943 basis. The new ceiling prices for the finished leather and the prices of raw goods plus the manufacturing costs vary widely and it has not been practicable to do business. It would therefore be desirable if every endeavour is taken to control the prices at the raw stage; if not, the institution of ceilings for the finished leather would be only like putting the cart before the horse.

Seeds and Groundnuts

The groundnuts market continued to be easy and prices have come down to Rs. 72. The British Ministry of Food have rejected offers at £33-7-6, being 5 sh. higher than the last purchase price. Arrivals were moderate and there have been no heavy sales. Firms were buying in fair quantities. Calcutta buyers were interested in the market only to a small extent. But for the demand from Calcutta, there were no fresh features in the oil market. The recent notification of the Government of India prohibiting futures trading in oil and cake produced no effect in Madras, as there has been very little business of that kind in this market.

HAPUR, Jan. 17.

After showing a firm tendency in the initial stages of the week the local grain markets declined due to bearing ideas of the traders and stockists. Wheat prices had a fall of 6 annas per maund, gram 2 annas, peas 5 annas and millets 8 annas. Arrivals of wheat have begun to increase again, the daily average being 200 maunds. Seven *khattis* of peas and six of *Ahrar* were opened here and the stocks have now been reduced to 91 and 238 *khattis* respectively. Wheat stocks remained unchanged at 127 *khattis*. Rabi crops are progressing under ideal weather conditions.

Gur

As the Government have withdrawn restrictions on the exports of *gur* from one region to another in the province, the market remained steady showing a gain of annas 12 to Re. 1 per maund. Arrivals are persistently increasing, averaging 6,000 maunds daily.

Urad

On the opening day the market remained actively firm owing to gigantic speculative purchases by a prominent firm and unfounded rumours that the Government would soon make heavy purchases of *Urad* pulses at Hapur, but soon the market depressed following the issue of large tenders against *Magh* delivery and selling pressure by the operators of eastern markets. Local operators are expecting a substantial easiness in *Urad* prices. Local stock is computed at over 40,000 bags. The large stocks of *Arhar* are also wielding a bearish influence on the local *Urad* market. *Urad* Baisakh opened at Rs. 10/0/3 and closed at Rs. 9/10/4½, touching the highest and the lowest at Rs. 10/0/6 and Rs. 9/0/6 respectively. *Magh* prices touched the lowest at Rs. 9/1/6. Turnover was very active and fluctuations were significant.

Juwar

The early part of the week was marked by easier feeling but towards the close there was a cheerful feeling in the prices following encouraging demand from nearby *mandis*. Out of 10,000 maunds of *juwar*, 1,000 maunds were exported from here and 500 maunds were locally consumed.

The following are the latest quotations:—

		This week	Previous week
		Rs. As. p.	Rs. As. p.
Wheat	.. ..	11 1 0	11 7 0
Gram	.. ..	9 14 0	10 0 0

Barley	.. ..	6 10 6	6 9 6
Arhar	.. ..	7 10 0	8 0 0
Gur	.. ..	6 8 0	5 10 0
Raw Sugar: Ready		7 8 0	7 0 0
Moong Fagun		9 2 3	9 9 0
" Ready		9 2 0	9 6 0
Juwar Fagun		6 2 6	5 15 6

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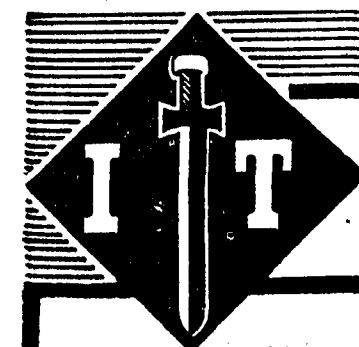
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INDIAN TOOL MFG. CO., LTD.
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COMPANY NOTES

INDIAN NATIONAL AIRWAYS LTD.

The tenth annual Report, together with the Balance Sheet and Profit and Loss Account, of the Indian National Airways Ltd. (Managing Agents: Govan Bros. Ltd., New Delhi), for the year ended 30th June, 1943, makes interesting reading—revealing some little known facts about the business side of civil aviation. The net profits for the year under review amounted to Rs. 2,05,427-8-11 to which a sum of Rs. 2,584-9-5, being the net balance of profit brought forward from last year's account, has been added to make a total (subject to taxation) of Rs. 2,08,012-2-4. Out of this Rs. 50,479-10-4, or about 25 per cent., has been allocated to Development Account (standing at Rs. 4,73,000) as the Board of Directors consider that this account should be liquidated as rapidly as possible. A sum of Rs. 97,000 has been allocated to Income Tax Reserve and the balance of Rs. 60,532-8-0 is to be disbursed in payment of dividends as follows: A dividend of 6 per cent on Rs. 50,000 fully paid up preferred shares of Rs. 10 each (Rs. 3,00,000); a dividend of 5 per cent. on 6,065 fully paid up ordinary shares of Rs. 10 each (Rs. 30,532-8-0). The Board add that they are unable to recommend any further distribution of profits partly on account of allocation to Development Account referred to above, and partly because they wish to maintain the Company's cash resources for acquisition of additional aircraft as soon as these become available. While the former is a cautious note in the Company's finances, the latter means, in effect, the building up of resources for expansion of civil aviation in the post-war period and is to be welcomed as such.

Among other features of the accounts are the provision of a reserve for this year of Rs. 52,942 for obsolescence of engines and airframes, and a sum of Rs. 39,825-4-6 being the Managing Agents' remuneration.

THE GWALIOR SUGAR CO., LTD.

The audited accounts of the Gwalior Sugar Co., Ltd., Dabra, Gwalior (Managing Agents: Govan Bros., Ltd., New Delhi), for the year ended 30th June, 1943, indicate that the Company has rallied from its temporary difficulties and is now sharing the generally cheerful position of the Indian sugar industry during the war. The accounts show a net profit of Rs. 2,46,344-12-10 from which a sum of Rs. 73,240-5-0, being the loss carried forward from the previous year's accounts has to be deducted. Out of the balance of Rs. 1,73,104-7-10, a sum of Rs. 17,720, has been provided for writing off brokerage and part of preliminary expenses, and Rs. 1,53,125 are disbursed in dividends as follows: A dividend at 7 per cent. per annum from 1st October 1941, to 30th June 1942 on 7,500 Redeemable Cumulative Preference Shares of Rs. 100 each and 5,000 Cumulative Preference Shares of Rs. 100 each (Rs. 65,625); a dividend of 7 per cent. on these for the year ended 30th June 1943 (Rs. 87,500). The balance of Rs. 2,259-7-10 has been carried forward.

An important feature of the Profit and Loss Account that has to be mentioned is the sum of Rs. 1,96,389-5-1 received by the Company as subsidy from the State.

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4. SUBZIMANDI
5. SADAR BAZAR
6. FOUNTAIN

YODHRAJ,

General Manager.



Output greatly in excess of what was formerly considered possible—this is the report from industrial concerns all over the country. Good management & careful maintenance of plant play important parts in bringing about this excellent state of affairs, but the principal factor is the

ability of the labour force to maintain continuously a high level of output. It is here that Indian Tea has helped in many hundreds of factories; tea served to the worker on the job is giving extra concentration and renewed energy, thus eliminating the fall-off in production usually noticed towards the end of a working period.



INDIAN Tea

Relieves
the Strain
of War-Level Output

INSERTED BY THE INDIAN TEA MARKET EXPANSION BOARD

CURRENT STATISTICS

BANK OF ENGLAND

(000's omitted)				
	Jan. 12, 1944	Jan. 5, 1944	Jan. 13, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion	834	1,065	753	263,700
Public Deposits	11,900	9,600	9,700	31,100
Other Deposits	242,200	181,100	212,800	129,100
Of which Bankers' Deposits	181,200	227,800	145,700	99,100
Govt. Securities	221,500	231,500	171,100	113,100
Other Securities	15,900	14,900	21,700	31,000
Of which Discounts and Advances	6,100	1,600	11,100	6,400
Notes and Coins	23,600	17,100	33,700	31,200
Notes in Circulation	1,075,300	1,083,900	914,100	529,500
Ratio of Reserve to Liabilities	10.06%	8.92%	16.46%	21.38%

U.S. FEDERAL RESERVE BOARD

(000's omitted)				
	Jan. 13, 1944	Jan. 6, 1944	Jan. 14, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves	20,115,000	20,100,000	19,046,000	14,660,610
Total Bills Discounted	47,000	31,000	7,000	6,190
Bills bought in open market				500
Total U. S. Government Securities	11,855,000	11,650,000	5,975,000	2,428,100
Federal Reserve Notes in actual Circulation	16,896,000	16,938,000	12,109,000	4,609,280
Deposits — Member Bank Reserve Account	12,801,000	12,602,000	13,279,000	10,951,000
Ratio of total Reserve to Deposit and Federal Reserve Note-liabilities combined	62.5%	62.4%	77.5%	85.9%

RESERVE BANK OF INDIA

Weekly Statement of Accounts As on Dec. 31, 1943.

ISSUE DEPARTMENT			
Liabilities	Rs.	Rs.	
Notes held in the Banking Department	7,77,58,000		
Notes in circulation	845,69,91,000		
Total Notes Issued		853,47,55,000	
Total Liabilities		853,47,55,000	
Assets			
	Rs.	Rs.	
A. Gold Coin and Bullion:—			
(a) Held in India	44,41,43,000		
(b) Held outside India			
Sterling Securities	738,83,93,000		
Total of A		783,25,39,000	
B. Rupee Coin		11,89,51,000	
Government of India Rupee Securities		58,32,65,000	
Internal Bills of Exchange and other commercial Paper			
Total Assets		853,47,55,000	

Ratio of Total of A to Liabilities: 91.772 per cent.

BANKING DEPARTMENT

Liabilities			
	Rs.	Rs.	
Capital paid-up	5,00,00,000		
Reserve Fund	5,00,00,000		
Deposits:—			
(a) Government			
(1) Central Government of India	16,09,59,000		
(2) Government of Burma	43,11,000		
(3) Other Government Accounts	10,53,53,000		
(b) Banks	80,26,63,000		
(c) Others	7,85,45,000		
Bills Payable	3,78,51,000		
Other Liabilities	14,28,18,000		
Total Rs.	143,23,00,000		

Assets

Rs.

Notes	7,77,58,000
Rupee Coin	9,91,000
Subsidiary Coin	1,21,000
Bills Purchased and Discounted:—	
(a) Internal	
(b) External	
(c) Government Treasury Bills	11,23,000
Balances held abroad*	123,70,00,000
Loans and Advances to Governments	30,00,000
Other Loans and Advances	10,50,000
Investments	7,85,15,000
Other Assets	3,27,39,000
Total Rs.	143,23,00,000

* Includes Cash and Short term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	Jan. 7, 1944	Dec. 31, 1943	Jan. 8, 1943	Sept. 1, 1939
Held in the Banking Department	7,77.58	9,59.72	12,51.93	35,04.49
In Circulation	8,15.69.97	8,40.80.16	5,88.34.79	1,82.13.17
Total Notes	8,53,47.55	8,50,39.83	5,88,86.72	2,17,17.66
A. Gold Coin and bullion	44,41.43	44,41.43	44,41.43	55,51.56
Sterling securities	7,38,83.98	7,34,83.96	3,45,83.39	59,50.11
Total of A	7,83,25.39	7,79,25.39	3,90,24.82	1,03,91.57
B. Silver coin	11,89.51	12,81.84	14,25.48	75,87.11
Rupee securities	58,32.65	58,32.65	1,94,35.42	37,38.98
Silver bullion under Coinage				
Percentage of Reserve to Liabilities	91.772	91.635	85.164	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	Jan. 7, 1944	Dec. 31, 1943	Jan. 8, 1943	Sept. 1, 1939
Cash	7,88.7	9,79.25	12,65.17	35,15.27
Balances held abroad	1,23,70.00	1,20,60.00	65,18.90	10,08.33
Investments	7,85.15	7,68.53	5,97.88	6,81.34
(a) Internal				
(b) External				
(c) Government of India Treasury Bills	11.23	325	1,92.18	1,15.67
Loans and Advances to the Government	30.00	26.00	63.00	31.00
Deposits:—				
(a) Government	27,06.23	21,28.00	12,72.64	14,89.43
(b) Banks	80,26.63	90,17.39	55,05.80	26,91.43
(c) Others	7,85.45	7,16.57	4,04.68	1,24.37

STERLING PURCHASES

(000's of £)			
	Total Amount Purchased.	Average rate.	
1943:—			
January	8,132	1sh. 8d.	
February	11,070	1sh. 6d.	
March	17,779	1sh. 6d.	
April	9,219	1sh. 6d.	
May	8,721	1sh. 6d.	
June	6,338	1sh. 6d.	
July	7,006	1sh. 6d.	
August	8,546	1sh. 6d.	
September	8,371	1sh. 6d.	
October	8,947	1sh. 6d.	
November	7,476	1sh. 6d.	
December	9,572	1sh. 6d.	

IMPERIAL BANK

(In 000's of Rupees)

	Jan. 13, 1944	Jan. 6, 1943	Jan. 8, 1943
Liabilities:—			
Subscribed Capital	11,25.00	11,25.00	11,25.00
Capital paid-up	5,62.50	5,62.50	5,62.50
Reserve Fund	5,75.00	5,75.00	5,78.00
Fixed Deposits, Savings Bank, Current and other Accounts	209,10.44	210,07.26	163,37.22
Loans against securities per contra			
Acceptances for Constituents			
Sundries	3,50.51	2,71.21	1,24.97
Total	223,98.45	224,15.97	175,94.69
Assets:—			
Government Securities	127,13.50	127,13.35	114,82.76
Other authorised investments	2,75.85	2,66.40	1,34.29
Loans	13,76.18	14,38.89	9,06.50
Cash credits	19,68.33	19,44.30	14,84.55
Bills Discounted and Purchased	6,39.02	2,86.71	2,58.43
Liabilities of Constituents for Acceptances per contra			
Dead Stock	1,69.41	1,69.42	1,73.90
Sundries	1,62.53	3,38.12	83.92
Bullion			
Balances with other Banks	2,81.00	1,78.88	3,08.14
Cash in hand and with the Reserve Bank of India	48,12.63	50,79.90	27,62.20
Total	223,98.45	224,15.97	175,94.69

SCHEDULED BANKS

(In thousand Rupees)

	7-1-44	31-12-43	8-1-43	1-9-39
Demand Liabilities in India	500,47.25	500,81.88	341,26.97	134,36.11
Time Liabilities in India	158,68.63	157,27.80	112,57.01	102,24.34
Cash in India	24,32.61	27,48.88	15,45.31	6,69.92
Balances with Reserve Bank	82,73.00	88,72.16	53,66.45	25,17.19
Advances in India	164,94.95	160,85.89	98,34.63	101,52.16
Bills discounted in India	7,17.38	6,74.22	3,11.23	3,57.29

TENDERS FOR TREASURY BILLS

(In thousands of rupees)

Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter-mediate	Sold in favour of Issue
Sept. 7	18,85.25	8,00.00	0 13 9		3,72.75
" 10	14,91.25	8,00.00	0 13 4		3,54.00
" 21	15,84.25	8,00.00	0 13 5		3,48.00
" 28	20,10.75	8,00.00	0 13 6		4,79.50
Oct. 4	15,86.50	8,00.00	0 12 0		2,08.50
" 12	12,28.00	8,00.00	0 12 0		5,22.00
" 19	14,57.00	8,00.00	0 12 1		5,40.75
" 25	12,89.00	8,00.00	0 12 9		3,18.00
Nov. 2	10,70.50	8,00.00	0 13 8		3,19.00
" 9	91,450	60,000	0 13 8		18,800
" 16	13,20.50	6,00.00	0 13 8		18,100
" 23	10,71.25	6,00.00	0 13 0		34,725
" 30	11,13.50	60,000	0 12 11		1,45.00
Dec. 7	13,73.75	6,00,000	0 12 3		1,40.50
" 14	14,02.50	6,00.00	0 11 11		1,34.00
" 21	14,26.25	6,00.00	0 11 0		17,850
Jan. 4, '44	10,77.75	6,00.00	0 9 0		60,825
" 11,	8,55.50	6,00.000	0 8 7		59,400

MATURITY OF TREASURY BILLS OUTSTANDING ON 31ST DECEMBER, 1943.

Date of Maturity	Amount (000's of rupees)
Bills maturing on or before 31st December 1943 but not paid upto that date	
2nd January 1944	50
7th " "	8,00.00
15th " "	7,59.00
16th " "	41.00
22nd " "	7,38.50
23rd " "	61.50
27th " "	7,92.00
30th " "	8.00
5th February 1944	7,83.75
6th " "	16.25
12th " "	5,52.25
13th February 1944	47.75
19th " "	5,43.25
20th " "	56.75
26th " "	6,00.00
2nd March 1944	25
3rd " "	5,99.75
8th " "	35.50
10th " "	5,19.75
11th " "	44.75
17th " "	5,99.00
18th " "	1.00
23rd " "	6,00.00
Total	82,00.50

CURRENCY AND PRICES ABROAD

(Base: 1939=100)

	Note Circulation	Sight Deposits	Wholesale Prices	Cost of Living
	1917 1942	1917 1942	1917 1942	1917 1942
U.K.	789 184 163 193	204 162	230 129	
Germany	629 298 304	179 108	107	
France	391 345 150 255 Nov. 273 July 199 Mar.	248 153 Mar.		
Italy	309	347	306	260
Bulgaria	790 678 343 190 Nov.	200	205	
Finland	676 461 941 341	230	588 182	
Rumania	940 336	198		
Denmark	222 223 269 221	250	195 196 157	
Netherlands	293 306 376 136	276	184	
Norway	302 425 764 695 May 341	179	264 150	
Turkey	373	184 Aug.	430	340
Portugal	222 232 254 424	188	146	
Sweden	245 190 370 185	239	179 236 149	
Switzerland	226 151 202 119	202	211 146	
Palestine	434	216	276 Sept.	264
Egypt	369		221 Sept.	199 Sept.
Iran	372 Oct.		243 July	347 Nov.
Iraq	473 Nov.	308 March	468 Oct.	
India	316	287	241	181

CROP FORECAST

(ALL-INDIA)

Oil Seeds

	1943-44.	1942-43	Decrease (—).	Remarks.
	Acres.	Acres.	Per cent.	
Rape and Mustard	3,038,000	3,443,000	—12	The present condition of both the rape-mustard and linseed crops is reported to be fairly good on the whole.
Linseed	2,370,000	2,590,000	—8	

CLEARING HOUSE RETURNS

Period	(In lakhs of rupees)								Progressive Total
	Bombay	Calcutta	Cawnpore	Delhi	Karachi	Lahore	Madras	Total	
Total 1940-41	796.66	1,005.65	18.95	28.26	46.62	15.71	106.69	2,018.54	2,018.54
" 1941-42	1,016.77	1,230.09	30.33	41.06	58.50	26.61	135.30	2,568.66	2,568.66
" 1942-43	1,321.06	1,061.88	55.14	80.53	76.62	47.96	129.84	2,773.03	2,773.03
1942-43									
April	96.70	75.35	3.19	5.02	4.82	2.75	8.61	196.44	196.44
May	97.79	76.68	3.95	6.24	6.94	3.74	8.49	203.83	400.27
June	82.06	66.40	2.86	4.92	5.48	2.96	7.44	172.12	572.39
July	105.05	85.62	3.42	6.53	6.61	4.89	10.49	222.61	795.00
August	81.80	66.62	2.65	4.32	4.83	3.61	8.19	172.02	967.02
September	79.63	75.87	3.19	4.67	4.66	3.51	9.90	181.43	1,146.45
October	124.29	95.16	5.39	6.16	6.96	4.24	12.26	254.46	1,402.91
November	101.80	97.13	4.49	6.73	6.14	4.18	11.20	231.67	1,634.58
December	111.59	104.41	5.56	7.13	5.74	3.91	12.06	250.40	1,884.96
January	152.27	113.35	6.67	10.36	8.96	4.84	13.36	309.81	2,194.79
February	130.41	92.20	6.81	9.03	7.69	1.54	13.27	263.95	2,456.74
March	157.67	113.09	6.96	9.42	7.79	4.79	14.57	314.29	2,773.03
1943-44									
April	195.80	144.50	8.94	10.56	9.31	6.62	17.67	393.20	393.20
May	154.55	121.09	7.63	8.35	7.52	5.07	14.35	318.56	711.76
June	130.96	120.90	6.48	7.74	8.25	1.51	13.95	292.79	1,004.55
July	170.79	153.77	7.11	9.58	8.96	8.25	17.25	375.71	1,380.26
August	140.07	127.87	5.64	7.70	6.69	6.24	13.60	307.81	1,688.07
September	132.17	139.31	8.96	8.61	8.12	5.27	15.33	317.77	2,005.84
October	163.01	139.07	8.73	10.43	9.46	6.80	17.61	355.13	2,360.97
November	148.40	140.39	8.21	10.15	7.28	5.69	14.30	334.42	2,695.39
December	197.06	156.00	10.27	13.22	9.69	7.35	23.59	417.18	3,112.57
Week ended December 5	43.89	38.43	1.93	3.73	2.16	1.66	5.30	97.10	2,792.49
" " 10	29.49	25.24	7.77	2.15	1.89	1.34	3.11	64.99	2,857.48
" " 17	38.10	33.73	2.45	2.50	1.99	1.50	6.54	86.90	2,944.38
" " 24	43.83	33.36	1.85	2.66	1.94	1.53	4.72	89.89	3,034.27
" " 31	41.75	25.24	2.27	2.09	1.71	1.32	3.92	78.30	3,112.57

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939.[†]
(Base: August 1939=100)

	Bombay	Ahmedabad	Sholapur	Cawnpore	Nagpur	Jubbulpore	Lahore	Madras
1939-40	104	108	120	170	111	111	129	188
1940-41	106	110	123	179	115	108	136	204
1941-42	109	111	130	193	111	108	130	237
1942-43	107	113	129	195	108	108	129	226
1943-44	105	113	130	198	107	108	132	237
1944-45	105	115	131	214	107	111	136	256
1945-46	106	116	135	214	105	112	141	271
1946-47	106	116	145	224	110	114	152	289
1947-48	108	120	152	289	104	111	149	252
1948-49	108	120	152	289	104	111	149	252
1949-50	108	120	152	289	104	111	149	252
1950-51	108	120	152	289	104	111	149	252
1951-52	108	120	152	289	104	111	149	252
1952-53	108	120	152	289	104	111	149	252
1953-54	108	120	152	289	104	111	149	252
1954-55	108	120	152	289	104	111	149	252
1955-56	108	120	152	289	104	111	149	252
1956-57	108	120	152	289	104	111	149	252
1957-58	108	120	152	289	104	111	149	252
1958-59	108	120	152	289	104	111	149	252
1959-60	108	120	152	289	104	111	149	252
1960-61	108	120	152	289	104	111	149	252
1961-62	108	120	152	289	104	111	149	252
1962-63	108	120	152	289	104	111	149	252
1963-64	108	120	152	289	104	111	149	252
1964-65	108	120	152	289	104	111	149	252
1965-66	108	120	152	289	104	111	149	252
1966-67	108	120	152	289	104	111	149	252
1967-68	108	120	152	289	104	111	149	252
1968-69	108	120	152	289	104	111	149	252
1969-70	108	120	152	289	104	111	149	252
1970-71	108	120	152	289	104	111	149	252
1971-72	108	120	152	289	104	111	149	252
1972-73	108	120	152	289	104	111	149	252
1973-74	108	120	152	289	104	111	149	252
1974-75	108	120	152	289	104	111	149	252
1975-76	108	120	152	289	104	111	149	252
1976-77	108	120	152	289	104	111	149	252
1977-78	108	120	152	289	104	111	149	252
1978-79	108	120	152	289	104	111	149	252
1979-80	108	120	152	289	104	111	149	252
1980-81	108	120	152	289	104	111	149	252
1981-82	108	120	152	289	104	111	149	252
1982-83	108	120	152	289	104	111	149	252
1983-84	108	120	152	289	104	111	149	252
1984-85	108	120	152	289	104	111	149	252
1985-86	108	120	152	289	104	111	149	252
1986-87	108	120	152	289	104	111	149	252
1987-88	108	120	152	289	104	111	149	252
1988-89	108	120	152	289	104	111	149	252
1989-90	108	120	152	289	104	111	149	252
1990-91	108	120	152	289	104	111	149	252
1991-92	108	120	152	289	104	111	149	252
1992-93	108	120	152	289	104	111	149	252
1993-94	108	120	152	289	104	111	149	252
1994-95	108	120	152	289	104	111	149	252
1995-96	108	120	152	289	104	111	149	252
1996-97	108	120	152	289	104	111	149	252
1997-98	108	120	152	289	104	111	149	252
1998-99	108	120	152	289	104	111	149	252
1999-00	108	120	152	289	104	111	149	252
2000-01	108	120	152	289	104	111	149	252
2001-02	108	120	152	289	104	111	149	252
2002-03	108	120	152	289	104	111	149	252
2003-04	108	120	152	289	104	111	149	252
2004-05	108	120	152	289	104	111	149	252
2005-06	108	120	152	289	104	111	149	252
2006-07	108	120	152	289	104	111	149	252
2007-08	108	120	152	289	104	111	149	252
2008-09	108	120	152	289	104	111	149	252
2009-10	108	120	152	289	104	111	149	252
2010-11	108	120	152	289	104	111	149	252
2011-12	108	120	152	289	104	111	149	252
2012-13	108	120	152	289	104	111	149	252
2013-14	108	120	152	289	104	111	149	252
2014-15	108	120	152	289	104	111	149	252
2015-16	108	120	152	289	104	111	149	252
2016-17	108	120	152	289	104	111	149	252
2017-18	108	120	152	289	104	111	149	252
2018-19	108	120	152	289	104	111	149	252
2019-20	108	120	152	289	104	111	149	252
2020-21	108	120	152	289	104	111	149	252
2021-22	108	120	152	289	104	111	149	252
2022-23	108	120	152	289	104	111	149	252
2023-24	108	120	152	289	104	111	149	252
2024-25	108	120	152	289	104	111	149	252
2025-26	108	120	152	289	104	111	149	252
2026-27	108	120	152	289	104	111	149	252
2027-28	108	120	152	289	104	111	149	252
2028-29	108	120	152	289	104	111	149	252
2029-30	108	120	152	289	104	111	149	252
2030-31	108	120	152	289	104	111	149	252
2031-32	108	120	152	289	104	111	149	252
2032-33	108	120	152	289	104	111	149	252
2033-34	108	120	152	289	104	111	149	252
2034-35	108	120	152	289	104	111	149	252
2035-36	108	120	152	289	104	111	149	252
2036-37	108	120	152	289	104	111	149	252
2037-38	108	120	152	289	104	111	149	252
2038-39	108	120	152	289	104	111	149	252
2039-40	108	120	152	289	104	111	149	252
2040-41	108	120	152	289	104	111	149	252
2041-42	108	120	152	289	104	111	149	252
2042-43	108	120	152	289	104	111	149	252
2043-44	108	120	152	289	104	111	149	252
2044-45	108	120	152	289	104	111	149	

STOCKS AND SHARES

	This week. Rs. a. p.	Previous week. Rs. a. p.	CALCUTTA (Jan. 18)
BOMBAY (Jan. 18)			
GOVT. SECURITIES—			
2½% 1948-52	99 12 0	99 12 0	
3% 1946 (Defence)	102 5 0	102 5 0	
3% 1948-52	100 12 6	100 11 0	
3% 1953-55	99 14 0	..	
3% 1963-65	98 12 0	98 12 0	
3½% G. P. Notes	98 15 0	98 14 0	
3½% 1947-50	103 6 0	103 6 0	
4% 1960-70	114 8 0	112 8 0	
4½% 1955-50	115 8 0	115 12 0	
5% 1945-55	103 10 0	..	
TEXTILES—			
Ahmedabad	507 8 0	496 4 0	
Bombay Dyeing	2,050 0 0	2,077 8 0	
Central India	471 0 0	481 8 0	
Indian Bleaching	241 0 0	241 0 0	
Kohinoor	710 0 0	699 0 0	
Century	992 0 0	996 0 0	
Colaba Land	258 0 0	260 0 0	
Gokak	375 0 0	361 0 0	
Phoenix	810 0 0	797 8 0	
Simplex	292 8 0	303 0 0	
Swadeshi	621 0 0	632 0 0	
Vishnu	2,685 0 0	2,630 0 0	
Finlay	365 0 0	377 0 0	
Morarji	843 12 0	790 0 0	
New Great	489 0 0	492 0 0	
Swan	335 0 0	344 0 0	
Apollo	5 9 6	5 10 6	
Sassoon	21 4 0	21 8 0	
Sassoon Defd.	4 9 0	4 9 0	
Model	338 0 0	328 12 0	
Poddar	440 0 0	428 12 0	
MISCELLANEOUS			
Alcock	600 0 0	585 0 0	
Bombay Burma	435 0 0	425 0 0	
Belapur Sugar	244 0 0	250 0 0	
Bombay Tramway	141 0 0	144 8 0	
Bombay Steam	660 0 0	665 0 0	
Scindia Steam	36 14 0	37 12 0	
British Burma Petrol	3 5 0	3 4 0	
Andhra Valley	1870 0 0	1907 8 0	
Shivrajpur	78 8 0	78 8 0	
B. I. C.	6 12 0	6 8 0	
Tata Oil	88 8 0	89 8 0	
Tata Chemical	32 2 0	32 8 0	
Tata Power	1960 0 0	1950 0 0	
Tata Hydro	201 0 0	204 0 0	
Tata Steel Ord.	413 0 0	400 8 0	
Tata Steel Defd.	2110 0 0	2065 0 0	
Premier Construction	239 0 0	234 8 0	
Associated Cement	225 4 0	230 0 0	
Indian Iron	37 10 0	37 4 0	
Indian Copper	3 1 0	3 3 0	
Tata Steel 1st Pref.	221 4 0	221 4 0	
Tata Steel 2nd Pref.	158 4 0	155 4 0	
BANKS—			
Central	92 12 0	96 12 0	
Imperial (Fully Paid)	1970 0 0	1977 0 0	
Imperial (Partly Paid)	500 0 0	545 0 0	
Reserve	137 0 0	138 0 0	
India	227 0 0	229 0 0	
New India Insurance	90 4 0	89 0 0	
JUTES—			
Anglo-India	418 4 0	407 0 0	
Barnagore	177 0 0	177 0 0	
Budge Budge	460 0 0	447 0 0	
Champdany	232 0 0	229 0 0	
Gourepore	842 0 0	800 0 0	
Howrah	69 12 0	68 4 0	
Kankarrarah	502 00 0	486 0 0	
Kinnison	280 0 0	..	
Nellimara	..	24 14 0	
Presidency	7 4 0	7 2 0	
Nuddea	116 0 0	113 0 0	
India	582 0 0	..	
MINING—			
Burma Corporation	4 0 0	3 14 0	
Consolidated Tin	2 12 0	2 8 0	
Indian Copper	3 0 0	3 3 0	
STEEL & ENGINEERING—			
Bhartia	19 13 0	16 14 0	
Braithwaite	11 12 0	..	
Indian Iron	37 6 0	34 11 0	
Marshall's	4 14 0	..	
National Iron	12 8 0	..	
Jessop	23 4 0	21 8 0	
Kumardhubi	9 14 0	9 8 0	
Steel Corporation	28 6 0	28 5 0	
Steel Corporation (Pref.)	132 0 0	130 8 0	
TEXTILES—			
Bengal-Nagpur	38 10 0	39 0 0	
Cawnpore Textiles	14 4 0	14 12 0	
Elgin	85 0 0	92 0 0	
New Victoria	10 6 0	10 14 0	
Muir	510 0 0	475 0 0	
New Victoria Pref.	13 0 0	13 9 0	
COALS—			
Raneegunge	37 14 0	37 14 0	
South Kanapura	10 4 0	11 4 0	
Baraboni	3 8 0	3 4 0	
Bengal	610 0 0	602 0 0	
Bhagora	14 10 0	14 8 0	
Bokaro-Ramgarh	33 8 0	33 4 0	
Burrakur	31 9 0	30 3 0	
East Indian	31 8 0	31 6 0	
Katras Jherriah	59 0 0	57 6 0	
North Damuda	10 6 0	10 0 0	
Searsole	8 15 0	8 14 0	
Sendra	19 0 0	22 4 0	
MISCELLANEOUS—			
B. I. C.	6 10 0	6 12 0	
British Burma Petrol	3 6 0	3 5 0	
North Ind. Oil	..	22 5 0	
Titagur Paper	28 8 0	28 7 0	
Orient	32 12 0	32 7 0	
Ind. General Navigation	149 0 0	141 8 0	
Dalmia Cements	20 8 0	18 8 0	
SUGAR—			
Balrampur	18 10 0	..	
Samastipur	21 0 0	..	
Belsund	13 0 0	13 6 0	
Buland	39 10 0	..	
Carew	31 0 0	32 0 0	
Champaran	42 4 0	..	
Murree Brewery	24 14 0	23 10 0	
Cawnpore	43 0 0	..	
North Savan	22 6 0	22 6 0	
Ramnugger Sugar	14 8 0	13 4 0	
U.P. Sugar	36 8 0	38 10 0	
TEA—			
Amalukee	162 0 0	..	
Loobah	..	15 0 0	
Poobong	..	20 8 0	
Bishnauth	38 0 0	37 8 0	
Central Cachar	..	102 0 0	
Killing Valley	27 4 0	24 12 0	
New Tarai	27 12 0	28 0 0	

THE EASTERN ECONOMIST

Vol. 2

NEW DELHI, JANUARY 28, 1944,

No. 4

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A Modest Plan

WHILE the Bombay Plan for post-war economic development has been received with enthusiasm in some quarters, in others the dimensions contemplated in the Plan have produced nothing but incredulity and suspicion. The economic development of our country has proceeded at such a slow pace up till now and both the Government and the public have been used to such order of smalls as a few lakhs or a few crores of rupees, that when a plan is put forward involving thousands of crores of rupees, the natural impulse is to look askance at it. The present economic crisis has opened our eyes, as never before to the fact that the great masses of our people live even in normal peace time perilously near or below the barest subsistence level. No mere tinkering or patchwork could give our economy the narrowest margin of safety and only planning "in a big way" could be of any avail. The Bombay planners have correctly said that "money is not the master of a country's economy, but its servant and instrument. The real capital of a country consists of its resources in materials and manpower, and money is simply a means of mobilizing these resources and canalizing them into specific forms of activity." But it is not easy for all to get away from the trammels of orthodox thinking and adjust themselves to the conceptions and dimensions

of an adequate economic plan. Consequently, many have expressed the doubt whether the Bombay Plan involving an investment of Rs. 10,000 crores at 1931-39 price level over 15 years is not too ambitious and whether it is not likely to break down on the financial front. A high economic expert of the Government is reported to have described the level of investment envisaged as "fantastic"; some are suspicious that a third of the capital is raised by so-called "inflation"; some have averred that the plan involves crushing taxation and that "industry must be prepared to be taxed heavily as also all incomes above Rs. 1,000."

First, let us be sure what the plan aims at in material terms. Annual per capita income in India has been estimated at Rs. 65 in 1931-32 and is today perhaps even lower, after allowing for rapid increase in population in the last decade. This incredibly low income is to be compared with Rs. 1,406 in the United States and Rs. 1,038 in Great Britain. The plan aims at increasing our per capita income to Rs. 130 after three to five years of preparatory work followed by fifteen years of "colossal" capital formation. In other words, in the course of planning covering the best part of a generation income available per head would only increase from about Rs. 5 per month to Rs. 11

ports to China was the most serious blow to the export of raw cotton, while the loss of continental markets, especially, France hit the groundnut trade in particular and also other oilseeds generally. The extent of the decline which is concealed by price variations can be correctly seen from the figures of the quantum of exports:—

	Raw Cotton	Raw Jute	Groundnuts
(1000's Bales	of 400 lbs. each)		(1000's Tons)
1937-38	2731	4185	619
1938-39	2703	3866	815
1939-40	2948	3191	549
1940-41	2168	1352	339
1941-42	1438	1763	400

The exports of raw cotton which during the normal pre-war years averaged about 2.75 million bales per year fell to 1½ million bales in 1941-42 and to the low level of 268,000 bales in the first ten months of 1942-43. Likewise raw jute exports averaging about 4 million bales before the war fell to 1½ millions in 1941-42. The increase in the food production called for by the deficiency of domestic supplies facilitated considerable turning over of the acreage under short staple cotton to food crops. There was also a scheme of restriction of raw jute cultivation, while in regard to groundnuts the increased purchases by H-M-G eased the situation to some extent. In the result, raw cotton which in 1938-39 accounted for 15.14 per cent. fell in 1942-43 to 2.8 per cent., while oilseeds and raw jute declined in the same years from 9.26 per cent. to 4.4 per cent.; and 8.22 per cent. to 4.8 per cent. respectively.

In striking contrast to the fall in the importance of raw cotton is the gain to the first place among exports secured by cotton manufactures. Exports of cotton goods and yarn rose from Rs. 757 lakhs in 1938-39 to Rs. 46.11 crores in 1942-43, i.e., from about 4 per cent. to 25 per cent. of the exports. Jute manufactures rose from 16 per cent. in 1938-39 to 24 per cent. in the next year, but fell to 13 per cent. in 1942-43. The arresting fact is that in 1941-42 and 1942-43 jute and cotton manufactures and tea between them accounted for about 55 per cent. of our exports. In the first six months of 1943-44, these three items alone amounted to Rs. 61.5 crores out of a total of Rs. 93.4 crores, thus bearing the very high proportion of nearly 65 per cent.

Do these changes represent a permanent modification of the structure of our export trade? Reduced to the simplest terms, the question is (1) whether it is possible and desirable to do permanently without the continental and other market for our goods, of which the war has deprived us; and (2) whether it is possible to hold our own in the markets we have won now. The throwing open of the continental and other markets after the war is almost certain to release a certain amount of demand for our jute and oilseeds which is suppressed at present. Whether the cultivator will switch once again to the commercial crops will depend upon the prices he can get for them relatively to those of food crops. Assuming, not without reason, that after the war there will be no scarcity of foodgrains such as is experienced at present and that sufficient quantities of rice from Burma and wheat from elsewhere will be forthcoming at reasonable prices, the ryot will not be slow to go back to the more remunerative cash crops. Even if on grounds of social security and welfare it is deemed desirable to attain self-sufficiency in respect of food supply, it must be quite possible to spare some part of the acreage to the commercial crops like oilseeds; and it will also be desirable to do so, seeing that they have been our strong point for a very long time.

What about raw cotton? So far as the cultivation of long staple cotton is possible, it should be en-

couraged. As for short staple cotton it is doubtful whether Japan would consume as much as she did before the war. This is also connected with our export of cotton piecegoods. We should not forget that our textile exports have replaced largely British and Japanese goods in the Middle Eastern and African countries, and if we are going to keep these markets after the war as undoubtedly we must, the Japanese and British consumption of our raw cotton must correspondingly be reduced. We may also note the historic lesson we have learnt at great cost that it is generally more profitable to export manufactures than raw materials. It is quite certain that organized offensives will be launched by Britain and other countries to capture export markets after the war. In the light of the decline in the export of raw cotton, the importance of keeping up the exports of piecegoods hardly needs any emphasizing.

So far as other exports are concerned, we are in a fairly strong position. Jute manufactures and tea have not jumped up in importance all of a sudden due to war. They have all along been our staple exports. Almost all the countries of the world are consuming them and will continue to do so for a long time to come. Furthermore, India can easily develop an export trade in sugar and rubber, if the international agreements to be concluded after the war are done on a fair basis. There are any number of other commodities such as hides and skins, lac, tobacco, spices, colr, ollcakes, etc., which together account for a considerable volume of our trade and are likely to remain the very nature of the demand for them to retain their place.

It might be argued that Britain is our most important single market, taking more than 30 per cent. of our exports and that being our debtor now she is bound to take less from us. This is not quite valid. It is possible, when trade is expanding, for Britain to take as much from us as before or even more and yet pay back her dues by greater exports to this country. Again, it is not necessary that a direct bilateral settlement of the debt between India and Britain should take place by means of an import surplus on the former's account. Moreover India's exports to Britain consist of tea, jute, seeds, hides and skins and raw wool, most of which have an inelastic demand. Also most of them cannot easily be replaced by other substitute commodities or rival producers.

This is the case with our exports to other countries also. Ours is a diversified export structure. We have not specialized unduly in one or two small commodities, like Brazil in coffee and Chile in nitrates; nor do we depend on one or two narrow markets. We have for decades past sold our wares all the world over. Even in the trough of the depression and at the height of autarchy and bilateralism what was significant of our export trade was the collapse of prices and not the fall in the quantum of exports which was much smaller. Likewise even after the present war, our exports will be in general demand. We must keep our hands free from bilateral and other restrictive commitments so as to be able to sell to all countries as before. Only then can our exports be kept up; only then shall we be able to buy from the cheapest market. Our sterling accumulations, however large now must sooner or later be spent out for capital development, and thereafter our exports will have to pay for our imports. The two objectives of an immediate post-war commercial policy for this country are the most prudent employment of sterling credits and the maintenance of exports. Only a widespread system of multi-lateral trading, which offers scope for expanding economic life, can secure them.

The Week's Notes

BRITISH BANKING ASSETS

In a note on "Recent Trends in Banking" in our issue of December 24, 1943, we explained the causes for the trend of the increasing volume of bank advances since November, 1942. It will be interesting to compare the position of British banks in respect of deposits and advances. Unlike in India, loans and advance have continued to decline in Britain in 1943 though at a much slower pace than in the previous years. The drop in advances reflects the further contraction in the private sector of the industrial front and the smooth running of the progress payments system by which the various supply departments provide war industry with the bulk of its requirements of working capital.

The expansion of deposits in both countries is continuing with undiminished vigour. From £2,248 millions in 1939, the deposits of the British clearing banks have increased to £3629 millions by the end of 1942 and in September, 1943, they have amounted to £3737 millions. In India the same rising trend is noticeable. Total liabilities which stood at Rs. 249.45 crores have increased by the end of December to Rs. 658 crores. But interesting differences are noticeable in the structure of the banking assets as between the two countries. The proportion of cash to total liabilities which in pre-war Britain was maintained at about 10 per cent. is still kept at that low level. Indeed if we make allowances for the British banks' inveterate habit of window dressing the true cash position shows a proportion of only less than 8 per cent. in August and September, 1943. Indian banks' cash ratio has on the other hand increased from 10 per cent. in 1939-40 to as much as 16.73 in 1942-43.

But the liquidity of British banking assets is maintained in ways which are very significant. Even short loans representing between 6 and 7 per cent. of deposit liabilities now barely exceed 4 per cent. Bills discounted have also fallen from 12 to 16 per cent. to about 6 per cent. Yet, despite these changes, liquidity is maintained through a large percentage of Treasury Deposit Receipts (TDR) which have now increased since their emergence in 1940 to about £1000 millions out of a total liability of £3737 millions. These TDR's can be discounted with the Bank of England at the official bank rate although the banks are generally averse to doing so. The banks also have sought to enhance the liquidity of Treasury bills by changing the practice of purchase. Before the war they used to buy from discount houses bills after they had run one week. The practice today is to let Treasury bills run from four to six weeks with the discount houses and buy them only afterwards. If the clearing banks buy bills (as they do now) having on the average six weeks to run instead of twelve weeks, as was the practice until 1941 they will have twice as great a flow of maturities from a given holding of bills. Another factor which has helped liquidity is, as has been pointed out in the British *Economist* in its issue of November 13, 1943, the new technique of open-market operations by the Bank of England which now purchases bills directly from the banks as well as from discount markets.

LEND-LEASE SETTLEMENT

The passing of the lend-lease legislation by the United States in March 1941 constitutes a most striking experiment in the field of international economic co-operation, and although devised to meet the urgent ne-

cessities of the war it has immense possibilities even in the more spacious days of peace. It will be remembered that President Roosevelt was anxious to help the Allies who under the previous system of "cash and carriage" found themselves under a heavy handicap for want of dollar exchange and devised this most fruitful measure by which materials and goods would be leased and lent in kind. At one bound the entire edifice of Allied war debts which in the post-last war caused such a headache and disturbance to the peace of the world was shattered. Its place was taken by an agreement to get and return amongst themselves goods which each could offer or needed. Little did America imagine at the time when legislation was put through that lend-lease would within a short period bring about a reverse movement, and that she herself would be getting in return from Britain quite a large proportion of the lend-lease materials she was sending to Britain.

As the end of the war approaches the question of the final settlement of lend-lease operations will, of course, come up; but it is possible that the spirit that animated lend-lease agreements might change and give place to that of bargain. Already the signs of the coming controversy are apparent. In America the Truman Committee appointed to investigate the defence programme has recommended that the lend-lease beneficiaries, particularly Britain, might in return transfer the title to reserves of petroleum and deposits of nickel, copper, tin and iron outside the United Kingdom. Similarly, it is suggested that the United States might acquire the right to manganese supplies from Russia in return for lend-lease goods. But the major question as to whether there should be any repayment at all will come up for decision at the end of the war. Already Britain is aware of the problems and in a White Paper published in November last tries to show that Britain's contribution to the common pool for war is not far behind that of the United States and that in the British view there is no case for repayment. American opinion does not of course, accept this point of view. The difficulty arises on account of the fact that an important part of the British contribution has been in the provision of experience and information which is not a service that can be valued in money. But America feels strongly that her resources have been greatly depleted and that she is entitled to some compensation. The end of the war is sure to throw up the question to the forefront, but it is to be hoped that it will not be beyond the capacity of the Allied Nations to settle it amicably.

REVIEW OF TRADE IN 1941-42

The annual *Review of the Trade of India in 1941-42* has just now been published by the Economic Adviser to the Government of India. The delay of two years in bringing it out reflects sadly on the statistical organization of this country. It cannot be pretended that information valuable to the enemy will be revealed by early publication. Most of the figures are already to be found in the *Monthly Survey*, and the monthly *Accounts Relating to the Sea-borne Trade of British India*. The only figures to which students will look with interest in the *Review* are the details regarding India's trade with different countries in individual commodities, and profits in different industries. The usefulness of the *Review* will undoubtedly be enhanced if it is brought out, say, within six months of the end of the financial year, and it should not be impossible to do this.

According to the *Review* the main features of

India's war economy in 1941-42 were a drastic curtailment of the acreage under principal commercial crops, an opposite trend in respect of the major food crops, favourable conditions of trade, improved industrial profits and firm industrial prices. The chain index of industrial profits (1928=100) given by the *Review*, which was 68 in 1938, rose to 72.4 in 1939. The index rose to 99.6 in 1940, and 137.8 in 1941. The net profits of 344 companies rose from Rs. 16.10 crores in 1940 to Rs. 22.28 crores in 1941. The most interesting and important feature brought out in the *Review* is the loss of foreign markets for India's cash crops, e.g., raw cotton, raw jute and oilseeds and the increase in the acreage under food crops. The implications of this development, as well as those of the increased importance of the exports of cotton and jute and other manufactures not only in 1941-42, but also in 1942-43 and the first half of 1943-44 are discussed in our leading article.

PRICES IN INDIA AND ABROAD

In almost every country without exception, monetary expansion and rise in prices have proved inevitable in war. But a valid comparison of the relative price levels in different countries is extremely difficult to make under the present abnormal conditions. Exchanges and prices are everywhere controlled, and price indices are computed under a system of select official prices, while the greatly altered weights of commodities in current production and consumption, and rationing and other controls detract greatly from their value. The *Review of the Trade of India in 1941-42* just published, throws some interesting light on the various elements, of which the rise in prices is compounded in different countries. The increase in wholesale prices in the U.K. which was more pronounced than in any other country except Switzerland in 1941-42 was mainly due to increased shipping and war risks charges and the difficulties of importing raw materials and food from abroad. In the same year, prices in the U.S.A. remained subdued all through, though the prices of primary commodities began to exceed those in the U.K. due to a shortage of key raw materials. It is interesting to note that this was avoided in Britain by rigid State control and distribution of these commodities. In India the increase in the prices of imported goods was greater than for exports, and this played a prominent part in 1941-42.

If, however, we take the figures for 1942-43 which are now available, we easily see that unlike in 1941-42, the rise in prices gathered greater momentum in this country than in most others. In 1942-43, wholesale prices rose most in India and least in the U.S.A., Canada, Australia and South Africa, where they were generally higher by one-third as compared with the pre-war level. Prices in the U.K. were restrained by controls, while in the other countries an increase in production staved off an appreciable rise of prices. But in India these did not operate effectively. The distribution of the rise over the various groups of commodities is also very interesting. Whereas until 1941-42 the prices of manufactured articles in India were generally on a higher level than those of primary commodities, in the year 1942-43 the advance in the latter was more marked than in the former. Even among the primary commodities, food and tobacco recorded a rise of 138 points, while raw materials rose only by 10 points in the year. Among the manufactured articles, the prices of cotton manufactures showed the greatest rise of 147 points in the year, while those of controlled articles like petrol, sugar and kerosene were at a lower level, though

black market prices were much higher than the official quotations. All these difficulties involved in comparing price levels in different countries, and the differences in the behaviour of the different groups of prices must abundantly bring out the complexities to be faced in evolving a suitable price policy after the war.

WHITE DOMINION POLICY

Among the world's sparsely populated regions the Dominions of the British Empire may easily be counted as foremost. Australia, New Zealand and Canada are countries which not only are underpopulated but which would become more prosperous if they had more population within their borders. Each country is aware of the importance of the question and has set up committees to examine the prospects of assisted immigration. The Australian Prime Minister stated some time ago that there was much scope for the absorption of industrial workers from Britain in secondary industries in view of Australia's great war-time production and development. In the past primary industries offered openings to immigrants in farming—sheep, fruit and dairy industries—and also in forestry and mining. With the development of manufacturing capacity in Australia, there will be much wider sphere for the employment of the immigrant technicians, skilled labourers and professional men. In New Zealand plans are discussed for executing an immigration scheme by which she could take a million children from Britain and Europe at the rate of 100,000 a year on assumption that children could be more easily absorbed into the community than adults. The Government is anxious to increase the population of the Dominion and will afford every encouragement to British immigrants. As for Canada her population is notoriously small. The prairie provinces alone could support perhaps 90 million persons. Professor Stephen Leacock has contended that the figure of 250 millions is not too great ultimately to be maintained by the resources of Canada. And yet Canada's population is actually only 11 millions. That some active immigration policy will be pursued by Canada after the war has been made clear by her statesmen.

But the Dominion immigration policy is all a white policy. No permanent peace can be secured in the world as long as India, China and Japan are excluded. It is no use trying to deceive the "coloured" races by naive arguments, e.g. the necessity to maintain high standard of living to support an untenable and unjustifiable policy. Exclusion is based on colour and colour alone, and all other grounds are subordinate to this major factor. Mere iteration of the fact that no principle of exclusion on the ground of colour is specifically enacted in Australian law will not satisfy us or the Chinese or the Japanese. Not unless all Dominions modify their laws so far as to permit the entry of the Asiatic on a fair and acceptable quota system can this problem be solved. The dog-in-the manger policy of these countries and their colour prejudices will jeopardize not merely the Empire relations but the peace of the world. The world cannot accept for all time a double standard—one for the whites and another for the coloured.

THOSE EXPERTS

While the complexity of present-day economic organization no doubt needs the services of specialists, the imparting of maximum social usefulness to such organization demands a keen understanding and a wide social sympathy which are hardly the strong points of an expert, who is aptly defined as 'the man

who knows nothing else.' We are having a steady influx of experts from abroad into this country during the course of the past few months, and it raises some questions of principle and the suitability of the choices. Firstly, whatever the justification for tutors from abroad in the distant past, during the inter-war years India has grown enough in economic, political and educational stature to be able to do without them. No serious impairment of her progress thereby is likely. Secondly, in addition to the fact that the standard of payment for the services of experts is generally higher in western countries, these experts invariably set up still higher standards of remuneration for their services to eastern countries which are presumed to be 'semi-civilized.' Thirdly, the tax-payer has not even the consolation of getting his money's worth as in most cases foreign experts have little or no understanding of the especial needs of Indian economy. In November last the Government of India invited Prof. A. V. Hill to advise them on industrial research in relation to reconstruction problems. Prof. Hill is undoubtedly an eminent physiologist and is thoroughly conversant with organization of research in Britain. But his advice regarding industrial reconstruction in India could only be of very limited value. Then came the announcement that Mr. R. J. M. Inglis of the L.N.E.R. and Col. J. A. Appleton of Pennsylvania Railroads had been invited "to place their experience at the disposal of the Indian railway administration." There are fundamental differences in the organization and working of British and American railways and Indian railways, particularly in the rating system. They serve economies in different stages of development and the advice tendered by such experts may even prove detrimental to Indian needs. In December the Government of India invited Dr. J. C. Fidler and Mr. T. G. Crahall of the British Ministry of Food to advise them about dehydration of foodstuffs. It was indeed a cruel joke to call in experts to teach us dehydration when thousands were dying of starvation. Then came the appointment of Mr. Frank Parr as Steel Commissioner for the not very expert task of "co-ordinating the work of various authorities dealing with iron and steel."

STOP IT

Close on Mr. Parr's heels came Mr. C. P. Young from Scotland, in January, as Coal Commissioner. He is again to "co-ordinate action to increase production and distribution." The coal position has come to the present pass owing to the lack of foresight and cautious fuel conservation on the part of the Government and it is really ridiculous to imply, as the appointment does, that an expert from abroad will quickly set the situation aright. The latest expert to be invited to this country is Mr. Savage, an American Geologist, to advise the Punjab's irrigation projects. Surely there are men in our country who not only know geology but the Punjab and its agricultural problems as well. Shortly the Government of India will get an opportunity to appoint a whole series of experts. It was announced at the last meeting of the General Policy Committee that experts, to be called Development Officers, would shortly be employed to work full-time on reconstruction subjects like electrical, industrial, agricultural and road transport development. These will be given a general policy directive and will tour the provinces and States. It is to be hoped that the Government will put a stop immediately to this wrong, misguided and wasteful practice of importing experts. The only experts that this country may import are highly technical men to help in the establishment of new industries, who should accompany the importation of machinery which cannot be immediately produced in the country.

BRITISH TEXTILE INDUSTRY

While the details of the recommendations relating to post-war reconstruction of the British cotton textile industry, submitted by the United Kingdom Cotton Control Board to the British Government, are still lacking, according to the latest Annual Report of the Manchester Chamber of Commerce, the British Government has promised to obtain all facilities for exports of cotton manufactures to India, particularly in the matter of procurement of Indian import licence and shipping space. Undoubtedly during the war cost of production in the Indian mills has increased more than that in Great Britain and this must have stimulated the imagination of the British textile interests about the possibilities of India as an export market for them. According to report, the Committee of the Manchester Chamber of Commerce has even been led to expectation that "the accumulation of sterling balances in India's favour will be used up for bringing consumer goods from Britain and thereby raising the standard of life of the Indian agriculturists." Concern about the standard of life of the Indian agriculturists by the business men in Manchester is quite understandable, but these hard-headed people should also try to understand the long-term factors which are working against them to compel British export industries to change from staple manufactures to high-grade manufactures requiring a high amount of skill and capital equipment. More than thirty years ago, Professor Marshall wrote: "England will not be able to hold her own against other nations by the mere sedulous practice of familiar processes. These are being reduced to such mechanical routine by her own and still more by American, ingenuity that an Englishman's labour in them will not continue long to count for very much more than that of an equally energetic man of a more backward race." Even during the inter-war years these forces have been steadily and remorselessly at work.

INTERNATIONAL SPECIALIZATION

For example during the inter-war years, the index of export price of cotton piecegoods fell much below the Board of Trade index of wholesale prices of industrial materials, but in spite of that export shows a rapid decline both in quantum and value. On the other hand, the index of export price of hosiery and knitting rose remarkably (reflecting a decided shift to progressively higher quality) and yet export

Period	Cotton piecegoods			Hosiery and Knitting		
	Board of Trade Index	Export price	Total ex- port value	Export price	Total ex- port value	
1921-25	100	100	100	100	100	
1926-30	78	76	68	125	152	
1931-35	61	57	28	126	203	
1938	72	57	22	156	290	

SOURCE: "The Economic Journal," June/September, 1943.

rose both in quantum and value. The table clearly brings out that only by concentrating on higher quality and not by price competition can Britain capture a larger market. It is only in the case of very high-grade manufactures like photographic cameras that she can capture a larger market in the backward countries by price competition. In international trade a country may export certain goods and simultaneously import the same goods of a different quality. Thus, it has been pointed out that Germany exports watches and clocks of inferior quality and imports the same of higher quality (the total value of exports exceeding that of imports), whereas Great Britain does the reverse (although value of exports is negligible compared with value of imports). Similarly, Germany exports electrical machinery of a superior quality and

imports the same of an inferior quality, while Great Britain does the reverse. We also find that Great Britain exports machinery of comparatively inferior grade while simultaneously imports machinery of higher grade. Long-term factors of international specialization require that Great Britain should progressively give up exports of staple manufactures and depend on quality and high-grade products. For her, generally speaking, salvation lies in high quality and not price competition. Consequently, if the Manchester business men are misled by the war-time disparate trends of costs of production of textile products in India and in Great Britain, and try to push export of textiles in India, they would merely enhance the pain of ultimate adjustments which long-term factors dictate. Great Britain should even be prepared to import Indian textiles in return for high-grade manufactures and capital goods.

ECONOMIC DANGERS OF PAKISTAN

If reason and economic motives alone govern the feelings and actions of a nation, Pakistan would never have emerged into the big issue that it has done since 1940. The British for their own purposes fostered the spirit of division and the growth of centrifugal forces culminating in the mischievous Coupland proposal of constituting a number of regional groups. Any false idea becomes scientific by the simple process of iteration. Fortunately, the economic aspect of division of India into three or four regions is recently receiving attention and its dangers recognized. The industrialists' Fifteen-Year Plan frankly avers that it is built on the economic unity of India. Indeed no plan can ever be framed on any other basis. In an illuminating article on India's minerals in *Foreign*

Affairs for October, 1943, the writer Mr Charles H. Behre, has sought to focus attention on the more fundamental economic realities which would dominate any long-term solution of our problems. India's mineral wealth and its distribution are one such fundamental factor. Her mineral resources are so distributed between the parts of India in which Hindu and Muslim preponderate that "if India were divided the Hindu State would be rich and the Muslim State would be conspicuously poor." This is because Hindustan will have the great reserves of coal and iron, the more important ferro-alloy metals, the non-metallic minerals and gold, of bauxite and some copper; whereas Pakistan will have only a small amount of coal and iron, few ferro-alloys and little bauxite. The only comparative advantage which Pakistan will have is in oil. Neither Pakistan nor Hindustan (if the country is divided) can afford to be independent of the other. The two are so inter-dependent. Not only would each require the resources of the other but both together can alone make an impression as a world power. A united India alone can develop into a first-rate nation, can borrow if necessary capital resources from abroad, share Asiatic leadership with China and even assume the outstanding role in the industrial development of Asia. Economic relations with Burma and China would be more fruitful for a united India than for a fragmented one and India needs tin, nickel, lead, zinc and petroleum from Burma. Is India going to throw away all these benefits and invite on herself the dangers and sacrifices of a fragmented country? As we said before, if the answer is to be based on rational grounds, it admits of no doubt. But nations like individuals, indeed more than individuals, are irrational and swayed by blind prejudices and sentiments.

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SPECIAL ARTICLES

The Railway Depreciation Fund

(Contributed)

THE history of Railway Depreciation Fund dates from 1920 when the Acworth Committee recommended that "by the time the useful life of an asset or building has expired, its full original cost should have been written off out of revenue." The Railway Finance Committee also recommended in 1921 that "early steps should be taken to calculate the rates of depreciation which should be allowed for the various classes of railway plant and material in order that the recurrence of the deterioration, which has taken place in recent years, may be avoided and depreciation for renewals and repairs provided for automatically."

A Railway Depreciation Fund Committee was appointed in 1922 to examine the question, to suggest the principles of calculation of annual depreciation, to fix the amount of normal depreciation, to determine the amount which it was necessary to provide temporarily to make good arrears of depreciation and, finally, to suggest methods which should be adopted for the formation and working of a depreciation fund. The Inchcape Committee in 1923 emphasized the view that "it should be laid down that each railway should make adequate provision every year for the maintenance and renewal of its permanent way and rolling stock. The funds so earmarked should be debited to working expenses and carried to a suspense account which could be drawn on, as necessary, to meet current requirements, any unspent balance being carried forward from year to year."

As a result of these recommendations, a Depreciation Fund Scheme was devised in 1923 the main features of which were:

(a) The average life of every class of wasting asset should be worked out and provision made to set aside the original cost of the asset by the time its useful life expires.

(b) If the asset is not renewed at the end of the estimated life, the setting aside of the annual sum should cease.

(c) The Depreciation Fund shall be utilized only when a complete unit is replaced, the replacement of portions of units being debited to ordinary repairs and maintenance.

(d) In the case of an equipment being scrapped before its useful life is accomplished, the Depreciation Fund will only be drawn upon to the extent to which the contributions in respect of the equipment have accumulated, the balance of the cost being found from revenue.

Certain changes were made in the scheme in 1924. These changes provided that when an asset was replaced, an amount representing the original cost should be debited to the Depreciation Fund and that if the replacement cost exceeded the original cost, the excess should be debited to capital, while if it was less than the original cost, the difference should be credited to capital and that, if a work was abandoned and not renewed, the original cost should be written back from capital to the Depreciation Fund.

Further changes were introduced in 1935-36. Instead of the elaborate method of calculating depreciation devised in 1923-24, a simpler method was adopted by which depreciation was calculated at

1/60th of the capital at charge. This corresponded roughly to the proportion which the appropriation to the Depreciation Fund bore to the capital at charge during the years 1924-25 to 1933-34. Another change was that, instead of withdrawing from the Depreciation Fund the original cost of the asset when it was replaced, the Fund was debited with the cost of replacing a like asset if this was more than the original cost, otherwise with the original cost. As a partial compensation for the additional debit to the fund which this change involved it was decided that the scrap value of the depreciated asset should be credited to the Fund.

During the first five years of the working of the Railway Convention, that is from 1924-25 to 1928-29, railway finances were prosperous. The railways were able to accumulate Rs. 11.41 crores in the Depreciation Fund, besides contributing Rs. 18.81 crores to the Railway Reserve Fund and paying Rs. 29.79 crores to the general revenues. But in 1929-30 the net surplus, after meeting interest charges, was not sufficient to meet the contribution to the general revenues and from 1930-31 to 1935-36 the net receipts were insufficient to meet even the interest charges. Consequently the railway reserve disappeared altogether and with effect from 1931-32 the payment of contribution to general revenues also ceased and amounts had to be withdrawn from the Depreciation Fund to meet even interest charges. The position became somewhat better in 1936-37 when a sum of Rs. 121 lakhs was credited to the Depreciation Reserve Fund in partial repayment of the loans taken therefrom. At the end of the year the loans from the Depreciation Fund to meet deficits stood at Rs. 20.29 crores. The railways had Rs. 16.19 crores in the Depreciation Fund Reserve.

The withdrawals from the Depreciation Fund were originally intended to be interest-free loans which would form a first charge on future surpluses. But in November 1934 the Government of India considered that both the liability to pay the arrear contributions to general revenues and the loans from the Depreciation Fund should be cancelled and railways allowed to resume payment of contribution to general revenues in 1936-37. An important reason for this decision was that the Niemeyer Order in Council required that the share of income-tax payable to provinces should be calculated as if both the debts which the railways owed to the Central Government on account of arrears of contribution and to the Depreciation Fund on account of the loans taken from it had been cancelled and the Central Government had received their normal share of the railway surplus.

The proposal to cancel the liability was not, however, proceeded with; instead a moratorium for a limited period was obtained in 1937, which was subsequently extended and finally expired on March 31, 1943. Meanwhile, as a result of the progressively improving railway finances due to war-time traffic conditions, all outstanding liabilities both to the General Revenue and to the Depreciation Fund have been paid.

At the end of 1942-43, which was the first year when the actual and nominal balances in the Fund agreed, there was a balance of Rs. 82 crores in the Depreciation Fund and Rs. 9.35 crores in the Railway Reserve Fund. When the Budget for 1943-44 was

presented, the Government of India proposed to the Legislative Assembly to scrap the financial clauses of the Convention Resolution of 1924, as it was considered that this Convention had acted unfairly to the railways in the years of depression, while in the present situation it gave inadequate relief to the general taxpayer. They proposed that the surplus for the year 1943-44 on commercial lines should be divided between the Railway Department and the Central Government in the proportion of one to three, that the exact distribution should be settled every year with due regard to the requirements of the Railway Department and the Central Government and that this arrangement should last till the Railway Convention was permanently revised. The Assembly, while accepting the Government motion, pressed for a special committee to examine the matter and report before the next year's Budget was placed before the House. This Committee, called the Convention Committee, has been examining the problem for the past eight months.

From 1924-25 to 1943-44 the Railway Depreciation Fund will have been credited in the aggregate with

Rs. 250 crores and debited with Rs. 166 crores, being the cost of replacements and renewals charged to the Fund. The balance at credit of the Fund on March 31, 1944 is expected to be Rs. 84 crores.

Since the above was written it is understood that a rough inquiry made by the Railway Board had shown that additional depreciation, due to excessive wear and tear in the present war conditions in the four years 1939-40 to 1942-43, worked out, on the basis of pre-war prices and the present normal rate of contribution to the Depreciation Fund, to Rs. 7.85 crores. The Railway Convention Committee has recommended that an additional appropriation of approximately Rs. 2 crores should be made in the current year and also in the budgetary year, to provide for the current additional depreciation. This additional appropriation should continue so long as the present war conditions continued and the arrears for the previous three years, which were about 6 crores, should be spread over, say, 3 years if the general budgetary position permitted.

Rationing of Rice in Madras City

By T. S. Krishnaswami Iyengar

II

THE rice intake of the Madras citizen under the ration system is highly deficient in quality as well as quantity. The predominant, if not the sole, element in South Indian diet is rice. We have no substitute for it. *Ragi*, which is fairly well consumed in the districts in this province by the lower classes, and which, in fact, in spite of exorbitant prices commanded fairly large sales in the city in the scarcity months of 1942 and 1943, has, since boiled rice became regularly available and in plenty, been neglected and discarded. Wheat even at the best of times is only consumed by invalids and only as a supplement to rice and not as a substitute. Pulses, consumed by the better middle classes in fairly large quantities in one form or the other with almost every meal, are obtainable only at double the price of rice and are consequently beyond the means of most. As for milk, it was poorly consumed in Madras even in normal times and its *per capita* intake compared with other parts of India has always been very low. The supply of this necessary article of food has become very meagre ever since the evacuation days of 1942.

The index numbers of the prices of the principal items in the food group taken from the Fort St. George Gazette issued by the Government of Madras, for 1-1-1944 clearly reveal the heights to which the prices of these primary articles of food have soared and the levels reached by them during the two closing months of 1943 as compared with pre-war basic price. It must be borne in mind that the prices here indicated are those of inferior grade articles generally consumed by the "working classes" and that as regards the

better qualities of the same articles the prices are much higher.

Article	Unit to Portion to expenditure	Average basic price - War	Index No. for Novem-ber 1943	Index No. for Decem-ber 1943
Rice-parboiled measure	45.11%	100	248.39	288.08
Ragi ..	1.67%	100	323.81	309.52
Dhall ..	2.81%	100	277.27	231.82
Vegetables vial	8.08%	100	203.35	226.67
Gingelly oil ..	4.97%	100	251.20	245.60

In a recent speech, Mr S. V. Ramamurthi, Adviser to the Governor of Madras, claimed that the index numbers for the city of Madras showed that the rise in prices in Madras was lowest compared with other cities in India. He forgets that the economic conditions prevailing here are about the worst and that the standard of living in Madras which is industrially a backward city is lower than in any other urban area in India, and that the distress is consequently greater.

This state of things fills one with apprehension for the health and staying power of the inhabitants of Madras city. The index figures for Madras city of prices of food articles as a whole is now 227.5 as compared with the pre-War 100, and the rice taken is quantitatively only about 65 per cent. of the minimum required while its nutritive and caloric value is much less. The plight of the labourers and the poorer section of the population, who certainly need more of food and nourishment than the others, is deplorable. The daily ration fixed is two units of one-half pound each per adult, perhaps based on the Gregory Committee Report, which suggested 1 lb. as the minimum required. The report recognized at the same time that unlike in England or America there is no great chance of the mass of the urban population in India being able to supplement the ration by the intake of other foodstuffs on any significant scale. Dr. W. R. Ayk-

royd has expressed the view that "the rations allowed under the schemes at present in operation in India are all low compared with the customary intake, and the food is likely to have a bad effect on public health." According to him, 30 per cent. of the Indian population does not get enough food to cover fully its caloric requirements, and one pound of cereals (not rice alone, which is deficient in nutritive value) *per capita* would be a proper and suitable ration.

At one time just before rice rationing was introduced the Madras Government held out a promise that in the case of manual workers at any rate the ration would be increased to 3 units or 1½ lbs. a day. It was hoped that after about 4 weeks of experience in rationing the labour classes would be permitted to take the extra ration which undoubtedly they stand in need of. It now transpires that the Government do not think it necessary to increase their quota. The actual reasons for this have not been disclosed. If, however, it is based on the inability of the manual-labour classes to buy up even their present quotas in full, it would be doing them the greatest injustice, for, it is not because they do not require it, but because of their poverty that they have not taken it up in full. A proper way of setting about the business would be to give them rice cheaper and well within their limited needs. But unhappily, since the beginning of December, 1943, as noticed above, parboiled rice which the labourers take has been made costlier. The poor manual labourer is however denied relief and has to buy worse boiled rice at dearer price.

The inability of the Government of Madras to fix the price of rice at a level lower than the one now obtaining is hard to understand. For over ten months past the government have been engaged in buying paddy and rice in the districts through the agency of grain purchase officers for sale in Madras city and other towns where rice is sold at controlled rates. Altogether 82 municipal towns are to have rice rationing in the province and, on the analogy of the city of Madras, there will be an extension of rationing to the belt areas round about those towns. In the next few weeks, with the harvesting of the winter crops, this trade in rice carried on by the government is bound to grow into enormous dimensions. The prices at which government buys paddy and rice vary from district to district and also according to the quality of the grain. Superior paddy ranges in price from Rs. 5-4-0 a maund in the Cauvery delta and Rs. 5-6-0 in the Kistna and Godavari deltas to Rs. 5-11 a maund in Nellore. Similarly the price of better kind of rice varies from Rs. 8 to Rs. 7-10 a maund. Of course, inferior strains of grain sell cheaper. Judging from the rates fixed for purchase of paddy by the government in the district of Tanjore, "the granary of the South," through its agency of grain purchase officers, and taking into consideration the cost involved in handling, milling and transport, the government should in the ordinary course of things be earning a profit of Rs. 2-8 to Rs. 3 per every bag of inferior rice sold by them in Madras city to retail dealers, which is done at the rate of Rs. 17-14 per bag of inferior boiled rice and Rs. 18-13 a bag of inferior raw rice. The superior rice is sold at a rupee more per bag. In Madras city alone the government have sold about five lakhs of bags of rice in September, October, November and December, 1943 under the rationing scheme. The rice sold in Madras city in the months previous to September was also obtained through government agency. Statistics of purchase of paddy and rice during these months and of their sale in other controlled areas are not yet published, but it may be taken that the turnover of rice dealt with by the government of Madras during the nine months in which their rice purchasing officers have been working at full swing in the districts may be taken to be from 7½

to 8 lakhs of tons or 10 million bags. Making due allowance for the expenses incurred in this behalf by the government, the profits made would come to a very appreciable amount.

The primary producer, it is well known, has not had the benefit of the profits earned by the Government in and through the rice purchasing scheme, though, as for example in Tanjore district, his burden has increased by the land revenue remission allowed in previous years being cancelled in the present. Though the government fixed "ceiling prices" for purchases by them of paddy and rice in the districts, it was not considered necessary to fix at the same time the "floor prices." The rural producer is thus left in the cold. Nor is the purchaser in the ration towns having the benefits of these profits transmitted to him in at least a small measure by rice being sold to him at cheaper rates. The cost of rationing in Madras city has been phenomenally low, namely Rs. 0-0-6 per head per month as against Re. 1 in Bombay city. The cost in the other ration towns in the province will be even lower. The government have by this rationing scheme eliminated the wholesale dealer in the city of Madras. Competitive buying in the producing centres has to some extent been put down. The government have become the sole monopolist buying agency and they possess the unique advantage of control over railways and other transport. Under such conditions the profits to the government must certainly be very great. Provincial governments are not averse to making profits on their purchases and sales of grain. The example of Bengal which only a few months ago was reported to have made a profit of 40 lakhs of rupees on its import of wheat to its starving population from the Punjab is a case in point. And however much the government may, under the stress of military expenditure, desire to increase their financial resources, by pressing to their aid every conceivable method of making money, it ought to be done in a justifiable manner only. In a recent Press Note the Government of India while declaring their policy and firm intention to bringing under control price of rice throughout India proceeded to state that in Madras Province effective control of prices is in operation "at a low level, and that while prices are not too low anywhere in India, the markets in the main producing areas in eastern India are still in the process of recovery from emergent conditions." It is also pointed out that great variations in prices still persist between different areas but that the existing provincial statutory control, combined with the prospect of new abundant crops coming into the market, is already operating to reduce both prices and variations. This prospect is none too good as far as the primary producer is concerned, as he is economically hit both ways, faced with the certainty of his produce selling low and having to pay abnormally increasing prices for every other article he needs.

Rice rationing and price control are twin ameliorative measures meant to bring relief to the governed against profiteering and price racketing of the prime necessities of life. Governments, in resorting to price control and rationing of articles, seek to serve their subjects and protect them against exploitation. There is no place in such an organization for any profiteering. On the whole, the experiment of rationing of rice in Madras city has been satisfactory and, from the administrator's point of view at any rate, should be deemed a success. The huge jostling, ugly and menacing queues, the terrible scenes of sorrow, disappointment and anguish, when after hours of waiting the crowds were turned out home empty-handed to a cheerless hearth, as the day's limited quota in a shop had got exhausted before the waiting crowd could all get their minimum requirements—these are how things of the past. The venue of such unfortunate happenings

has since changed to fuel shops. As for rice, there is happiness and contentment as at least the people who can buy it are ensured of this prime necessity and can get it without a fight or a scramble. But inasmuch as the poor and the needy (even homeless beggars have been given ration cards, though no provision was thought fit to be made for domestic animals) have not been lifted out of their poverty, and the wherewithal for buying rice is not yet placed within their means, there is bound to be some difference of opinion whether rice rationing can be regarded as an absolute success. That will be possible only, though to a small extent, if the inferior quality of parboiled rice is made cheaper than raw rice and the quota for the manual labourers is substantially increased.

From November 7, 1943, rationing of rice was extended to the "belt area" ten miles in extent round the city of Madras, where there are now 52 ration shops functioning, 9 of them being run by the T.U.C.S. The original scheme contemplated as many as 67 shops in that area. Some have since been closed, and we have now only 52. It is yet too early to assess the work of these shops but it is found that better sort of boiled rice is locally available in the belt villages at prices which are definitely lower than the control prices fixed by the government. The belt area prices are slightly higher than the Madras rice prices. At the beginning of December there were in the province six towns in which rice rationing was in force, though not exactly on the Madras city model. By the end of December eight other towns have been brought into the rationing scheme. Revenue officials from various districts have been given the necessary training at the Madras Central Ration Office in the administration of rationing, and 46 municipal towns in the deficit districts will have rationing introduced in the course of January 1944, after which it will be extended to 22 more municipalities in the surplus districts. Thus by about March 1944 rationing will be in full swing in all municipal towns in the province, and may be its extension to small towns and *panchayats* will be taken up later on.

Two or three matters connected with rice rationing may be noticed here, though in brief. Firstly, as to the quality of rice released by Government for sale in the city. The criticism is not that it is under-polished but that it contains too much of sand and mud particles, an unsatisfactorily large quantity of unhusked rice, bran and broken. It cannot be cooked as it is, but has to be cleaned thoroughly, and in the process 16 to 20 per cent. of it is lost as wastage. Thus, though the sale price fixed by the Government is 2-3/8 measures a rupee, in fact it works practically at 1-7/8 to 2 measures. Greater supervision at the buying end would obviate this.

Secondly, the Government continues to collect sales tax from ration shop keepers on sales of ration rice to consumers, and the tax has been enhanced from 1/4 per cent. to 1 per cent. The burden of sales tax was intended by the Legislature to be handed down to the consumer and it may not be equitable to stop that process and throw the burden back entirely on the shop man. That a government should collect sales tax on its own distribution of rice to its own subjects whose interest it is bound to safeguard and protect and that the rate of such taxation should be quadrupled in an economic crisis like the present, does not appear justifiable, at any rate on moral grounds. Consumers' co-operative societies like the T.U.C.S. and similar institutions that are actuated by service-urge, as contrasted with profit motive, may regard it that the interest of

the consumer being their primary concern, the collection of sales tax by them in turn from the purchasers is not quite the proper thing to do; but that such co-operative and other institutions should be penalised as it were by a government for helping in discharging the government's own primary duty to the governed in the matter of food supplies does not appear equitable. Such co-operative societies are entitled to exemption from the sales tax, at any rate so far as rationed articles are concerned. In England we are told that "most utility articles are now exempt from purchaser tax." The original objection of co-operatives in England to this form of taxation was against it being placed on necessities thus affecting in a disproportionate manner the type of families largely represented by co-operative members. The objection applies with greater force to the taxation of governmental ration rice in Madras at the present time.

This enforcement of sales tax on the rice sales of the distributor has had an undesirable effect. The margin of profit allowed to the rice dealer in Madras city is about As. 8-0 and a gunny bag. So far as the T.U.C.S. is concerned, it is calculated that after allowing for wastage, transport charges and taxes the gross profit earned is not over As. 7-0 per bag, including the cost of the gunny. The net profit is bound to be not more than 4 annas per bag of rice sold. In the framing of the budget for the first half year of 1944 in the T.U.C.S. the gross profit on rice sales has been estimated at 3 per cent. only. This small margin of profit, while it may be acquiesced in by impersonal agencies like consumers' co-operative societies, will induce the average grain merchant, where he is a retailer, to resort to methods, such as short measure, for example, which ultimately tell hard on the consumer.

Thirdly, offences against rationing rules are visited with penalties and punishments of undue severity. In Madras city a special magistrate's services are requisitioned for trying ration cases. About one thousand offences are said to be committed every month. So far, however, only a few hundreds have been brought up before the court for punishment, most of the other offences committed being of a trivial nature such that a warning by the ration officer would suffice to prevent its repetition. But cases that come up before the magistrate get heavy punishment. It is to be hoped that the Government of Madras will not stop with the rationing of rice alone, but will extend it to all other necessary articles as well. Economists and social workers are all agreed that rationing should not be a half measure but should embrace the whole gamut of human necessities.

Madras.

OFFICE OF THE CHIEF CONTROLLER OF IMPORTS, NEW DELHI.

Importers are informed that their applications for import licences for goods to be shipped in January-June, 1944 from the United Kingdom, North America, Australasia, South Africa, East Africa, Middle East, South America or the Persian Gulf should be submitted before the 15th March, 1944. Applications received after this date can only be considered if the circumstances are exceptional.

45

Organization of India's Export Trade

By P. C. Jain

THE organization of India's foreign trade is still in a very primitive stage. A major portion of our foreign trade passes through the hands of petty export traders in the port towns, and some of the bigger ones have branches in up-country centres. The export trader, either in the local market in the port towns or through his agents in the up-country purchasing centres, buys commodities such as raw jute, raw cotton, oil-seeds, tea, tobacco, hides and skins, and ships them abroad. In the case of manufactured goods these export traders enter into direct contracts with the manufacturers. In the foreign country the exported goods are sold to the merchant houses, to the wholesalers, or by auction in the open market. Some of our exports pass through the hands of Indian branches of foreign merchant houses but often these purchase their requirements through the petty export traders here. In some rare cases—Indian iron and steel and cement for example—the marketing organizations in these industries have direct contact with the wholesale buyers abroad.

The export traders have probably performed a useful service in the past but now in the changed conditions, some of which are brought about by the war, they are not fit for the task, especially if we view their existence in the light of future requirements of our foreign trade. These export traders are generally persons of small means and, except for the local Traders' Association formed for the purpose of ventilating their grievances against the Government, they are thoroughly disorganized and operate on their own account without co-operation with fellow traders, with the consequence that they are unfit to stand competition from well-organized rivals in foreign countries. Moreover, the object of these traders is not to safeguard the interest of the Indian manufacturers and producers by developing and enlarging the foreign markets but only to look to their own profits. If they have been successful in holding the foreign markets in the past the success has been due more to the nature of the commodities they handled rather than to their own effort. In the past we mostly exported raw materials, coarser qualities of cotton textiles, jute goods, some types of iron and steel products and such other commodities for all of which we easily found customers, because the raw materials supplied by us were urgently needed by foreign manufacturers and in some cases we enjoyed a monopoly. Moreover, these export traders could sometimes sell at very low prices because they in turn paid low prices to the unorganized producers of raw materials in India, and they sold the commodity in the foreign market at a price which just gave them the usual profit margin. This not only spoiled the foreign market from the point of view of the Indian producer but had the effect of undercutting the rival sellers from other countries, where the producers were not so unorganized as in India. These export traders made little effort to study the tastes of consumers or the requirements of the manufacturers in the importing countries. In consequence it has been complained against us that goods have not been supplied according to sample; that finish and packing have been defective; contacts have not been established with customers in the foreign markets, the agents and representatives of foreign customers have not been given the consideration they deserved, and that, in general, a great carelessness is shown by the export trader in dealing with the export market. These defects handicapped our export trade

even in the pre-1939 period but in the post-war world they are bound to prove fatal. Some new factors have entered the situation which make it imperative for our exporters and producers to be more careful if the foreign markets are to be retained and enlarged.

In the first place, the post-war trade of our rivals is likely to be organized on more scientific lines than in the past and in order to face its might we have also to organize ourselves. It does not need much stressing that our disorganized petty traders stand no chance of survival against powerful foreign rivals. Moreover, the United Kingdom Commercial Corporation has already entrenched itself right in our country. With large funds and a huge organization, the U.K.C.C. has acquired good experience and value rights during the war and, for all we know, it might be retained after the war. The Indian exporters will then be faced with the double problem of fighting outsiders as well as a favoured "cousin", and organization alone can give some chance of success.

Secondly, the nature of our foreign trade has also changed. We now export more of manufactured goods (which including re-exports formed 50.3 per cent. of the total in 1942-43 as against 30 per cent. in 1939) and less of raw materials (23.1 per cent. now as against 45.1 per cent. in 1938-39). In view of our greater industrialization these manufactured goods will consist of not only coarser qualities but also of finer ones. So unlike as in the past when our customers were only too anxious to buy our goods, in the future we shall have to induce them to do so. The chief factors in this struggle for markets will be the price and the quality of the goods sold. And in view of the fact that during war the producers in some foreign countries have made much greater progress than the Indian producers in the field of industrial technique and scientific research, we shall find this task of producing goods of the required quality at competitive prices quite difficult.

Finally, past experience has taught us that in matters of trade expansion political "support" plays a very important part. The producers in foreign countries have the backing of their governments in trade expansion but we do not as yet know what attitude the future Government of India will be willing and able to take in the matter. In case our foreign trade policy is dictated from outside or the future Government of India chooses to owe allegiance to some obsolete doctrines of *laissez faire*, a much better trade organization, than would otherwise have been necessary, would be indispensable.

The producers will have to take a direct interest in the trade organizations dealing with their respective commodities. One possibility is that a joint stock trading company may be formed for each major export industry and for each group of allied minor and small scale industries. The share capital of each company will be contributed by the producers concerned. Its profits and losses will be distributed among the various producers on a pre-determined basis depending upon the quality of goods supplied by each for export. The company will study foreign markets and their special requirements by sending expert representatives abroad and will establish contacts with wholesalers and retailers in foreign countries. The quality of the goods will be guaranteed because the trading company will be in a position to supervise it. A competitive

price will be charged for each brand of the commodity. If our rivals choose to offer cut-throat competition this company will meet the challenge. Its very existence will make the foreign rival think hard before it launches the attack.

It is likely that some difficulties will be faced in the initial period. All the producers may not choose to join this organization and an obstinate minority may try to take advantage of the organized foreign market without paying the costs. But this minority will soon find itself in a hopeless condition. The trading company will advertise and push some particular brands and its products, because of a more careful study of the foreign market, will conform more to customers' tastes and will thus be preferred. Moreover, there is no reason why the price charged by the producers outside the trading company should be lower, quality for quality. On the other hand, because of a large-scale marketing organization the trading company will be in a position to quote the cheapest price. Nextly, some markets may be too small to justify the operation of the trading company. In that case the device of "joint representation" will be used and a number of trading companies interested in allied commodities may operate together, thus utilizing the service of their representatives or sales organizations to best advantage. Finally, the formation of these trading companies will eliminate a large number of export traders and it might be argued that it is unjust to

create this hardship. It is true that these individuals will suffer but there is no reason why at least some of these traders should not be employed by the trading companies. In any case, even if the trading companies do not come into existence, these petty export traders will have little chance of survival against the U.K.C.C. and similar organizations.

It is worth noting that the organization suggested by us will be able to stand on its own legs without government support and, if need be, it can function even if the government becomes hostile. Moreover, the organization will be further extended and the trading companies will form themselves into a Federation and this body will take up the cause of Indian exporters not only with the Indian government but also with foreign governments if some political difficulties arise. The Federation will also look after the facilities of finance and shipping available to the Indian trading companies. Ultimately it might be necessary for this Federation to have control over these subsidiary services. Finally, because the trading companies are monopolistic organizations and can give concessions as well as take them they will find it possible to come to terms with their prototypes in foreign countries about the division of markets and such other matters of common interest.

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THE WORLD ABROAD

The Fourth War Loan

(From Our Washington Correspondent)

WASHINGTON, Jan. 25. (By Cable).

IF the Treasury Department successfully markets the current fourth war loan totalling 14 milliard dollars, it will be a real proof of the comparative soundness of Government's credit and will also be a tribute personally to the Secretary of the Treasury, Mr. Morgenthau, who during the present selling campaign, as during the third war loan drive last September, has had to combat the peace psychology causing some investors to believe that the European war has almost concluded. Last week's publication of the *Pravda* rumour that British emissaries were negotiating with Germans coincided with the opening of the war loan and admittedly slowed initial sales.

Pravda's "rumour" was not taken too seriously here but it must have made Mr. Morgenthau to think that some evil genius has haunted the Treasury. On September 8, the day preceding the launching of the three-week third war loan, Badoglio's surrender was published. Mr. Morgenthau's comment was typical: "People thought the war was over. We have spent the first week and have to spend the next fortnight selling the people war bonds."

Last week's Moscow developments were unsettling to investment markets as well as to political circles. Stocks and bonds including Government issues were uneasy for a couple of days. Government bonds declined as much as 330 seconds on Monday and Tuesday with dealers reporting that bidders were hesitant but later a firmer undertone prevailed. Wall Streeters opine that the fourth war loan will be successful but early sales were undoubtedly affected by the alleged Cairo report.

The Treasury's goal during the current fourteen milliard campaign is sales for five and a half milliard to individuals. The financial circles predict that the mark will be achieved during the three-week drive but it is reported that the forecast may be revised regarding the final total. Early expectations were that the \$18,900,000,000 figure recorded in September would be duplicated but today that estimate has been cut to fifteen milliard. Speculative and indirect commercial bank purchasers have been largely eliminated while savings bank buying will be smaller in volume than for the third war loan.

Meanwhile the economists believe that the Federal Reserve Banks will increase the holdings of Government obligations this year to an all-time high figure unless there is reduction in member bank reserve requirements. Dr. B. H. Beckhart, Professor of Banking in Columbia University, made that prediction last week before the American Statistical Association but said the amount of public debt absorbed by commercial banks will probably be below last year when it aggregated to ten milliard dollars. He also said commercial bank deposit liabilities will increase by a smaller amount than in 1943 when the rise approximated to 19 milliard.

Prof. Beckhart warned that due to continued de-

cline in the ratio of capital funds to total loans and investments, commercial banks should carry the excess net earnings to capital funds and should strengthen the capital structures after war through the issue of additional stock. While the Treasury's staff is at present concentrating on the promotion of war loan there has recently been a slight revival of interest in the proposed international conference on post-war stabilization agreement. Reports from London last week said that the British are prepared to accept the invitation to such a meeting but nevertheless indicated British doubts of any early agreement on the currency question.

Reliable sources here said that the principal matters whereon there is British-United States controversy are the position of gold in post-war trade and control of foreign exchanges and capital movements. The British-American monetary experts are reported to concur in the necessity for establishing a common fund whereto all members would subscribe in gold. It is believed however that the British have been reluctant to hasten to accord because of uncertainties regarding the future of the United States economic policy. Hence the British are not eager to accept large gold or dollar credits at the inauguration of the international currency experiment since such credits could not be repaid except through export of goods and services.

Whereas it was believed that an international stabilization agreement might be reached within a few months it is now pessimistically predicted that no such organization can actually be functioning before 1945. Even if Government experts were able to reach substantial harmony during the forthcoming Washington discussions it is unlikely that legislation to implement any pact could be enacted until the convening of the new Congress next January and perhaps would also be dependent on the new British Parliament. If as is now expected in the November elections the Republican Party sweeps the poll and has the majority in both the Houses, Senate and the new Congress would probably view suspiciously any and all plans formulated by the New Deal Treasury.

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The Scott Report

(From Our London Correspondent)

II

LONDON, Dec. 23, 1943 (By Airgraph).

WE dealt previously with the background to the *Report on Land Utilization in Rural areas* (better known as the *Scott Report*) and gave a summary of the proposals contained in the report. Apart from the technical side of farming, the general picture given in the introduction to the report is very much similar to the position of rural population in many other countries. Nor is it possible to consider the position of the rural population and the utilisation of rural land as an entirely independent problem. This is stressed in his Minority Report by Prof. Dennison. Leaving aside the really fundamental question of why agriculture as an industry has from time to time found itself in queer strait, a question which the Committee was not asked to answer, the matters dealt with by the Committee and the proposals in the Report can best be reviewed by arranging them in four groups, vide:—

- (a) Planning and Planning Machinery.
- (b) The Position of the Farming Population.
- (c) Amenities and Services.
- (d) Rural Industries.

The report is strongest where it deals with Planning. The Committee is unanimous in its demand for a Central Planning Authority. It allows for local and regional planning by local and regional authorities but insists that there should be a national Central Planning Authority both to initiate and to supervise planning on all levels. Existing Acts provide for planning by local authorities but such planning was merely permissible under the old law. Since the report was presented to the Government, however, the latter have brought in the Town and Country Planning (Interim) Act and this was passed by Parliament during last session. By this Act a Ministry of Town and Country Planning was established. It provided for compulsory planning by local authorities and also established a skeleton regional planning machinery. To that extent, then, the Government have already accepted part of the proposals made in the Scott Report.

They have further indicated through the Minister of Town and Country Planning that they are in agreement with the Committee where the latter suggest that inter-departmental friction and overlapping in matters relating to planning should be avoided by certain machinery. But whilst the Committee were in favour of having a non-departmental Minister as coordinator and final judge, the Government evidently thought different, as is shown by their establishing a Ministry of Town and Country Planning with all the paraphernalia of departmental administration. Experience may induce the Government to make a change or it may prove the views of those to be correct who think on this matter as the Government do. In any case there will almost certainly be a number of changes if and when the 'Interim' Act is superseded by a final Town and Country Planning Bill, or whatever its name eventually will be.

The Indian reader will hardly be much interested in the details of the planning machinery since that is, naturally, bound up with the particular conditions and

machinery of political administration of England and Wales. Suffice it to point out that though local bodies, country councils, regional councils, would each have their own particular sphere of planning, all their plans would be subject to sanction by the Central Authority, if the Government follows the suggestions of the Scott Committee.

On the question of economic and general status of the farming industry and farming population the Committee did not agree. The majority suggests by implication that there is a particular value in a large urban population, and particularly in a large farming population. Prof. Dennison, on the other hand in his Minority Report, points out that, firstly, the working conditions and standard of living of the farmer and the farm workers are bound up with the body economic of the country as a whole. Like any other industry farming must adapt itself to changing conditions. Secondly, if the farming population were increased by artificial means (such as implied in some of the recommendations of the majority of the Committee) it could only be done at the expense of the rest of the population. If, he quotes as an illustration, owing to whatever cause, "the British agricultural worker can produce bushels of wheat in a year, that the worker in an export industry can produce goods which sell abroad for £y and that the Canadian farmer sells 2x bushels of wheat for £y: then we should need two men to produce as much wheat directly from the land as we get indirectly from one man in industry. The relative productivity of the agricultural worker would be half that of the industrial worker." Since productivity per acre in England has very much increased there should be, according to the Majority Report, such betterment in the farm workers' wages as to more or less level his wages up with the similarly skilled industrial worker. Yet this was not the case. It was not the output per acre, but the output per worker which had to be considered in comparison with other countries. The output per acre in Canada was only about half of that in Britain, yet the Canadian farm worker got twice the wages of his British competitor. The reason was that the former was farming extensively whilst the latter farmed more intensively. The British farmer, therefore, should try not to compete with produce grown on the extensive farming system of the new world but rather cater for the high quality, and therefore high priced, produce market which could only be supplied by intensive farming.

Whilst the majority of the Committee put improved amenities for the rural population into the rank of a major factor for rural betterment, Prof. Dennison considers it to be (however important in itself) a secondary factor. But both agree that such can and must be done. One recommendation, which I mentioned already last week, is that every village should have its village institution as a centre for educational improvement, for social life, and kindred functions. It seems as, though it is not stated, that the Danish People's High School, the now classical example of adult education, has been taken as a sample. The idea is an excellent one but, as Prof. Dennison again points out, such institutions will not make farming pay better and therefore will do nothing to bind the population to the land; rather, more prosperous farming will help to make the institutions a success.

More consideration for the rural population in

respect of the supply of electricity, gas, transport, and a thorough reorganization of the supply of clean and sufficient water are asked for by the Committee. Here they appear rather too optimistic in their expectation that these services could easily be supplied at all country flat rates. However, these are technical questions, evidently not entirely within the orbit of a non-technical committee. That much can be done in this direction has been shown in Switzerland where one finds electric light and power even in very remote villages and hamlets. Gas is a rather different proposition and if electricity can be supplied gas can easily be done without. The bad water situation in many parts of the country has been caused by the lack of co-operation amongst the smaller local rural authorities, on the one hand, and the bad *modus operandi* in granting exclusive water rights to larger communities in urban areas or to private or semi-official bodies supplying the latter. On all these problems the Government are, according to the Minister of Town and Country Planning, in sympathy with the recommendations but have first to study the questions in all their details and implications before they can lay down the policy.

The last of the four main problems mentioned above will no doubt interest Indian readers. Like the present writer, they will be disappointed by the recommendations of the Scott Committee on the question of village industries. Here again Prof. Dennison is in the minority. The majority think that, except for extraction industries which by their nature have to be located where deposits are to be found, there is no place for industries in the villages. They grudgingly would allow certain, what they call mobile industries,

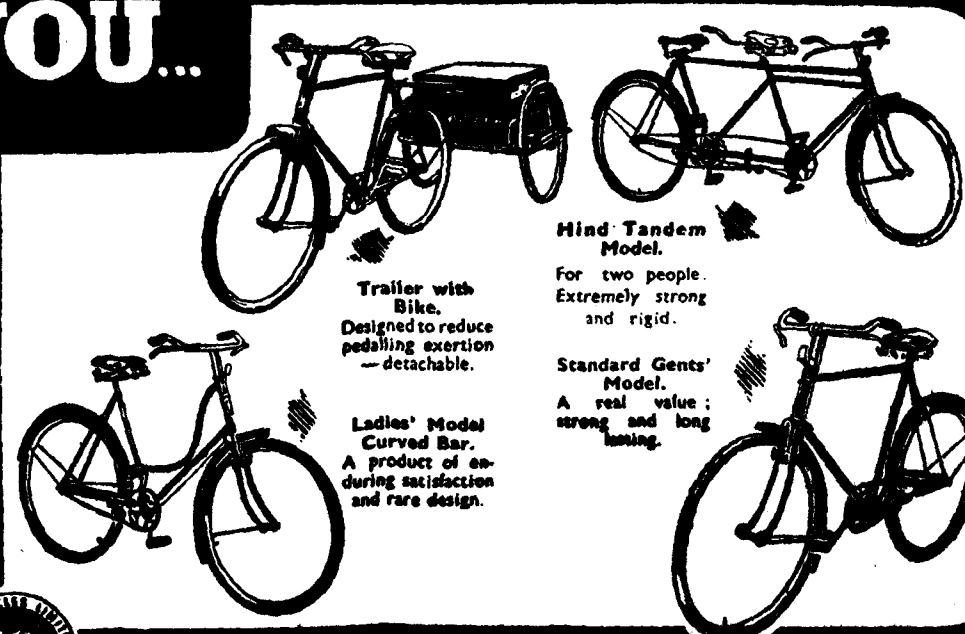
to be settled in rural towns. Contrary to their recommendations of village institutions, their views on village industries do not appear to be based on any study of similar industries in other countries. One of the reasons for the high standard of living in Switzerland, and, compared with Britain, particularly in rural areas (except for mountain regions), is the presence of industry everywhere up and down the country. There is some sort of industry in almost every large village. The result is that the average family income of the rural family is a comparatively high one even though farm units are very small on average, 100 acres being considered a "large" fare.

Prof. Dennison in his minority recommendations states that every manufacturer who chooses to open a factory in the village should be allowed to do so; more so, as he should be encouraged. The only limitation placed on him should have reference to the type of building in which the factory were to be housed. In other words, he, as his brother in the town, should be made to conform to certain standard of building. As he points out, such village factories would represent (in Great Britain) a small percentage of the whole and with proper control by way of building regulations the land so used would be well utilized.

As I have pointed out already, the Government is considering two more Reports, the Barlow Report and the Uthwatt Report, which concern land and population questions. Though each report covers a particular sector only, the problems they deal with are inter-related and we shall not be able to get a whole picture of what the Government's planning policy will look like until we have their statements on the recommendations of those reports.

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TRADE SECTION

Prospects for Textile Export

THE demands made by war supplies on the production of cotton piecegoods and the urgent need that arose last year to conserve stocks for civilian consumption within India have created some new problems with regard to the export of cotton textiles. These were the subject of discussion when Mr. Hydari met the Textile Control Board at Bombay recently, and it is reported that a regulation of the export market has been decided upon. It may be recalled that during the war India's foreign trade in cloth has changed from a net importing to a net exporting position. In 1939-40 net imports fell to 220 million yards; and in the two succeeding years net exports amounted to 108 million yards and 805 million yards respectively. It had also been estimated that for 1942-43 the export figure would be about 1,150 million yards. Most of our foreign markets turned to increased Indian supplies as their other former sources of supply—viz., Japan, the U.K. and the U.S.A.—dried up. Our exports increased substantially to Burma, Straits Settlements, British West Africa and East Africa, Arabia, Bahrain Islands, Iraq and Aden.

India's cloth exports are at present limited to 600 million yards a year and the export regulation plan, accepted by the Textile Board, does not envisage an increase in this quota in the near future. The Industries Department appears to have arrived at the decision to export this quantity after assuring itself that internal supply would be adequate. The seizure of unstamped cloth is expected to bring out a stock of nearly 500 million yards. Prices in the home market are also expected to go further down progressively, and the making available of unstamped cloth at especially reduced prices will have its own effect in easing the position with regard to civilian consumption. Thus the authorities and the trade will get some respite to take up problems of export.

The emphasis in export regulation is on the retention of our present markets and their volume of demand even after the war by adopting suitable trade measures now. The experience after the last war—when easily won war-time markets were as easily lost when war ended—is there to warn Indian trade. The prices charged by Indian exporters, the qualities supplied by them, and their own unified organization are the important aspects of the situation. At present there is such a demand for cloth in the Middle East and parts of Africa that our exporters can really afford to charge exorbitant prices. Indeed there exists now a danger of our wide and new markets being antagonized by the export of poor stuff and profiteering by exporters. Early last year, there was a proposal to create an importing corporation in East Africa as a rival to Indian exporters and it was dropped only after a delegation from East African Governments discussed the situation with the Africa Shippers' Association, Bombay, and assured itself of equitable distribution and reasonable prices of Indian textiles among the East African population. But now it would appear that Kenya and Uganda are

looking to the U.K. and Brazil for their imports which would hit the Indian exporter who in 1940-41, supplied as much as 90 per cent. of East Africa's requirements. Owing to export restrictions to Ceylon, that country also is compelled to look to the U.S. for making good its acute clothing shortage. It should also be remembered that the end of the war will again let loose competition for Indian cloth trade in these markets and only the present standardization of prices and qualities can avert a serious setback. Under the envisaged export arrangement prices somewhat higher than in the internal market will be fixed for exported cloth. Government will set up within the next three months adequate inspectorate to inspect all cloth intended for export and affix a stamp certifying its quality. The Government of India will intimate to the Government of overseas markets the reasonable price of such cloth provided those Governments undertake to control internal trade in the consumer's interest.

To prevent the present emergency change in the direction of South African and Ceylonese textile imports from becoming permanent even after the war, Indian trade will have to establish a central organization to lay down agreed standards of prices and quality. Such an organization should also study foreign markets and be representative enough to negotiate foreign trade agreements with similar organizations in importing countries. Hopes in this direction were expressed in the past both by the Millowners' Associations and the Indian Central Cotton Committee, but it required a war to provide the nucleus of such an organization in the shape of the Textile Control Board. Such a Board consisting of representatives of the trade as well as the Government would be more impartial and bolder in arriving at and enforcing decisions than a mere trade association financed and ultimately controlled by a manufacturing caucus. Out of the higher prices charged for exports a fund might be created and utilized for financing export drives. With all this, however, Indian exporters would have to face severe competition in the former war markets as organizations abroad are already planning for market expansion after the war. So a beginning will have to be made immediately by recapturing some of the foreign markets lost owing to our internal cloth shortage. Even during the rest of the war period it might be possible to release a larger quota for export as dehoarding gets completed and prices come down further.

But whether India will be able to retain and expand her markets for textiles will depend ultimately on her competitive power which in other words means efficient production and low costs. The cotton textile industry has to some extent learnt the lesson of the last war and is building up a reserve for depreciation, replacement and even expansion. But not all units have recognized the importance of building up reserves. A considerable number have even now invested their high profits in bloated dividends, thereby inviting trouble on themselves in the future.

FROM THE PROVINCIAL ANGLE

Madras Letter

INCOME-TAX RELIEF—ECONOMIC AND SOCIAL DEVELOPMENT—UTILIZING SERVICES OF DEMOBILIZED SOLDIERS—CONTROL OF ROAD TRANSPORT (From Our Correspondent)

MADRAS, Jan. 22.

SOME relief, though small, is promised to the income-tax assessee in this province following a declaration by the local Government. When Sir John F. Sheehy, Member of the Central Board of Revenue, was in Madras in August last, the mercantile bodies represented to him that such portion of municipal tax as is attributable to drainage, conservancy etc., should be deductible from the property income for the purposes of income-tax. But its allowance had not been permitted so far, because the authorities have not declared such taxes, unlike as in Calcutta, where, the octroi duty had been specifically mentioned and hence allowed to be deducted for tax purposes. Now, as a result of the efforts of the trade organizations, the Madras Government have declared that "water and drainage tax, lighting tax, scavenging tax and education tax and property tax may be regarded as taxes levied for specific service, namely, water supply, drainage, lighting, conservancy and elementary education rendered to the occupiers of properties, though for the sake of convenience they are collected from the owners of the properties. The total of these service taxes may therefore be regarded as representing the tenants' share of the property tax for the purpose of income-tax return." Therefore, it would now be necessary to move the Central Board of Revenue to issue necessary orders so that the income-tax assessee may have the relief. The question is not likely to present any difficulties in view of the past assurances from the Central Board of Revenue and certain precedents.

Decisions of Income-tax Tribunal

While on this question of income-tax, it is a matter of regret to note here that the Central Board have decided not to give publicity to the decisions of the Income-Tax Tribunals on the plea that the Tribunal is not a court of record. When it is realized that many statements of accounts are prepared in ignorance of the principles which guided the Tribunals and sometimes assessee and even lawyers unnecessarily took or omitted to take cases in appeal involving cost and trouble, the need for such publicity is bound to be admitted. Sometimes the judgment of one tribunal is contrary to the decision of another in important matters and therefore publicity under such conditions would be essential.

Demobilization

Mr C. H. Masterman, I.C.S., incharge of post-war reconstruction scheme in Madras province, outlined in one of his public addresses some of the possible ways of utilizing the services of soldiers on demobilization for economic and social development. On a modest estimate, at least two lakhs of men are expected to return to this province from the war and this magnificent mass of human material well trained and disciplined should not be allowed to be wasted. It is essential that occupation should be found for them as otherwise they would also prove to be a menace to society. Mr. Masterman emphasized the importance of land colonization schemes with a view to affording employment to the disbanded men. The Madras Government have also directed their attention to this question as most of the recruits to the

army have been drawn from the agricultural classes. It would be desirable here to stress the need for the utilization of the co-operative department for the success of these schemes in order to provide cheap and controlled credit and fair markets for the produce raised.

Employment Exchange

The question of employing soldiers who might have learnt a useful trade or occupation of a technical nature is even more important but much would depend on the progress of industrialization in the country. In this connection, the establishment of Employment Exchanges under the auspices of the Labour Department of the Government of India in important centres in India is to be welcomed, as it would serve as a national clearing house for skilled technical personnel. One such Exchange has already been opened in Madras but the success of these bodies would very largely depend on the manner in which employers of skilled labour and industrialists make use of them. The Government propose to evoke the interest and get the help of capital and labour in this scheme by attaching committees to advise the Exchange, consisting of representatives of employers, labour, Government and the Demobilization Directorate of the General Headquarters.

Control of Road Transport

Sir Kenneth Mitchell, Controller of Road Transport, Government of India was in Madras this week and discussed with the officials of the local Government and neighbouring States the question of the control of road transport under war conditions. Sir Kenneth gave the news that in the past year 7,000 new lorries have been distributed in India, out of which Madras received about 11 per cent. The discussions which the Controller has had here seem to have resulted in certain decisions expected to improve transport conditions. Spare parts for motor vehicles have been difficult to obtain for over a year and it now appears that the shortage has been got over for vehicles most commonly used, notably American and British. By this relief, surely more vehicles will be put on the road. It seems to be the intention of the authorities to increase the facilities for rural buses in order to relieve the congestion on railways. The meeting is reported to have considered the standardization of bus bodies so as to make it easy to get materials and it is stated that an agreement was reached that the Madras body for buses with a few improvements might be the standard.

U.K. Leather Controller

It is learnt here that Mr. Wright Henderson, Controller of Leather in the United Kingdom, has arrived in New Delhi last week-end for important consultations with the Government of India. The local Chief Assistant for Leather Control, Mr. Meredith, has also left for the headquarters of the Government of India. It is understood that representatives of important European firms in the Presidency have left for Delhi, presumably on invitation. Indian shippers, tanners and merchants, nay the entire Indian mercantile community engaged in this trade, have been puzzled and agitated at the attitude of the Government of India

and of the British Government in allowing a preponderating voice, if not exclusive, to the European trading interests which have been estimated at about 20 per cent. of the total trade while the interests of

Bombay Letter

CONTROL OF CLOTH EXPORTS—TEXTILE BOARD'S DECISION—BRAZIL'S EXAMPLE—BULLION SALES

(From Our Correspondent)

BOMBAY, Jan. 22.

DECISIONS of far-reaching importance to the Indian textile industry were taken at the recent meeting of the Textile Control Board in Bombay. It is gathered from the talks that the export market in textiles is to be regulated. The countries in the Middle East and parts of Africa are in dire need of cloth and India is their only source of supply at present. This has led to very high prices and poor quality of the cloth exported. The Textile Control Board feel that if a *laissez faire* policy is adopted towards the cloth export trade, it will earn for India a very bad reputation and will make it difficult for her to retain the export markets especially in the post-war period. The authorities propose firstly to fix prices for cloth exports and secondly, to check the quality of the cloth exported. Government will set up within the next three months adequate Inspectorate to inspect all cloth intended for export and affix a stamp certifying its quality. Prices somewhat higher than in the internal market will be fixed for exported cloth. The Government will intimate to the Governments of the overseas market the reasonable price of such cloth provided those Governments undertake to control internal trade in the consumers' interest.

In this connection, a scheme recently adopted by the Brazilian Government should be found interesting. Under an agreement between the Brazilian Government and the Textile Industry, the latter has appointed a committee to fix types and prices and to allocate production quotas. The minimum quota of 100 million metres has been fixed to the production of nine "utility" (something like a counterpart of the "standard cloth" in India) cotton goods which would be retailed at prices equalling about 6½d per metre for shirtings to about 11½d. for drills. "Utility" types will apparently absorb 10-12 per cent. of the total cloth output and the prices for these will be 50 per cent. cheaper than "non-utility" goods. The authorities expect the Industry to lose about the equivalent of 1½ million sterling on the "utility" programme, but recoup this loss from exports. The authorities in India who propose to fix prices of Indian cloth exports at a slightly higher level than domestic prices will do well to bear in mind the significance of the Brazilian Government's policy of utilizing profits from exports towards subsidizing domestic prices. This means that as against the pre-war tendency of home trade price to subsidize exports, today with a strong overseas demand, exports can subsidize home trade prices. While no one will cavil at the authorities exercising a reasonable check over the quality of the cloth exported, the question of fixing prices is a very delicate one and must be decided after giving due consideration to the fact that India herself is paying very high prices for imported goods which she has to buy. Side by side with the qualitative check on cloth exports, a quantitative check is also needed, as a country like India with 400 million souls to clothe can ill-

Indian trade have been totally neglected. In the circumstances, the decisions of the 'Conference' and how they will be implemented will be watched with keen interest.

afford to supply the full needs of other countries at the sacrifice of her own needs.

Bullion

A drop of about a rupee per tola was recorded by the gold market in Bombay on Thursday, when there was all-round selling of gold induced by the Reserve Bank having sold at Rs. 71 as against Rs. 71-2-0 on the previous occasion. There were also reports that the Bank had continued to sell gold up to Rs. 70-14-0 with the result that there was considerable nervousness amongst the bulls. This spate of selling also had its effect on the spot demand for gold which dropped abruptly from the previous level of about 35,000 tolas to 15,000 tolas a day. Private estimates indicate that the Reserve Bank has delivered about 35 lakhs of tolas of gold since August 17 last, at rates ranging downwards from Rs. 87 to Rs. 70. About 9 lakhs of tolas of this were sold at rates progressively declining from Rs. 73 to Rs. 71. In spite of these heavy sales, gold prices were maintained due to the good absorbing capacity of the market during the past five months. Daily off-take until last week averaged about 40,000 tolas. It is believed by some that most of this gold found its way to upcountry centres where the demand came from the farmers. This, however, is not the whole truth. Government contractors and merchants too have been buying gold. The Punjab, Madras and Bengal are stated to be the provinces absorbing gold at higher rates.

In the silver section, prices registered a decline in sympathy with the fall in gold prices. There was also a pressure on this market due to fresh arrivals of silver from upcountry, which eased the position in the ready. Local silver stocks are stated to be 300 bars.

Stock Market

Profit taking was the main feature of this week's trading in the market. This has, at least temporarily, checked the boom which appeared to be developing especially during the previous fortnight when prices of some of the popular scrips came very near the peak levels reached in May 1943. In view of the high prices and the forthcoming Central Budget, it was considered advisable both by the speculators and the public to book profits and hence there was a moderate reaction in prices. However, side by side with these profit-taking operations there was also some selective buying especially in shares of Companies which are situated in the Indian States where taxation is much lighter. Shares of hydro-electric companies also came in for selective buying because due to the control over rates charged for electricity the prices for these shares have hardly shown any advance over pre-war levels.

In the gilt-edged section, the market opened firm with 3½% Government paper rising up to Rs. 99-1. Later on profit-taking brought the price down to Rs. 98-14.

Bengal Letter

A SECOND FAMINE WILL COME?—TRAINING BENGAL'S RIVER OF SORROW—CONCERN ABOUT INCREASED SALES TAX—ON THE EVE OF RATIONING.

(From Our Correspondent)

CALCUTTA, Jan. 22.

THE message published in the *News Chronicle* on the Bengal food situation, which was dispatched to the paper by its New Delhi correspondent and which was cabled back to this country by *Reuter*, has created a considerable stir and sensation in the local Press. The correspondent's reading of the Bengal situation has been considered as having brought into the foreground the apprehension of a repetition of last year's disaster which had already been lurking in the background of the public mind. The disquieting symptoms of a renewed rise in prices of rice after a short-lived phase of downward movement, the lack of public confidence, the opposition to the appointment of four agents by the Bengal Government, the drifting back of destitutes to the city of Calcutta—to mention but a few of the features of the Bengal situation noted by the correspondent of the *News Chronicle*—these are all patent realities which inevitably give rise to a fearful anticipation of the coming of a second famine. Whether such a famine will actually visit us or not will depend upon the ability or otherwise of the authorities to take proper note of the disturbing symptoms and take immediate steps to tackle them. As it is, there is even now complacency in the attitude of the Government as is evident from the Bengal Government's long reply to the *News Chronicle* correspondent's pointers. The crux of the whole Bengal situation, as brought out by the correspondent and as emphasized by reports available from the districts, is that prices of rice are rising in numerous places. If this is the position immediately after the harvesting of the new crop, what will happen in the weeks and months to come? Instead of looking this fact squarely in the face, the Government have complacently remarked that prices of rice are in fact falling over the greater part of the province, which is a vague statement unsupported by convincing evidence and facts.

How to Tame Damodar

The Damodar Flood Enquiry Committee has had its first sitting in Calcutta. The devastating flood that swept over a large area of the Burdwan district last year as a result of a breach caused in the Damodar embankments brought to the very forefront the problem of training this river. Such breaches have indeed occurred periodically introducing a considerable element of instability in the economy of the Burdwan village areas that lie on the banks of this wayward river. Sometimes the flood caused has been of a minor character; sometimes it has been disastrous. The flood of 1913, for instance, was catastrophic beyond description. Last year's flood is not comparable in magnitude to the flood of 1913, but it was terrible enough. In an admirable article, written by Dr M. N. Saha, entitled "The Damodar—Bengal's River of Sor-

row," the need for bringing under control this turbulent river was forcibly emphasized. The strong public demand for remedial measures led to the formation of the aforesaid Enquiry Committee. The Committee will begin by taking into consideration the report that was prepared on this subject 21 years ago by Mr. Adams-Williams and Mr. Glass on behalf of the Bengal Government after the occurrence of the 1913 flood. The Committee will also have to consider what modern science has been able to achieve in averting similar dangers in other parts of the world. The object of the plans to be evolved by the Committee will be to transform Damodar from the hill-stream that it is into a perennial river, and thereby prevent the floods and inundation.

Sales Tax to be Increased

The Budget session of the Bengal Assembly is drawing near. The Budget estimates for 1944-45 will be presented before the Bengal Assembly on February 18. In the meantime considerable public attention has come to be focussed upon the proposal that the existing rate of the Sales Tax will be increased from one quarter to one-half of an anna in the rupee. There is considerable opposition to this proposal. It is true that to avoid any burden on the poor, provision is made in the proposed measure to include "the poor man's cloth" in the schedule of tax-free goods, but it is felt that the increased tax will bear hard upon the middle-class people who have already been seriously affected by the economic conditions in the province. Since its very inception, the Sales Tax has been unpopular in Bengal; it seems that opposition to it will grow in strength and volume in view of the proposed enhancement of the rate of the tax.

Grievances About Rationing

Rationing is to be introduced in Calcutta in a little more than a week's time. Complaints about the rationing arrangements are sharp and loud and continue to grow in volume. Many persons complain that they have not received their ration-cards yet. Others are in a serious predicament because they cannot get their cards registered. There is a consensus of opinion that the number of ration shops that have been opened is inadequate. Already in anticipation of the introduction of rationing dealers have removed or disposed of their stocks of the commodities. These are unavailable on the eve of rationing. If after the effective introduction of rationing all people are not provided with cards, and their cards are not properly registered many persons will be put to considerable hardship and inconvenience. There is reason for serious anxiety in this regard as the authorities seem to be tackling the rationing business in a rather inexpert and amateurish fashion.

U.P. Letter

VIEWS ON POST-WAR RECONSTRUCTION—TRADERS OPPOSE CONTROL MEASURES—INTER-DEALER TRANSACTIONS IN THE CLOTH MARKET

(From Our Correspondent)

CAWNPORE, Jan. 24.

POST-WAR economic problems received attention in two after-dinner speeches last week in Cawnpore. Sir A. Ramaswami Mudaliar, the Supply Member, who

was feted at a dinner given in his honour by Sir Padampat Singhanla, felt that India which had come into her own economically and industrially would not be allowed to languish in the post-war era. Instead of

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The Bihar mica mining industry, which dates back to the 1870's, has not progressed as it should, due largely to an extensive and ever growing trade in illicit mica.

From time to time during the past 40 years the question has arisen of preserving the valuable Bihar micafield, and its important mica industry, from the ultimate destruction with which it is threatened by the illicit mica trade. But nothing has been accomplished.

Whenever this question arises, it encounters strong opposition and causes great agitation amongst those who benefit directly from the trade in illicit mica. Irresponsible statements are then made in an effort to divert attention from the necessity to preserve this great national asset, and protect its deep mining industry for the benefit of its 5 lakhs of Bihari dependents.

The legitimate mica miners believe it to be their duty to make

known to the people of Bihar the facts relating to this industry.

Recently, for example, handbills have been circulating in the micafield irresponsibly accusing members of the Kodarma Mica Mining Association of curtailing output in order to compel Government to impose "still more rigorous control over the industry", and of "threatening 50,000 Mica Majdoor with unemployment".

Both these statements are incorrect.

Output has been seriously affected by the exit from the deep mechanised mines, whence the bulk of the production normally comes, of a large volume of labour attracted by big profits in the illicit mica trade. Such labour is, of course, uneconomically employed, to the detriment both of the war effort and of the factory labour, which depends on mines output for employment, now and in the future.

The mica industry does not depend for its existence on mica dealers, but on mica producers. Anything that ensures the proper operation of the mines automatically means more and better employment for factory labour

The responsible mica producers do not want, for its own sake, more Government control of the industry. What they do seek, however, is the protection of their property and their elementary rights as traders, who, through good times and bad, have developed the industry to its present important place in the life of Bihar and the war effort of the United Nations

THIS ADVERTISEMENT IS INSERTED IN THE INTERESTS OF THE RESPONSIBLE MICA MINERS OF BIHAR

A DELHI DIARY

NEW DELHI, Jan. 27.

THE publication of the 15-year plan by the committee of Indian industrialists has aroused widespread interest. There were a number of prominent members of the Central Assembly in New Delhi this week in connection with the meeting of the Railway Convention Committee. From their talks I could gather that they were anxious to secure an early opportunity in the course of the coming session to raise the subject for discussion and ascertain the attitude of the Government. Official circles are somewhat reticent in expressing their views on the non-official plan. They probably prefer to wait and see how Indian opinion reacts to it. Even if the subject is brought up for discussion in the Assembly, the Government's spokesmen are not likely to commit themselves in any way at this stage, but it is already clear that the very favourable reception which the non-official plan has received both in India and abroad has made it a first class issue. Practically every section of opinion—not excluding even non-official European opinion as the comments of the *Times of India* have shown—has backed up the efforts of the non-official committee. For one thing it is not merely an industrial plan—it is a plan for all-round social and economic progress. Among the resolutions tabled for discussion during the coming session of the Central Assembly is one by its Deputy President, Mr Akhil Chandra Datta, "asking the Government of India to set up a machinery to investigate questions of wages and earnings, employment, housing and social conditions generally and to formulate social security plans." The non-official committee's scheme covers large ground. There appears to be a feeling that when the Assembly meets, suitable opportunity should be found to endorse in principle the committee's plan and call upon the Government to support it. The slow and hesitating manner in which the Government of India have been proceeding with their plans for post-war reconstruction has for a long time been the subject of criticism in the Central Legislature.

The Railway Convention Committee concluded its labours on Tuesday last. It has been calculated by the Railway Board that additional depreciation due to excessive wear and tear during 1939-43 is nearly Rs. 8 crores. The recommendation of the committee is that an additional appreciation of about Rs. 2 crores should be made in the current year and in the budgetary year to provide for the additional depreciation. This is based on the preliminary report submitted to the committee by the Railway authorities, but it is proposed to have a comprehensive inquiry into the lives of assets including obsolescence and the consequent rate of contribution. The preliminary report deals only with the question of the additional appropriation necessary as an emergency provision during the war to the depreciation fund. It was pointed out to the committee that the calculations made in the interim report make no allowance for the inability of the Railways to keep up the normal peace-time standard maintenance which must adversely affect the lives of the assets or for obsolescence or for the rise in prices. It is said that

the additional appropriation necessary to cover the rise in prices alone will be well over Rs. 8 crores. There appears to have been a general discussion on the wider question of Railway finances also at the committee's meeting. The suggestion is reported to have been made that a general principle should be enunciated—that at a time like this when the Railways are making big profits and maintenance up to the required standard is difficult, if not impossible, they should have in the Depreciation Fund and the Reserve Fund enough to rehabilitate the Railways after the war to the required standard. It was put to the Government that enough should be laid by now from the surplus as a safeguard against having to borrow after the war. It was pointed out that large borrowings for Railway may become an unbearable burden as it has been in the past. There is expected to be a full discussion in the Assembly on the committee's report when the session begins next month.

There is a good deal of perturbation in non-official circles at the reported intention of the Government of India to raise Railway fares. The Indian Chamber of Commerce of Calcutta has protested that the increase will only mean indefensibly taxing transport in India. The Federation of Indian Chambers of Commerce and Industries has pointed out that while the burden of war-time taxation is now more than the taxable capacity of the country this form of anti-inflationary measure would increase instead of reducing the financial burden on the public is open to question. It appears, however, that the Government are more or less determined to have the fares increased. As quite a number of Congress members, now out of jail, are expected to attend the Assembly session, there is bound to be a lively debate on the Government's proposals. The Government's idea seems to be to find as much additional money as possible through Railways and try to reduce the need for additional taxation in the general Budget.

Details are now available of the discussions of the Standing Labour Committee at Lucknow. Regarding dearness allowance it appears to have been agreed that general principles should to the maximum extent possible be laid down by the Government for dealing with the question of the allowance paid or to be paid to industrial concerns. The report of the sub-committee on dearness allowance has been forwarded to the Government of India with the committee's views. The committee also accepted a scheme for a factual survey of the problem of absenteeism in industrial undertakings, including investigation of causes like sickness, accident leave, social or religious reasons transport difficulties lateness etc.—particular in industrial concerns doing war work. In the course of his speech Dr Ambedkar told the committee that the Government of India had appointed a Labour Investigation committee for the investigation of wages, earnings and other conditions of labour and that the question of extending the inquiry in a suitable manner to agricultural wage-earners was under consideration in consultation with Provincial Governments.

ARGUS.

NEWS PAGE

It is understood that out of the heavy surplus which the current year's budget is expected to show the Punjab Government have decided to allot Rs. 60,00,000 for the peasants' welfare fund which was created two years ago with an initial contribution of Rs. 30,00,000.

An extensive road programme as part of post-war reconstruction plans covering 250,000 miles and connecting villages all over India and the establishment of a central soil research station were among the decisions made by the sub-committee of the Indian Roads Congress which met at Lahore last week.

The next meeting of the Indian Central Cotton Committee will consider, among other subjects, a suggestion for undertaking a survey of seed distribution schemes in relation to the improved varieties of cotton available, the desirability of undertaking economic surveys to investigate the conditions of living of small cotton growers in the major cotton growing tracts and proposals for the revision of the "floor" and "ceiling" prices for Indian cotton.

During the five weeks ending the 8th January, 1944, Rs. 22½ crores were invested in Central Government loans, of which Rs. 14½ crores represent subscriptions to the Fourth Defence Loan and Rs. 8 crores sale of counterparts.

The Government of India have announced an increase in the ex-main Port pump price of Motor Spirit from Rs. 1-14-0 to Rs. 2-0-0 per gallon with effect from January 22, 1944, the increase being primarily due to the decision to standardize throughout India on a higher quality of motor spirit containing lead.

President Roosevelt has submitted to the Congress a proposal for the development of a national highway system of 34,000 miles of modern roads "essential to the future welfare and defence of the nation." The estimated cost is \$750,000,000 annually over "a reasonable period of years."

It is learnt that the formulation of a scheme on the lines of the Bevin training scheme to train suitable Indians in the United Kingdom for technical posts of officers' status, is now under the consideration of the Government of India, who have asked industrial concerns for their views particularly on classes of officers to be selected for training, and the numbers of candidates to be trained every year.

Schemes costing Rs. 15,00,000 for raising and strengthening the Indus river bunds have been sanctioned by the Indus River Commission which met in Karachi recently. The purpose of the new constructions is to afford additional protection against floods to some of the towns in the danger area.

According to notifications recently issued under the Hoarding and Profiteering Prevention Ordinance, the maximum retail selling prices of boot polishes and the maximum selling prices at Bombay and Calcutta of bicycles have both been fixed, and dealers in photographic materials are directed to exhibit price lists.

The All-India *Gur* Conference held recently at New Delhi examined the feasibility of fixing a uniform ceiling price for exports. It is understood that owing to transport difficulties the position in U.P. and N.W.F.P.—the main surplus *gur* areas—has become serious and large stocks to the extent of about 400,000 tons have to be moved before the month of May. Arrangements for the control of prices and distribution of *gur* as well as prescription of standard qualities were discussed.

The total value of U.S. Lend-Lease exports to India from March 1941 to last October was 710,131,000 dollars. This total comprised: Ordnance and ammunition, 173,941,000; aircraft and parts, 85,017,000; tanks and vehicles including parts, 189,217,000; industrial items, 207,856,000; agricultural commodities and foodstuffs, 34,812,000; and watercraft, 287,000.

The view that the introduction of a new and inexperienced element in the sugar trade is bound to cause serious dislocation in the distribution of sugar in the province, is emphasized by the Indian Chamber of Commerce, Calcutta, in a letter addressed recently to the Food and Civil Supplies Commissioner, Bengal, with regard to the proposed scheme of the Government of Bengal according to which distribution of the commodity is intended to be made through the Government's own agency and not through the recognized wholesale dealers appointed under the Sugar Control Scheme of the Government of India.

Measures are being mapped out by the Executive Yuan of China for problems facing steel and iron and machine-making industries. The responsible authorities, it is understood, will give a first consideration on the questions concerning capital and the market demands for the output of these industries.

The total number of workers employed in factories in India rose from 21,56,377 in 1941 to 22,81,563 in 1942, according to the annual report on the administration of the Factories Act, 1934, for the year 1942. The increase was prominent in Government and Local Fund factories which employed 2,99,728 workers during the year under review as compared with 2,20,086 workers in the previous year. The number of workers in factories other than these had increased from 19,36,291 to 19,81,384, the increase being prominent in the cotton textile group i.e. spinning and weaving and other factories, where the number of workers employed increased from 5,93,707 in 1941 to 6,08,975 in 1942.

GLEANINGS

INDIA AND LEASE-LEND

India's own requirements and the requirements of His Majesty's Government in India are lumped together in India's demands on the U.S.A. for goods on Lease-Lend. India has asked for and is receiving from America medical stores, ordnance stores, motor vehicles and spares, steel, provisions, lubricants, machine tools, machinery, electrical equipment, A.R.P. stores, radio sets, oil pipe line and machinery, ferro alloys, locomotives, dock and harbour equipment, chemicals, scientific instruments and other goods on Lease-Lend. The main goods and services which India has been supplying, as reciprocal aid to the American forces in India, are buildings (office and residential), airfields, rations, clothing, ordnance and medical stores, transportation, telecommunications, dock, port and harbour facilities and ship repair. Reciprocal Lease-Lend is confined to the direct needs of the American forces actually stationed in India.

The Finance Member first announced in February, 1942, in the Central Assembly that India had been admitted to the benefits of Lease-Lend facilities on the same terms as the United Kingdom itself and other members of the British Commonwealth of Nations. In order to ensure that India participated to the fullest possible extent in these Lease-Lend facilities, an Indian Purchasing Mission had already been established in the U.S.A. The indents placed up to the end of January, 1942, for supplies on Lease-Lend terms amounted to about Rs. 47 crores, of which goods valued at Rs. 11 crores were expected to arrive in 1941-42 and Rs. 34 crores in 1942-43. The cost of Reciprocal Aid was estimated at Rs. 16.70 crores for 1942-43 and Rs. 8.04 crores for 1943-44. The Finance Member stated in his 1943 budget speech that the estimated value of Lease-Lend supplies already received in India and utilized for her own purposes exceeded the aggregate provision made for Reciprocal Aid in 1942-43 and 1943-44.

There are some practical difficulties in the way of accurately and quickly assessing the value of Lease-Lend aid received by India—and this applies to the evaluation of the Reciprocal Aid too given by India, though to a much smaller extent. Materials sent to India on Lease-Lend might be for the account of China, His Majesty's Government or India herself. India is not handling goods sent for the benefit of China and so no accounting trouble arises on that account. As regards the latter two categories, when such Lease-Lend goods reach India, no distinction is possible at the time of receipt between those required for war measures for which, under the Financial Settlement, India had accepted responsibility and those required for measures which are the responsibility of His Majesty's Government. A proper appraisal is, therefore, only possible at the end of each year when the actual use to which the goods had been put during the year could be determined.

The Government of India are carefully considering the methods of such an appraisal.

NEW COMMITTEES

It is understood that tentative decisions have been reached to set up four new committees for dealing with tobacco, coconut, rice and sugar on the model of the Central Jute or Central Cotton Committee, says the December Bulletin of the Indian Central Jute Committee. It adds that necessary legislation will be shortly undertaken to implement the decision. The Central Committees on Rice and Coconut will be financed by the levy of a small cess while the other two committees will be financed by contributions from the Sugar and Tobacco Excise Duties. The Bulletin says that the proposal to set up a Cocoa-

nut Committee has already been approved by the Governments of Madras, Mysore and Travancore and negotiations are at present in progress to bring in Cochin before the legislation can be undertaken. Similarly the proposal to set up a Rice Committee is now under discussion with provincial Governments. It envisages the levy of a small cess say, one pice per maund, on milled rice. This is expected to yield Rs. 30,00,000 yearly. In view of the urgency of the problem the Committee might be set up by an Ordinance. The Sugar and Tobacco Committees will be set up by resolutions of the Government of India. As for tobacco Rs. 10,00,000 has been provided from the Tobacco Excise Duty and it is now proposed to establish a central tobacco station at Guntur to study fundamental problems connected with tobacco.

CONTROL OF CAPITALS ISSUES

During the first six months of the operation of the Control of Capital Issues Scheme, i.e., from May 17 to November 15, 1943, the number of applications classified as "industrial" on which orders were passed was 564 and the total capital asked for Rs. 1,986 lakhs. Consent to the issue of capital was given in 498 cases involving in the aggregate a capital sum of Rs. 1,450 lakhs. There were 66 refusals, the capital asked for in their cases amounting to Rs. 434 lakhs. Refusals amounted to 12 per cent. of the total number of applications and 22 per cent. of the total amount of capital asked for.

A detailed procedure has been laid down for the proper consideration of applications, in consonance with the fundamental idea of war-time control of capital issues, viz., the prevention of the utilization of investable funds and scarce materials and services for purposes which make no positive contribution to the prosecution of the war, the early production of essential consumable goods or other objects beneficial to the general public interest. Precautions against any ill-considered refusal are elaborate. Of the proposals for which permission has been granted, 210 with a capital of Rs. 689 lakhs were initial issues by new companies while 288 with capital of Rs. 790 lakhs were further issues by old companies. Of the refusals 48 related to initial issues, the capital asked for being Rs. 323 lakhs, and 18 to further issues, with Rs. 111 lakhs as capital asked for. Grouped in terms of major industries, permission was granted to 68 proposals with a capital of Rs. 406 lakhs in the case of cotton textile industry, to 57 proposals with a capital of Rs. 170 lakhs in the case of iron, steel and engineering industries, to 63 proposals with a capital of Rs. 150 lakhs in the case of industries concerned with the manufacture of chemicals, drugs and medicines and to 15 proposals with a capital of Rs. 12 lakhs in respect of concerns dealing with film production and distribution. Permission was also granted in the case of 295 concerns involving a capital of Rs. 721 lakhs coming under the category of "Miscellaneous industries." These were industries relating to printing and stationery, soaps and vegetable oils, leather goods, public utilities, timber, tobacco and cigarettes, non-ferrous metals, paper and straw board, mining and quarrying, sugar and *gur*, food preservation, transport and others.

The above particulars refer to applications classified as "industrial." Other cases disposed of related to banking, insurance, financial, commercial, plantations and other concerns. Of this category 507 applications were received of which consent was given in 446 cases and 130 were rejected. The higher rate of rejection in this class is because a larger proportion of these applications failed to satisfy the fundamental objective aimed at by the Central Scheme, which has been indicated above.

British Survey

The main feature of Britain's economy today is that the war machine is now running smoothly at its highest speed, writes Donald Tyerman of *The Economist*. It is this fact that accounts for the unusual absence of criticisms, constructive or otherwise, of the war economic policy which for four years served as a spur to greater effort. It accounts also for the predominance in economic and financial discussions of post-war themes. It is accepted that war production must run at top speed until the war is won; that there can be no restoration of civilian production until the phase of demobilization starts; that, in fact, 1944 will be the hardest year of the war in terms of toil, sweat and short commons. It is for this reason that some surprise is being expressed here and there about the reports from the United States to the effect that American war production is now so large that it may be possible to switch back a part of the output capacity to supply civilian needs.

Nature Of War Production

Striking differences between British and American war economy should be appreciated. Britain's wartime productive effort has been achieved in the main by curtailment of consumption and by drafts on capital assets. The staggering output of the United States, on the other hand, has been mainly achieved by an actual increase in the total production; by British standards only the fringe of the civilian consumption has been shorn away, yet the United States is producing sufficient in every category of war equipment to decide the issue in two total wars—in Europe and Asia. It is, of course, widely realized in Britain that in the final phase of producing any article of war equipment, a point inevitably comes at which enough has been produced for equipment and maintenance stocks. This has happened in 1943 in several branches of British war equipment. But when this happens in Britain the choice is not between continuing to produce this particular article and going back to civilian work; the labour, plant and materials are too urgently needed, as soon as free, for production of some other war article which is not in ample supply. In fact, when war historians write the history of Britain in 1943, the main theme—after the achievement of total mobilization—will be transfer of great masses of labour and capacity from old to new tasks as the strategic plans have demanded in the main from military ordnance to aircraft and ancillary manufacture.

In the balance between war and civilian production, there is no financial pressure in Britain for an increased flow of civilian goods and services. In other words, there has been no inflationary increase in the flow of purchasing power (after taxes and savings) threatening the whole structure of wages and prices in the absence of sufficient goods and services to take the flow up at the current prices.

The Financial Front

War expenditure in Britain in 1940 was just under £60,000,000 a week. In 1941 it was just under £85,000,000 a week. In 1942 it was nearly £97,000,000 a week. Last year war expenditure was £104,500,000 a week. This is a striking contrast to war expenditure at the very outset of the war, for it was less than £30,000,000 a week in both September and October 1939. There has been some rise in prices, but there is no inflation, and the nearly four-fold increase in weekly war expenditure can be taken as roughly a right index to the progress that has been made in production and mobilization. The main feature of public finance for the first nine months of the financial year 1943-44 was the buoyancy of tax revenue, which amounted to £1,837,000,000. A greater proportion of Britain's un-

precedented war expenditure is being paid out of taxes than at any time in history in any country. In the first nine months both of 1942-43 and of 1943-44 revenue exceeded borrowing exclusive of the floating debt by £200,000,000 to £300,000,000. Distribution of receipts in the first nine months of 1943-44 was as follows: Savings, £1,539,000,000; floating debt, £841,000,000; revenue, £1,837,000,000. In the whole year (1943-44) expenditure is likely to be only £100,000,000 more than was expected. Nearly two-thirds of the year's taxes have already been collected, with much the most productive quarter of the financial year still to come.

Stock Prices

As much as three-quarters of the estimated yield of Excess Profits Tax has been collected in nine months—over £100,000,000 more than in the corresponding period of 1942-43. Also, £105,000,000 more has been collected from customs and excise than in the first nine months of 1942-43. A good sign of the prevailing mood is the quiet firmness of the stock exchanges. Throughout 1943 there was moderate but steady improvement in Equity prices. By the end of last year two-thirds of the fall in Equity prices during the period of fear of war as well as the period of war had been wiped out. In November 1936 the index of ordinary share prices (July 1935 equals 100) stood at 124.9. By June 1940 it had fallen to 49.4. At the end of last year it was 103. There were oddities about the behaviour of the markets in 1943. Actual successes in the field tended to cause falls in many prices because of the prospect of peace coming earlier than expected, without either the industrial outlook or industrial policy having been made clear. This happened in October and November; but by the end of December this relapse had been made good. The course of share prices was also affected by a measure of speculation in a thin and sensitive market. Prices of shares in rubber and other commodities were run up to high levels. Moreover, often after speculators had caused the general level of prices to move upwards, they tended to depress them again by taking profits. But these were only minor deviations. There is a strong undertone of latent confidence which, if the war outlook suddenly becomes more certain, may become a wave of optimism.

Trade Side Of the Food Ministry

The Food Ministry of Britain is a department in the Board of Trade, and is charged with the duties of (a) securing food supplies, (b) maintaining price control, and (c) distribution and rationing. Supplies from overseas are purchased in the country of origin either directly by the Ministry or by its agents, and the Ministry sells foods both home-produced and imported, to wholesalers at fixed prices. The wholesalers sell to retailers to whom the consumers are tied for custom. The Ministry acts through the various trade associations called "companies" some of them created, for the purpose of co-ordinating purchase, import and processing, and these are paid fixed commissions or service fees. There are 650,000 licensed food retailers who buy from wholesalers up to an extent warranted by the number of customers registered with each of them. The retailer's purchase is subject also to the other restriction, that he can buy only within the zone specified for him. There are nine food zones or sectors. Food stores have been widely distributed over the country first to minimize transport difficulties and secondly to escape damage from enemy air raids.

The Ministry of Food employs about 42,000 people, 30,000 of whom work in local food offices scattered about the country. There are 900 Ministry En-

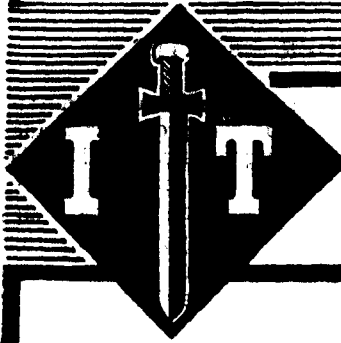
forcement Inspectors whose job it is to apprehend black markets. The Food Ministry ministers to the people and does not dictate to them. Rationing administration is decentralized and democratized for this purpose. The unit is the local Authority of the Area. It is its job to issue ration books to consumers, licences to dealers and do the detailed work involved in the rationing scheme. The local food officers are grouped under 19 divisional Food Officers who can act independently under any emergency. There are in addition 5 Divisional Food Officers to cater to the needs of the Military Commands. To come back to the local food officer, he is assisted and advised by the local Food Control Committee, on which ten representatives of the local consumers and five of the local food trade serve voluntarily. These committees lay down the general policy and possess certain powers.

Rationing

So far five systems of rationing have been improvised to meet the various needs of the people. The first system which obtains for sugar, tea and cheese, consists in assigning a fixed quantity for a fixed period. The points system which comes next applies to canned and packaged foods from among which the consumer is enabled to buy at will; for he is given a fixed number of points embracing all such articles, the points of each of the article varying according to supply and demand. This facilitates the consumers' task as well maintains an equilibrium between supply and demand of various articles. Another system called 'the personal points system' is applied to

only one article, namely candy. The Minister for Food on realizing that "man does not live on dietetics alone" was obliged to safeguard equitable distribution of candy among all. Each one is allocated a fixed number of points for candy plus the price and he gets the quantity specified. The advantage of this system over the general points system is that there is no variability of price in terms of points, and equal distribution is thereby achieved. The fourth system of rationing fixes specified quantities for certain groups of food like ham, bacon and fats and a "Value" system applying to meat including certain 'offals'—kidneys, hearts, brains, etc.—ensures the consumer purchase up to a certain value or price. These supplementary systems are intended to answer to the different tastes of the consumers in the matter of secondary foodstuffs and to keep their market balanced.

Apart from bread and potatoes, which are not rationed, other foodstuffs are consumed under rigorous limits. Thus an adult consumes 7½ lbs. of meat per week instead of 2 lbs., which was his average requirement before the war. The bacon and ham ration is 4 oz. weekly against the pre-war 8 oz. The fat ration is 8 oz. while the pre-war consumption was at 12 oz. A man in Britain can get only from one egg to 5 eggs a month according to the season. But rationing has resulted in the greater consumption of some articles like cheese, though even the cheese ration has been recently cut. Some foods like orange juice and oranges are not rationed but "controlled," being made available solely to children and expectant mothers.



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BOOK REVIEWS

INDIA BUILDS HER WAR ECONOMY. By P. C. Jain. Kitab Mahal, Allahabad, 1943. Pp. 234. Price Rs. 3/8.

This is a succinct account of the principal changes in Indian economic life in the last four years, including foreign trade, sterling repatriation, stock exchange activity, war finance, inflation and price-control, with a concluding chapter on post-war reconstruction. The work covers that part of the ground which pertains to war-time industrial development in a more informing manner than has been done by some others in the field.

Mr. Jain rightly holds that if there are certain vital gaps in our industrial structure, there are also other elements in it which stand in urgent need of rationalization. A number of Indian industries suffer from technical backwardness and inefficiency in a degree which is not generally known. In the jute, cotton, paper and sugar industries, the machinery used is mostly out of date, if not obsolete. Too many units prevent optimum size of firms. Mr. Jain suggests greater provision for depreciation and greater contribution by Government in the E.P.T. refund. He might with advantage have considered in this context the desirability of a new attitude to the taxation of industrial profits (which has been stressed in England) by which profits ploughed back into industry are differentially treated from the rest. Mr. Jain's suggestion that the central organization of each industry should build up a reserve of funds by which to buy out the inefficient firms after the war is unlikely to appeal to industry. A strong sense of individualism also stands in the way of technical reorganization, as in the cotton mill and jute industries. Mr. Jain speaks of a state of over-production in many of our industries which had been reached even before the war and which is now concealed by war demands. He seems to underestimate (a) the chances of our retaining after the war foreign markets for textile and other exports gained now, a feature he has clearly brought out in his analysis of foreign trade as the reflection of our industrialization and (b) the possibility of an infinite expansion of home demand, given sound planning.

The very factual chapter on cottage industries shows the stimulus they have received, the services they are rendering and the protection they deserve after the war. The review of foreign trade omits to consider the changes in the quantum of imports and exports, which are concealed in a study only of changes in value. On the basis of 1938-39, import quantum declined to 37.6 per cent. and export quantum to 62.5 per cent. in 1942-43, indicating the effect of price variations on the value of the trade.

THE OXFORD WAR ATLAS: The Fourth Year, 1942-43. By R. V. Leyden. Oxford University Press, Nicol Road, Bombay. Pages 32. Price As. 12.

This pamphlet contains a further 21 maps in the War Atlas series, covering the period between September, 1942 and September 1943. Russian advances on the eastern front and the North African and Sicilian campaigns were the chief war events of the period and claim 10 maps. Burma, the Far East and the North and South Pacific are covered by 7 maps. But it is doubtful if the "test campaigns" in Burma deserved a full-page map. The one on "The

WHY THIS STARVATION? By Minoo Masani. New Book Co., Hornby Road, Bombay. Pages 29. Price As. 8.

Since leaving the Congress Socialist Party a few years ago, Mr Masani staged a come-back with his famous kindergarten account *Our India* and has now moved on to the high office of the Mayoralty of Bombay. In this pamphlet he has collected the relevant facts about our present food shortage. He has answered some misrepresentations made in the matter, but the pamphlet, both in facts and in suggestions, contains little that has not been already repeated from house-tops.

BOOKS RECEIVED

BRITISH ECONOMIC INTERESTS IN THE FAR EAST. By E. M. Gull, Royal Institute of International Affairs. Published by the Oxford University Press, 1943. Price 16sh. net.

TRADE OF INDIA. By S. A. Palekar. The Author. Podar College of Commerce and Economics, Bombay. Price Rs. 6-8.

A HISTORY OF INDIAN CURRENCY. By M. V. Bhatwadekar. Popular Book Depot, Bombay. Price Rs. 3-12.

COMPANY NOTES

SALE OF RUBBER ESTATES

The buying up of foreign investments in Indian industry and commerce is one of the proposals made for the future use of our sterling assets, and in this connection it is interesting to note that some voluntary liquidation of British assets is going on in the plantation industry. The financial correspondent of the *Manchester Guardian* has drawn attention to the recent sale of the Teekoy Rubber Estate, Ltd., in Travancore, which has an issued capital of £74,000 and has accepted an offer of £150,000 for its property, thus paying more than £2 per share in repayment to its shareholders. The transaction has been a lucrative one for the Company as the capital is equal to £54 per acre at par and the purchase price amounts to over £100 per acre which is considered a good price for an area yielding about 400 pounds per acre. Various reasons have prompted this sale of capital investment, not the least of which is the uncertain political situation to which the Directors refer in a circular to the shareholders. Local taxation has also risen. The correspondent observes that in the estate in question yield is low and costs of production rather high, and with the abandonment of the rubber restriction scheme, and in the face of potential competition from synthetic rubber, the post-war prospects for such estates are rather poor. (The Teekoy's dividends have averaged 7.25 per cent. over 27 years). But the considerations that weighed with the Indian investors who bought the property at an inflated capital valuation are that they could work the estates more cheaply and would be able to change over to other products if rubber ceased to pay. The latter would be particularly difficult for a British-owned concern, with little intimate knowledge of local agricultural conditions to do. Thus the transfer of rubber estates to Indian

MONEY MARKET

A General Review

(From Our Correspondent)

CALCUTTA, Jan. 23.

Sterling Receipts

The feature of the war period so far as the Indian money market is concerned is perhaps the demonstration that its capacity has vastly improved and that with the continuing currency expansion and the absence of any large-scale new enterprises it has been possible for the Government of India to raise huge sums on borrowing. The technique employed has been so successful and the circumstances so favourable that even the authorities should have been surprised at the results achieved let alone the unsatisfiable demands in respect of war expenditure and funding. In spite of the large-scale borrowing by both the Provincial and Central Governments, banks have found considerable difficulty in disposing of their funds. With the predominance of lenders in the market seasonal factors have had no meaning in the last two years. If ever there was a slight increase in the average discount rate it was more due to psychological than other factors.

The main reason for the maintenance of cheap money conditions is, of course, the big expansion in note issue with the receipt of sterling from the British Treasury for goods supplied and services rendered. The receipt of sterling after the fall of France has increased to a great extent. With the importance of the war in the East the receipts have been greater still in the last year.

Notes in Circulation

Thus, on January 2, 1942, total notes issued were Rs. 357.12 crores. On January 1, 1943, they had increased to Rs. 591.77 crores. On December 31, 1943, they were further higher at Rs. 850.40 crores. Notes in circulation on these dates were Rs. 342.45 crores, Rs. 578.25 crores and Rs. 828.57 crores, respectively. The increase in notes issued in 1943 was Rs. 258.63 crores against Rs. 234.65 crores in 1942 and in notes in circulation Rs. 262.56 crores against Rs. 235.80 crores. Thus, there has been more than a doubling of the note issue in the last two years. Since the beginning of the war, the increase in the note issue is over five times. After the severely contractionist policy of the pre-war years the additions to the note issue proved to be very helpful in the earlier stages. In fact, in 1942, there was no large talk of inflation and prices were under control. It was only in 1943 that there was great confusion and there was an acute scarcity of all goods. With the larger war orders and the greater demand from the Indian public prices for a smaller supply of goods were naturally higher. There is no sign as yet of an early stop to the expansion in the note issue. Since the beginning of the New Year we have had two more weeks in which there has been currency expansion. The increase in the note issue in 1942 and 1943 took place even with the repatriation of sterling obligations for over Rs. 300 crores. At the present moment our sterling assets are nearly Rs. 875 crores. The net receipts in 1943 were Rs. 375 crores. It was in this year that the 3-1/2 per cent. sterling paper was repatriated and the scheme for the capitalization of railway annuities announced. The announcement was also made regarding the purchase of railway debentures and some railways. At the present moment, the B.N. Railway is the only railway that has not been given any notice regarding the termination of the contract.

Since the formation of the South-East Asia Command sterling receipts have been on a larger scale and it is said that with the possibility of an increase in the rupee expenditure by the South East Asia Command receipts will be on still greater scale. So that it can be expected that total receipts will be between Rs. 600 to Rs. 700 crores this year. Are we to contemplate an increase in the note issue for a like amount? It might be that in the name of combating the operation of inflationary forces and increasing the availability of consumers' goods, some of this sterling would be utilized but by far the great part of the receipts would go to swell the note issue if no scheme of repatriation is planned and put into effect. The Central Government have, of course, earmarked Rs. 200 crores for capitalization of pensions and home charges and are saying that a post-war reconstruction fund should be created. But there will be a surplus even if these schemes are put through. The question of purchasing British investments can never be evaded.

Currency Expansion

So far we have been discussing the effect of the war on the note issue, its effects on prices, the repatriation of sterling debts and the need for the proper utilization of surplus balances in future. It would be interesting now to study the effect of sterling balances and the uncontrolled currency expansion on the Indian money market. As was pointed out at the beginning, the vast increase in the purchasing power of the masses and the lack of remunerative channels of investment have resulted in the support to the Government's borrowing programme in spite of an unwilling lending public. The sole beneficiary of currency expansion has thus been the Central Government. It could never have been expected that besides finding money for war expenditure it would have been possible to find all the rupee finance necessary for the repatriation of sterling debts. Britain has been able to finance the war at 2-1/2 per cent. and this country at 3 per cent. The effective rate is very much lower as with the note issue on *ad hoc* treasury bills and the large increase in the floating debt on which not more than one per cent. per annum was paid the average interest paid works out to about 2.75 per cent. tax-free. The capacity of the Indian money market in respect of new loans before the war was only about Rs. 20 to Rs. 25 crores. Treasury bills' sales averaged only Rs. 3 crores. In the last two years, however, a treasury bills' offer of Rs. 8 crores and over with substantial sales of intermediates has been possible and the average discount on treasury bills was no more than one rupee and two annas at any time. At the end of March, 1943, treasury bills' outstandings were Rs. 120 crores. They increased to nearly Rs. 140 crores in July, 1943. At the end of the year the total was very much lower at Rs. 82 crores. All this time borrowing has been going on for financing war expenditure. Besides, financing current needs it was possible to fund a certain portion of the unfunded debt. This is the outstanding feature of the year. The 3 per cent. 1966-68 Funding Loan of Rs. 25 crores was announced in October 1943 and the issue price at Rs. 2 discount was higher than market expectations. Subscriptions were received only for Rs. 20 crores but the response was considered satisfactory.

as the quotation for 3 per cent. 1963-65 was lower at Rs. 97.14 at the time of the announcement of the loan. The success of the sale of rupee counterparts at increasing prices which made the reduction of the floating debt, thus bore fruit. The balance of Rs. 5 crores of the Funding Loan was taken over by Government on investment account. As it was only recently announced that the Central Government had decided to issue a further Rs. 50 crores of 3 per cent. 1966-68 loan on terms ascertainable from the Reserve Bank it has to be presumed that the Government has been successful in selling the balance of Rs. 5 crores stock in the market and is confident of further subscriptions. The increase in the outstanding of 3 per cent. 1963-65 and 3 per cent. 1966-68 is to be welcomed for the rupee debt consists now of a larger proportion of short-dated and medium term loans.

The Reserve Bank

The return of the Reserve Bank for the week ended January 14, 1944, shows that there has been further currency expansion. Total notes issued are Rs. 863.15 crores against Rs. 853.48 crores at the end of the previous week. Notes in circulation are not proportionately higher at Rs. 852.89 crores against Rs. 845.70 crores. Sterling securities in the issue department have increased by Rs. 6 crores to Rs. 744.84 crores. Rupee coins also are higher at Rs. 15.57 crores against Rs. 11.89 crores. It appears that the Reserve Bank has received rupee coin for Rs. 5 crores from the Central Government. Rupee securities are unchanged at Rs. 58.32 crores.

In the Banking Department, Government balances have improved by nearly Rs. 22 crores. The re-

ceipt of sterling for Rs. 11 crores and the handing over of rupee coin for Rs. 5 crores have been to a great extent responsible for the increase but there is still a substantial amount to be accounted for. This is perhaps due to the larger subscriptions to the defence loans. It was only recently announced that subscriptions to Government loans amounted to Rs. 22.1/2 crores in the five weeks ended January 8, 1944, subscriptions to the Fourth Defence Loan being Rs. 14 crores and the sale of rupee counterparts Rs. 8.1/2 crores.

Bank deposits have been on the decline, in the last two weeks the total drop being over Rs. 17 crores. There has been some increase in cash balances and advances but the greater portion of the money should have been invested in Government securities. Balances held abroad were Rs. 128.67 crores against Rs. 123.70 crores even after the transfer of Rs. 6 crores to the issue department.

Treasury Bills

The increase in the treasury bills offer from Rs. 6 crores to Rs. 8 crores has not brought about any appreciable rise in the average discount rate. The amount of applications was considerably higher at Rs. 12.11 crores against Rs. 8.56 crores while the average discount rate was eight annas and eight pies per cent. per annum against eight annas and seven pies per cent.

The C.P. Government is asking for Rs. 80 lakhs treasury bills and the Bombay Government Rs. 50 lakhs.

Miscellaneous section, chemicals ruled exceptionally strong. Only a few shares were offering and they were taken up immediately. Mysore Chemicals and Mettur Chemicals were very firm. Sugars were also steady. A very large volume of business passed in Mysore Papers, the quotations ranging from Rs. 30.6 x.d. to Rs. 31.12 c.d.

CALCUTTA, Jan. 23.

The Calcutta Stock Exchange has been very active. Prices have improved in almost all the sections, coal shares again being the leaders. In the earlier stages of the upward movement buying was confined to the popular shares but recently there has been greater inquiry for the non-dividend-paying shares. Some of them like Bhalgora and Talcher are big mines and it is said that the chances of appreciation in earnings are greater in the case of the bigger collieries. It is reported that there has been a considerable improvement in the conditions at the mines and that raisings have increased but it should be said that the prospects ahead have been substantially discounted. The improvement in the coal situation naturally means that there should be an improvement in the conditions of other industries. With the talks of an increase in the number of working weeks, if not working hours, jute shares have been in better enquiry. The Engineering section was not quite active, particularly the leaders, Indian Irons and Steel Corporations. But towards the week-end there was a spurt in prices and on forced bear covering the quotations for the two counters are at the highest levels for some time. In the Miscellaneous section, a general rise in prices has been recorded with the greater emphasis on post-war planning. Thus Cement issues like Assam Bengal Cement and Dalmia Cement have been very firm as also Paper shares.

COMMODITY MARKETS

(From Our Correspondents)

BOMBAY, Jan. 22.

Cotton

Professional speculators did some successful hammering in the market which brought about a fall of about Rs. 10 in the I.C.C. March which went down to Rs. 466. In the latter part of the week, however, some of this loss was recovered, and the closing quotation for I.C.C. March was Rs. 469.

In the spot market, activity was moderate. Punjab 289F has been sold up to Rs. 680 and Sind N. T. upto Rs. 631. Business was done in fine Berar Jarilla at Rs. 4 ON whereas C.P.I. Desi was quoted at Rs. 50 ON. In the foreign section an important development has taken place. Stocks of Egyptian cotton held by merchants in British India have been frozen and no licences for sale are to be given until 15th February, when the holders have to declare their stocks to the Government. This arbitrary measure is sure to put the holders to a loss as all future sales are to be done after getting a permission from the Government and at the price which the Government would allow. Regarding other foreign cottons, the holders are asked to submit details of stocks held together with the details of any purchases or sales on the 15th of every month from February onwards. Fresh business in Egyptian cotton with Egypt is now possible as the control authorities in India have increased the limits at which Indian spinners can buy so as to bring their level in line with the prices prevailing in Egypt.

Regarding exports, enquiry from Liverpool continues, and some business has been done in C.P.I. Deshi.

Cloth

A better feeling is prevailing in this market this week. There has been some buying more or less in Fancies and Prints and very limited sales in Greys. Prices all round have been ruling from steady to slightly firmer. Demand from upcountry centres is still not active. The quotation for Leopard cloth 37" has improved to Rs. 2.1-0 a lb.

Seeds

It is reported that the Ministry of Food have rejected offers at £33-5-0 for groundnuts but they are inclined to buy at £33-2-6. In the local market, Bombay Bold was sold at Rs. 14-6 for January-February and at Rs. 14-8 for January-March. Khandesh quality for February-March was sold at between Rs. 15-4 and Rs. 15-4-6 and for January-February at Rs. 15-3-0.

It is reported that the Ministry have purchased some quantity of castorseed at £33.

Oil

It is reported that speculation in oil is going on again in Kathiawar. Prices there are higher than in other markets. Oil quotations are unchanged.

MADRAS, Jan. 22.

Groundnuts

The groundnuts market further eased to Rs. 68-12 during the early part of the week. Later there was a rally with the quotation rising to Rs. 73-8. This was partly due to the purchase of 12,000 tons at £33-5-6 by the British Ministry of Food. It is understood that the Government have turned down the recommenda-

tion of the principal exporters of the province suggesting that the target figures for exports to the British Ministry may be raised to 5 lakhs of tons from 3,25,000 tons. With this week's purchase of 12,000 tons, the Ministry have already purchased their allotted quota and there may not be any further purchases for several months more. Some of the European exporters believe that as the Ministry are now buying the African crop, they may not be interested in the Indian market but when the summer crop comes in, they may show some interest when they would also request the Indian authorities for a supplementary quota. It is stated that the quota allotted to Bengal has also been completed this week. The immediate outlook is therefore that there will be no exports of groundnuts from the province on any account. The quotation is therefore likely to ease in the near future when the deliveries of the already contracted export sales are completed. Thereafter, the only demand of importance will be for crushing and it may not be surprising if the millers begin to dictate their own terms. It is reported that large stocks are held in some of the upcountry centres. The oil market was steady and a fair volume of business done with Calcutta. The quotation improved slightly to Rs. 166. Cake ruled firm with a steady demand. It is surprising that there should be long delay in bringing into force the zonal distribution of cake for which a scheme was prepared two months ago.

Yarn

Heavy speculative business has pushed up the prices of yarn rather suddenly during the period under report. Some of the merchants engaged in foodgrains have been forced to curtail their activities recently following the many control orders and rationing of foodgrains in several towns and it is reported that these people have taken to yarn, though they might have been dealing in yarn occasionally, in the past. Thus with no genuine demand the rates have been put up. Lower counts have improved by 1/2 anna, 40's by 1-1/2 annas, 60's by 4 annas and higher counts by 5 to 6 annas per lb. Arrivals from the producing centres were meagre and trading circles compute it at about 15 to 20 per cent. of the mills' production in the past month. Rumours are current that the Textile Control Board is contemplating a reduction in the allowed margin of profit of 20 per cent.

HAPUR, Jan. 24.

Grains

The wheat market witnessed initially an upward sentiment in sympathy with firmness of rice prices and unfavourable clear weather but later on it became easy and quiet following beneficial showers in some parts of Northern India Wheat Belt and reports of statutory control of wheat prices at the time of next Rabi harvest in the main wheat producing centres. Gram and Barley markets showed no changes in prices. Arhar market continues depressing due to heavy stocks, ban on the exports and excellent crop conditions with buyers showing reluctance to commit any transactions even at lower rates. The total arrivals of wheat were 1,150 maunds as against 900 maunds in previous week. The buyers of the wheat were generally the petty consumers. The future tendency of the local grain markets appears to be quite easy owing to Government's full control on the stocks and their policy of depressing the markets to the reasonable levels. The Central Government have decided to fix ceiling prices of jowar and bajra in primary wholesale markets in British India. No decision has yet been taken regarding the fixation of maximum prices of rice.

INVESTMENTS

(From Our Correspondents)

MADRAS, Jan. 22.

There was a slight fall in the volume of business done on the Stock Exchange during the period under report. There was some profit-taking at the higher levels of the past week and quotations were marked down by a few points. In the Government Securities market, three and a half per cent. paper was firm at Rs. 99. Rumours were still circulating that the Government of India would be redeeming this scrip shortly. Three per cent. Loans 1949-52, 1951-54 and 1963-65 were fractionally higher on the week's trading. Four per cent. Loans 1960-70 continued to rule high. Amongst State Loans, Cochin Loans improved sharply as there was very little scrip offering to meet the demand. There was a fair volume of business in Madras Loans. The 1955 and 1956 Loans were higher by about four annas.

In the share market, bank shares continued to meet with good demand and a large turnover resulted at interesting rates. Indians' all the three shares were higher by seven to ten points. The fully paid were quoting Rs. 316. Indian Overseas have made a sharp advance to Rs. 97. Indo-Commercial were well supported. Reserves have risen to Rs. 134. There was profiteering in Textile shares and quotations declined by five to ten points in most of the Coimbatore group of shares. In the planting section, there was a fair volume of business, though share value tended to be lower. Tea and coffee shares received better support than rubber as the uncertainty regarding an increase in the price of rubber has not been removed. In the

CURRENT STATISTICS

BANK OF ENGLAND				
(000's omitted)				
	Jan. 19, 1944	Jan. 12, 1944	Jan. 20, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion	874	884	5,902	263,700
Public Deposits	11,000	11,900	9,500	31,100
Other Deposits	230,000	242,200	229,900	129,100
Of which Bankers' Deposits	177,000	188,200	166,600	90,100
Govt. Securities	204,600	224,500	190,500	113,100
Other Securities	16,000	15,900	20,600	31,000
Of which Discounts and Advances	4,800	6,100	4,700	6,400
Notes and coins	33,500	25,600	41,500	34,200
Notes in Circulation	1,067,400	1,075,300	909,400	529,500
Ratio of Reserve to Liabilities	13.89%	10.06%	17.30%	21.38%

U.S. FEDERAL RESERVE BOARD				
(000's omitted)				
	Jan. 13, 1944	Jan. 6, 1944	Jan. 14, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves	20,115,000	20,100,000	19,046,000	14,660,610
Total Bills Discounted	47,000	31,000	7,000	6,190
Bills bought in open market	....	....	....	550
Total U. S. Government Securities	11,855,000	11,650,000	5,975,000	2,428,190
Federal Reserve Notes in actual Circulation	16,896,000	16,908,000	12,109,000	4,609,280
Deposits — Member Bank Reserve Account	12,801,000	12,602,000	13,279,000	10,951,000
Ratio of total Reserve to Deposit and Federal Reserve Note-liabilities combined	62.5%	62.4%	77.5%	86.9%

RESERVE BANK OF INDIA

Weekly Statement of Accounts as on January 14, 1944.

ISSUE DEPARTMENT			
	Rs.	Rs.	
Notes held in the Banking Department	10,25,42,000		
Notes in circulation	852,89,39,000		
Total Notes issued		863,14,81,000	
Total Liabilities		863,14,81,000	
Assets			
A. Gold Coin and Bullion:—			
(a) Held in India	44,41,43,000		
(b) Held outside India	744,83,96,000		
Total of A		789,25,39,000	
B. Rupee Coin		15,56,69,000	
Government of India Rupee Securities		58,32,73,000	
Internal Bills of Exchange and other commercial Paper		....	
Total Assets		863,14,81,000	

BANKING DEPARTMENT			
	Rs.	Rs.	
Liabilities			
Capital paid-up	5,00,00,000		
Reserve Fund	5,00,00,000		
Deposits:—			
(a) Government			
(1) Central Government of India	38,65,61,000		
(2) Government of Burma	27,09,000		
(3) Other Government Accounts	10,13,61,000		
(b) Banks	73,38,54,000		
(c) Others	9,05,17,000		
Bills Payable	3,77,93,000		
Other Liabilities	9,91,59,000		
Total Liabilities		155,19,54,000	

Assets			
	Rs.	Rs.	
Notes	10,25,42,000		
Rupee Coin	23,17,000		
Subsidiary Coin	1,42,000		
Bills Purchased and Discounted:—			
(a) Internal	....		
(b) External	....		
(c) Government Treasury Bills	3,43,71,000		
Balances held abroad*	128,67,45,000		
Loans and Advances to Governments	1,23,00,000		
Other Loans and Advances	20,00,000		
Investments	7,84,17,000		
Other Assets	3,31,20,000		
Total Assets		155,19,54,000	

* Includes Cash and Short term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	Jan. 14, 1944	Jan. 7, 1944	Jan. 15, 1943	Sept. 1, 1939
Held in the Banking Department	10,25,42	7,77,58	12,21,62	35,04,49
In Circulation	8,52,89,39	8,45,69,97	5,89,44,10	1,82,13,17
Total Notes	8,63,14,81	8,53,47,55	6,01,65,72	2,17,17,66
A. Gold Coin and Bullion	44,41,43	44,41,43	44,41,43	44,41,46
Sterling Securities	7,44,83,96	7,38,83,96	3,50,83,39	59,50,11
Total of A	7,89,25,39	7,83,25,39	3,95,24,82	1,03,91,57
B. Silver Coin	15,56,69	11,89,51	12,05,65	75,71,11
Rupee Securities	58,32,73	58,32,65	1,94,35,25	37,38,99
Silver Bullion under Coinage	....	....	....	....
Percentage of Reserve to Liabilities	91,439	91,772	65,693	63,149

BANKING DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	Jan. 14, 1944	Jan. 7, 1944	Jan. 15, 1943	Sept. 1, 1939
Cash	10,50,01	7,88,73	12,34,29	35,15,27
Balances held abroad	1,28,67,45	1,23,70,00	66,15,37	10,08,33
Investments	7,84,17	7,85,15	6,58,70	6,81,34
Bills discounted:—				
(a) Internal	....	....	....	....
(b) External	....	....	....	....
(c) Government of India Treasury Bills	3,43,71	11,23	1,79,70	1,15,67
Loans and Advances to the Government	1,23,00	30,00	1,51,00	31,00
Deposits:—				
(a) Government	49,06,31	27,06,23	16,19,63	14,89,43
(b) Banks	73,38,54	80,26,63	52,40,70	26,91,43
(c) Others	9,05,17	7,85,45	4,65,49	1,24,37

STERLING PURCHASES

(000's of £)			
	Total	Amount Purchased	Average rate
1943:—			
January	..	8,132	1sh. 6d.
February	..	11,070	1sh. 6d.
March	..	17,779	1sh. 6d.
April	..	9,219	1sh. 6d.
May	..	8,721	1sh. 6d.
June	..	6,338	1sh. 6d.
July	..	7,006	1sh. 6d.
August	..	8,546	1sh. 6d.
September	..	8,371	1sh. 6d.
October	..	8,947	1sh. 6d.
November	..	7,476	1sh. 6d.
December	..	9,573	1sh. 6d.

IMPERIAL BANK

(In 000's of Rupees)

	Jan. 14, 1944	Jan. 7, 1944	Jan. 15, 1943
Liabilities—			
Subscribed Capital	11,25,00	11,25,00	11,25,00
Capital paid-up	5,62,50	5,62,50	5,62,50
Reserve Fund	5,85,00	5,75,00	5,70,00
Fixed Deposits, Savings Bank, Current & other Accounts	213,26,78	209,10,44	164,80,38
Loans against securities, per contra	....	....	....
Acceptances for Constituents	69,91	3,50,51	1,21,02
Sundries	225,44,19	223,98,45	177,33,90
Total	225,44,19	223,98,45	177,33,90
Government Securities	133,69,60	127,13,50	116,78,04
Other authorised investments	2,91,85	2,75,85	1,34,26
Loans	15,82,40	13,76,18	9,12,67
Cash credits	21,05,04	19,68,38	15,16,66
Bills Discounted & Purchased	4,36,20	6,39,02	2,68,97
Liabilities of Constituents for			
Acceptances per contra	....	....	....
Dead Stock	1,69,49	1,69,41	1,73,99
Sundries	1,14,79	1,62,53	81,33
Bullion	....	....	....
Balances with other Banks	2,67,22	2,81,00	3,93,90
Cash in hand and with the Reserve Bank of India	42,58,60	48,12,63	25,74,08
Total	225,44,19	223,98,45	177,99,90

SCHEDULED BANKS

	14-1-44	7-1-44	15-1-43	1-9-39
Demand Liabilities in India	505,36,61	500,47,25	344,17,15	134,36,49
Time liabilities in India	161,47,18	158,68,63	113,76,46	102,24,34
Cash in India	23,46,64	24,32,61	15,12,71	6,69,92
Balances with Reserve Bank	71,82,28	82,73,00	51,41,37	25,17,19
Advances in India	170,44,85	164,94,95	99,91,24	101,52,16
Bills discounted in India	7,39,87	7,17,38	2,86,49	3,57,29

TENDERS FOR TREASURY BILLS

(In thousands of rupees)

Week Ending	Amount Tendered	Amount Accepted	Average Rate	Inter-mediate	Sold in favour of Issue Dept.
Sept. 7	18,85.5	8,00,00	0 13 9	..	3,72,75
" 10	14,91,25	8,00,00	0 13 4	..	3,54,00
" 21	15,84,25	8,00,00	0 13 5	..	3,46,00
" 28	20,10,75	8,00,00	0 13 6	..	4,79,50
Oct. 4	15,86,50	8,00,00	0 12 0	..	2,06,50
" 12	12,28,00	8,00,00	0 12 0	..	5,22,00
" 19	14,57,00	8,00,00	0 12 1	..	5,40,75
" 25	12,89,00	8,00,00	0 12 9	..	3,18,00
Nov. 2	10,70,50	8,00,00	0 13 8	..	3,19,00
" 9	91,450	60,000	0 13 8	..	16,800
" 16	13,20,50	6,00,00	0 13 8	..	18,100
" 23	10,71,25	6,00,00	0 13 0	..	34,725
" 30	11,13,50	60,000	0 12 11	..	1,45,00
Dec. 7	13,73,75	6,00,00	0 12 3	..	1,40,50
" 14	14,02,50	6,00,00	0 11 11	..	1,34,00
" 21	14,26,25	6,00,00	0 11 0	..	17,950
Jan. 4, '44	10,77,75	6,00,00	0 9 0	..	60,625
" 11	8,55,50	6,00,000	0 8 7	..	59,400
" 18	12,11,25	80,00,00	0 8 8	..	39,400

MATURITY OF TREASURY BILLS OUTSTANDING ON 31ST DECEMBER, 1943.

Date of Maturity	Amount (000's of rupees)
Bills maturing on or before 31st December 1943 but not paid upto that date	..
2nd January 1944	50
7th " "	8,00,00
15th " "	7,59,00
16th " "	41,00
22nd " "	7,38,50
23rd " "	61,50
27th " "	7,92,00
30th " "	8,00
5th February 1944	7,83,75
6th " "	16,25
12th " "	5,52,25
13th February 1944	47,75
19th " "	5,43,25
20th " "	56,75
26th " "	6,00,00
2nd March 1944	25
3rd " "	5,99,75
8th " "	35,50
10th " "	5,19,75
11th " "	44,75
17th " "	5,99,00
18th " "	1,00
23rd " "	6,00,00
Total	82,00,50

COST OF LIVING AND PRICES ABROAD

Countries	Wholesale prices	Cost of living	Countries	Wholesale prices	Cost of living
Canada	137	118	New Zealand	145	116
United States	135	124	Australia	139	124
Peru	205	144	United Kingdom	166	130
Argentina	198	119	Germany	100	112
Chile	198	196	Finland	239	187
Mexico	150	161	Hungary	205	155
Iran	350	303	Denmark	194	155
India	314	195	Norway	180	151
Palestine	294	272	Turkey	521	340
Egypt	250	235	Portugal	226	153
Union of S. Africa	149	125	Switzerland	205	150
			Sweden	179	149

SUGAR POSITION

(Figures in tons)

Area	Production upto 31-12-43	Total of despatches upto 31-12-43	Percentage of progressive despatches to production	Physical stock as on 31-12-43
U.P.	1,37,456	22,633	16.5	1,14,773
Bihar	35,040	4,259	12.2	30,781
Bombay	12,274	2,733	22.3	9,539
Madras	4,676	397	8.5	4,279
Punjab	1,433	6	0.4	1,429
Bengal	456	..	..	456
N.-W.F.P.	621	6	96	529
Orissa	218	..	..	218
Indian States	30,447	11,369	37.1	19,147
Total	2,22,623	41,478	18.6	1,81,147

N.B.—Balance physical stock of 1941-42 and 1942-43 sugar as on 31-12-43 was 26,865 tons.

INDEX NUMBER OF WHOLESALE PRICES BY GROUPS OF ARTICLES

ALL-INDIA
(Base: Week Ending 19th August, 1939=100)

Groups	Average for May 1943	Average for April 1943	Average for May 1942
Food and Tobacco ..	294.8	283.7	144.7
Other Agricultural Commo- dities	253.1	225.1	120.7
Raw Materials '	173.4	174.2	158.1
Manufactured Articles ..	246.8	235.6	160.0
Primary Commodities ' ..	233.8	225.9	145.3
All Commodities ..	236.7	227.9	148.4
Chief Articles of Export ..	241.1	229.9	132.3

BOMBAY

July 1914=100)

Commodities		Sept. '43.	Aug. '43	Aug. '42
Foodgrains	..	236	218	..
Cereals	7	216	200	183
Pulses	2	307	281	157
Sugar	3	258	248	196
Other Food	3	297	279	165
All Food	..	252	235	178
Oilseeds	8	175	170	118
Cotton, Raw	5	94	94	94
Cotton, Manu- factures	6	282	282	205
Other Textiles	2	83	83	83
Hides & Skins	3	99	99	99
Metals	5	566	735	747
Other Raw & Manufactur- ed Articles	4	288	228	220
Non-food	..	239	271	257
General Index	..	244	258	229

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1978 +

(Base: August 1939=100)

	Bombay				Ahmedabad				Sholapur				Cawnpore				Nagpur				Jubbulpore				Lahore				Madras				
	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1940-41	1941-42	1942-43	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1937-36
Nov.	104	108	120	170	111	111	129	188	106	103	130	196	105	112	143	224	105	114	131	196	107	124	141	214	123	115	143	191	107	112	120	156	
Dec.	108	110	123	179	115	108	138	204	114	104	136	201	112	111	151	224	116	113	136	208	119	119	153	231	123	115	143	252	110	112	123	181	
Jan.	109	111	130	193	111	108	130	237	110	105	132	201	114	110	145	225	111	111	138	212	112	119	148	228	109	113	143	264	109	110	119	184	
Feb.	107	113	129	195	108	108	129	228	108	105	127	207	112	108	144	234	105	109	134	214	107	117	147	232	108	111	147	256	106	110	117	167	
Mar.	105	113	130	198	107	108	132	237	105	108	132	219	109	108	150	246	105	108	133	262	109	121	155	278	110	109	145	254	107	110	117	173	
April	105	115	131	214	107	111	136	256	101	107	136	223x	110	107	149	268	106	113	138	291	110	124	155	279	110	120	148	267	108	111	121	176	
May	106	118	135	214	105	112	141	271	103	107	142	234	109	108	155	299	111	113	145	317	112	122	158	309	101	115	155	278	109	110	123	177	
June	106	116	145	224x	110	114	132	289	104	111	149	252	108	114	175	336	109	116	160	361	116	128	178	317	100	109	162	275	109	111	131	185	
July	108	120	122	225	108	121	160	288	104	115	153	266	109	126	190	341	108	120	181	361	119	134	199	312	102	114	166	275	109	118	136	186	
Aug.	109	125	160	227	107	126	168	293	104	118	158	266	112	130	203	339	111	125	183	354	117	131	202	319	102	120	177	286	110	117	140	185	
Sept.	107	123	162	233	108	126	160	312	103	119	162	289	112	133	202	353	111	125	183	356	124	138	202	301	109	125	183	296	110	117	149	184	
Oct.	108	119	164	236	108	128	166x	103	123	177	288	112	134	208	349	117	125	184	273	124	138	202	301	111	133	166	320	111	117	155	186		
Nagpur and Jubbulpore do not include housing																																	

(a) Figures from June onwards relate to the calendar month and not to the month ended 15th June as before

(b) Fall in index is due to the taking into account controlled cereal prices instead of market prices.

(x) Revised figure.

† Indian Labour Gazette.

JANUARY 28, 1944

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

WHOLESALE PRICES OF PRINCIPAL COMMODITIES							
Commodities	Grade & Quality	Market	Unit	This Week. Rs. a.p.	Last Week. Rs. a.p.	A Year ago. Rs. a.p.	Pre-war (1939) Rs. a.p.
Rice (not in husk)	New Crop	Calcutta	per md.	16 0 0	16 0 0	14 0 0	4 14 0
	Basmati Sela	Amritsar		18 0 0	19 0 0	..	..
Wheat	Average quality	Karachi	"	8 0 5	8 0 5	5 15 0	..
		Hapur	"	10 13 6	11 3 6	..	5 15 0
		Lyallpur	"	10 12 0	10 11 6	5 1 0	2 5 0
Sugar	Marhowrah Crystal No. 1	Cawnpore		15 5 6	15 5 6	12 3 0	9 15 0
Sugar raw (Gur)	Chikna best quality	"	"	8 8 0	8 8 0	..	..
Tea	For home market	Calcutta		0 10 11	0 9 5	1 5 4	0 4 4
Potatoes	Desi	Cawnpore	"	7 6 0	7 8 0	..	..
Groundnuts	Bold	Bombay	per cent.	14 6 0	14 13 0	..	..
Groundnut Oil	Expeller	Madras	per 500 lbs.	164 0 0	165 0 0	..	..
Castor Oil	Average	"	"	204 0 0	199 0 0	170 0 0	..
Castorseeds	Average	Bombay	per candy	15 12 0	15 12 0	16 8 0	7 2 6
Linseed	Bold	"	per cwt.	14 4 0	14 4 0	13 8 0	6 12 6
Mustard	Toria 9% admixture	Karachi	per 656 lbs.	100 0 0	100 8 0	71 0 0	26 12 0
Cotton (raw)	Fine M.G. 4-F (Punjab) R.G.	"	per 784 lbs.	482 0 0	524 0 0	..	..
"	*Jarlilla 3/4"	Bombay	per candy	485 0 0	482 8 0	..	..
Cotton Piece-goods	Grey Dhoti	"	44" x 10 yds.	3 5 9	3 5 9	..	..
	Markin 11 lbs.	"	43" x 38 yds.	26 6 2	26 6 2	..	..
Cotton Yarn	No. 10s.	"	per 10 lbs.	13 10 6	13 10 6	..	..
Jute	No. 20s.	"	per 10 lbs.	17 8 7	17 8 7	66 0 0	41 0 0
Jute Bags	Raw Firsts B. Twills 2 1/4 lbs.	Calcutta	per 400 lbs.	83 0 0	77 0 0	66 0 0	41 0 0
Wool (raw)	Kandhar (cleaned)	Karachi	per 100 bags. per md.	67 4 0 60 0 0	67 0 0 60 0 0	61 0 0 52 0 0	28 13 0 32 0 0
Cow hides	Best quality (Agras)	Calcutta	per 20 lbs.	9 8 0 to 10 8 0	10 8 0	10 8 0	10 8 0
Goat skins	Best quality	"	per 100 pieces.	130 0 0 to 150 0 0	150 0 0	145 0 0	115 0 0
Tanned Hides	Best quality (cow)	Madras	per lb.	1 1 0 to 1 6 4	1 6 9	1 3 6	0 12 0
" Skin	Best quality (goat)	"	"	2 2 0	2 5 9	2 2 0	1 12 0
Shellac	T. N. Superior	Calcutta	per B. md.	71 0 0	71 0 0	64 0 0	14 0 0
Kerosene oil		"	per 4 gals. in tin.	5 4 9	5 4 9	5 5 3	3 13 3
Coal	Selected Jharia (best)		per ton into wagon	11 12 0 to 12 8 0	10 8 0	7 8 0	4 12 0
Pig Iron	Foundry No. 1		per ton f.o.r.	104 0 0	104 0 0	94 0 0	89 0 0
Copra	Fair average quality	Cochin	per 684 lbs.	195 0 0	200 0 0	..	..

*January, 1944

RURAL RETAIL PRICE INDEX NUMBERS

Base: January 1943=100

Name of Centre	Cereals			Pulses			Other articles of food			All articles of food			Fuel and Lighting			Clothing	Miscellaneous				
	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.		Sept. 43.	Oct. 43.	Nov. 43.		
EASTERN ZONE																					
1. Bamra	157	146	133	185	191	195	142	149	160	151	155	161	129	132	129	129	136	151	120	133	138
2. Malbang	232	235	230	163	164	164	163	164	165	168	169	170	105	114	132	143	143	143	183	183	190
3. Rajapur	360	345	180*	189	228	213	166	173	207	196	195	204	128	131	138	125	124	118	168	164	205
4. Shanbargarh ..	179	..	..	180	..	..	110	..	..	154	..	..	†	..	..	†	..	..	118	..	..
5. Sonall	314	283	246	185	182	181	193	207	218	212	216	216	105	105	105	†	†	†	133	135	133
NORTHERN ZONE																					
6. Multapl	130	131	136	123	119	118	123	131	133	119	122	129	71	69	69	94	92	99	233	211	211
7. Nana	110	110	124†	108	117	127	104	108	113	106	108	117	125	128	134	119	124	126	141	141	156
8. Salamatpur ..	150†	150†	141	118	119	119	101	104	107	109	111	114	100	111	100	127†	127†	138†	170	175	162
9. Shujabad	139	142	142	113	120	118	120	121	115	125	128	123	112	121	124	124	128	126	152	149	155
10. Gujjar Khan ..	152	148	..	148	150	..	126	113	..	135	127	..	136	140	..	113	113	..	122	112	..
SOUTHERN ZONE																					
11. Krishna	152	163	157	103	103	103	122	120	123	126	127	128	90	90	100†	88	87	87	108	114	112
12. Lakh	138†	140†	128†	127	153	155	101	117	117	109	127	125	a	a	a	94	91	102†	108	129	129
13. Malur	144	144	144	137	144	152	123	127c	129	130	133	137	88†	88†	88†	110	108	107	159	167	172
14. Muniguda	138	143	125k	126b	131	121	111	109	108	115	117	112	88†	86†	86†	90	85	89	127	126c	131
15. Kudch	150	150	†	138	143	161†	120	127	124	125	132	129	100†	100†	100†	112	110	111	162	162	189

* The abnormal fall is due to the fall in the price of 'rice' the only item included in the group.

† On the basis of price quotations for "rice" only.

* Price quotations are not available.

§ The fall in Index No. is due to tobacco and...

11 On the basis of the same data, the "Tobacco and Soap" group is the only group included in the group.

On the basis of the controlled prices for Kerosene oil.

^a Figures for January 1942 are not available.

b Prices for only one item out of the three included in the group are available.

d Rise is due to increase in the prices of milk, oil and salt.

e Due to an abnormal rise in the price of onions.

f Due to rise in the prices of wheat and chola.

g Due to rise in prices of tobacco and bids.

1 On the basis of prices for one quality of matches.

(Rise in the prices of sarees.

k Due to fall in the prices of Ragi and boiled rice.
l Due to rise in the price of gram dal.

STOCKS AND SHARES

	This week. Rs. a. p.	Previous week. Rs. a. p.	CALCUTTA (Jan. 25)
BOMBAY (Jan. 25)			
GOVT. SECURITIES—			
2½% 1948-52	99 12 0	99 12 0	
3% 1946 (Defence)	102 5 0	102 5 0	
3% 1948-52	100 12 6	100 11 0	
3% 1953-55	99 14 0	..	
3% 1963-65	98 12 0	98 12 0	
3½% G. P. Notes	98 13 0	98 15 0	
3½% 1947-50	103 6 0	103 6 0	
4% 1960-70	114 8 0	112 8 0	
4½% 1955-60	115 8 0	115 12 0	
5% 1945-55	103 10 0	..	
TEXTILES—			
Ahmedabad	502 8 0	507 8 0	
Bombay Dyeing	2,060 0 0	2,050 0 0	
Central India	460 0 0	471 0 0	
Indian Bleaching	235 0 0	241 0 0	
Kohinoor	710 0 0	710 0 0	
Century	972 0 0	992 0 0	
Colaba Land	250 8 0	258 0 0	
Gokak	366 0 0	375 0 0	
Phoenix	810 0 0	797 8 0	
Simplex	286 0 0	292 8 0	
Swadeshi	612 0 0	621 0 0	
Bishnu	2,700 0 0	2,685 0 0	
Finlay	358 8 0	365 0 0	
Morarji	825 0 0	843 12 0	
New Great	475 0 0	489 0 0	
Swan	338 0 0	335 0 0	
Apollo	5 8 6	5 9 6	
Sassoon	20 10 0	21 4 0	
Sassoon Defd.	4 9 0	4 9 0	
MISCELLANEOUS			
Bombay Burma	432 8 0	435 0 0	
Alcock	685 0 0	600 0 0	
Belapur Sugar	239 0 0	244 0 0	
Bombay Tramway	140 0 0	141 0 0	
Bombay Steam	715 0 0	660 0 0	
Scindia Steam	36 14 0	36 14 0	
British Burma Petrol	3 6 0	3 5 0	
Andhra Valley	1,886 8 0	1,870 5 0	
Shivrajpur	77 8 0	78 8 0	
B. I. C.	6 14 0	6 12 0	
Tata Oil	85 0 0	88 8 0	
Tata Chemical	39 12 0	32 2 0	
Tata Power	1,910 0 0	1,960 0 0	
Tata Steel Ord.	407 0 0	413 0 0	
Tata Steel Defd.	2,067 8 0	2,110 0 0	
Premier Construction	239 0 0	234 8 0	
Associated Cement	222 0 0	225 4 0	
Indian Iron	37 10 0	37 4 0	
Indian Copper	3 1 0	3 3 0	
Tata Steel 1st Pref.	219 12 0	221 4 0	
Tata Steel 2nd Pref.	158 8 0	158 4 0	
BANKS—			
Central	93 12 0	92 12 0	
Imperial (Fully Paid)	1,932 8 0	1,970 0 0	
Imperial (Partly Paid)	499 4 0	500 0 0	
Reserve	135 0 0	137 0 0	
India	227 0 0	227 0 0	
New India Insurance	89 8 0	90 4 0	
JUTES—			
Anglo-India	420 0 0	418 0 0	
Barnagore	179 0 0	177 0 0	
Budge Budge	458 0 0	460 0 0	
Champdany	232 0 0	232 0 0	
Gourepore	842 0 0	800 0 0	
Howrah	69 8 0	69 12 0	
Empire	41 12 0	..	
Kanknarrah	502 0 0	486 0 0	
Kamarhatti	600 0 0	..	
Nellimara	26 0 0	24 14 0	
Presidency	7 8 0	7 4 0	
Nuddea	120 0 0	116 0 0	
India	..	582 0 0	
MINING—			
Burma Corporation	4 2 0	4 0 0	
Consolidated Tin	2 12 0	2 8 0	
Indian Copper	3 2 0	3 0 0	
STEEL & ENGINEERING—			
Bhartia	19 14 0	19 13 0	
Braithwaite	11 6 0	11 12 0	
Indian Iron	38 14 0	37 6 0	
Marshall's	4 14 0	4 14 0	
National Iron	14 0 0	12 8 0	
Jessop	23 14 0	23 4 0	
Kumardhubhi	9 14 0	9 14 0	
Steel Corporation	29 4 0	28 6 0	
Steel Corporation (Pref.)	132 0 0	130 8 0	
TEXTILES—			
Bengal-Nagpur	38 10 0	39 0 0	
Cawnpore Textiles	14 6 0	14 4 0	
Elgin	85 0 0	85 0 0	
Mulr	510 0 0	475 0 0	
New Victoria Pref.	13 11 0	13 0 0	
COALS—			
Amalgamated	46 14 0	..	
Raneegunge	37 14 0	37 14 0	
South Kanapura	10 4 0	11 4 0	
Baraboni	3 4 0	3 8 0	
Bengal	618 0 0	610 0 0	
Bhaigora	17 9 0	14 10 0	
Bakaro-Ramgarh	34 6 0	33 8 0	
Burrakur	32 4 0	..	
East Indian	32 4 0	31 8 0	
Katras Jherriah	58 12 0	59 0 0	
North Damuda	10 14 0	10 6 0	
Searsale	8 15 0	8 14 0	
Sendra	19 0 0	22 4 0	
MISCELLANEOUS—			
Bararee Coke	35 4 0	..	
B. I. C.	6 15 0	6 10 0	
Bihar Rice	15 12 0	..	
British Burma Petrol	3 6 0	3 5 0	
Dunlop Rubber	60 8 0	..	
Titaghur Paper	31 8 0	28 8 0	
Orient	32 12 0	32 7 0	
British Ceylon Corporation	19 8 0	..	
SUGAR—			
D. M. Bry	21 0 0	..	
Balrampur	18 10 0	18 10 0	
Raza	41 1 0	..	
Samastipur	21 0 0	..	
Belsund	13 0 0	13 0 0	
Butland	39 10 0	..	
Carew	30 12 0	31 0 0	
Champaran	41 12 0	42 4 0	
Murree Brewery	24 14 0	23 10 0	
Cawnpore	44 8 0	43 0 0	
North Savan	22 6 0	22 6 0	
Ramnugger Sugar	14 13 0	14 8 0	
U.P. Sugar	36 4 0	36 8 0	
TEA—			
Cinchona	295 0 0	..	
East	17 0 0	..	
Hansqua	15 12 0	..	
Hantapara	750 0 0	..	
New Tarai	29 0 0	27 12 0	
Rajahat	550 8 0	..	

THE EASTERN ECONOMIST

Vol. 2

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Labour in Coal Mines

THE removal of the statutory ban on the employment of women in underground work in the coal mines, thanks to the serious shortage of coal production, has stirred public conscience and directed attention to the retrograde step taken by Government along the path of social amelioration. For whatever justification might be found for the measure and however temporary its duration, there can be no doubt that the reversal of the policy of prohibiting women's work from underground mines is an unsocial and undesirable act for which even war-time needs can afford little justification. The demand for prohibiting women from employment in mines was made as early as 1881 but conditions in Indian mines were totally different from those in Britain or Europe. The mines were not deep and did not involve the same difficult and unsafe conditions as those elsewhere; women were quite used to go down with their men and industry could not easily dispense with the labour of women. For these and other reasons legislation prohibiting employment of women below ground took long to pass and it was only after 1929 that the Government of India decided by regulations to bring about by a gradual process the complete exclusion of women from employment in mines within ten years. Actually by 1937 exclusion was complete. That within

6 years of prohibition coal mines should once again be thrown open to employment of women constitutes one of the most serious and disquieting features of our war economy, and this combined with the abandonment of Prohibition in all provinces accentuates the evil arising from this "turning back" on social legislation.

The excuse given for this unwarranted measure is the fall in production and the urgent need to increase it. But it is doubtful if the mere removal of the ban even when accompanied by all the proposed ameliorative conditions such as increased dearness allowances, supply of grains and other necessities, will really bring about the desired end. As Mr. Mealing, Chairman of the Bengal Coal Company, has pointed out in respect of deep mines: "We are doubtful if the allowance of women below ground will be of any particular advantage to raisings." It may be that in mines which are shallow and where machine cutting is not in vogue, increased production is possible. But it would be a heavy price to pay for increased production. The fact is that the conditions of the coal mining industry are not such as can be improved by a few scratches here and there. They reveal defects and evils which require drastic treatment. For too

long the Government, despite the knowledge that was before them, thanks to the report of the Royal Commission on Labour, have been content to let things alone. Even a war has not shaken them to a sense of the urgency of the reforms necessary for reorganizing the industry. Wooden, unimaginative and anti-diluvian have been the Government of India in this war as in the last. Otherwise how can one explain the neglect to ensure rapid increase in coal output which in war-time is more than ever necessary? At one time coal scarcity was explained in terms of wagon shortage; at another in terms of railway breaches and consequent delays in transport, and now in terms of labour shortage. As a partial explanation, each is perhaps justified, but the more fundamental factors have been ignored; and it is necessary that we should direct our attention to the deeper causes and *malaise* that have brought about the present situation.

The most important of them is the defective organization of the mining industry. With the exception of some large mines, the methods of mining coal are still primitive and crude. In most of the coalfields there is almost a complete lack of system in respect of mining leases. Patches of coal which because of their small size cannot be worked separately except by the most primitive equipment are found in close proximity to large mines equipped with machinery and electric power. There are too many small and uneconomic units, financially weak and unable to guarantee reasonable conditions of work. It is estimated that in some fields 50 per cent. of the coal is lost during working. Shortage of tubs for loading coal, inefficient movement of tubs and maldistribution of tubs are other defects in the industry to which pointed reference was made by the Royal Commission on Labour who stated that "even at the cost of increased expenditure an adequate supply of tubs, properly distributed is essential to efficient working." The working conditions in mines are very defective and deplorable. In many mines there is inadequate lighting. The only light seen in most of them is kerosene *kups* or the dim safety lamps of miners. Some pits are watery, badly ventilated and very humid. But the worst feature is the lack of sanitary conveniences underground—the result of which may be seen from the fact that although hookworm disease is absent among miners, hookworm infection is widespread. In Jharia 90 per cent. of the workers are infected with hookworm and in Asansol 83. Sanitary conditions underground cry for improvement. It is true that the Mining Boards of Health in Jharia and Asansol have done a great deal to improve the conditions of health of the miners. But their main work is to prevent disease and improve medical arrangements, and they have no concern with the improvement of working conditions which is essential to efficiency.

The living conditions of workers also are wretched. The mining villages contain only single-roomed houses of about 100 sq. feet each in which live one or two families. The houses are ill-planned and overcrowded; they are lacking in privacy, ventilation and even sunshine. There are no latrines, no bath-rooms, no drains to carry the foul water and no proper arrangement to remove the refuse. As one writer has put it: "They are the homes of disease like malaria and tuberculosis. If not actually killing the workers they are devitalizing them." Medical facilities are poor. No welfare work worth the name has been undertaken by the miners except such as is being done by the Boards of Health. Educational facilities do not exist. There are no organized schemes of insurance, e.g. sickness, and maternity.

In the light of the above, it is not surprising that

the coal mining industry despite its century-old existence, has still to rely upon a highly migratory class of labour. Seventy-five per cent. of the workers are still floating population, and there is a regular exodus of workers from the mines to agriculture in certain months of the year. Starting from peak employment at about the end of February, the numbers fall off as the winter crop matures. There is again a return of workers in May gathering strength till July when again the exodus starts on account of sowing and transplantation in villages. By the end of September the workers come back to the mines and again leave off by mid-November; after which there is a gradual return and by the end of February the peak is once again reached and the cycle goes on once again. This seasonal character of labour undoubtedly detracts from efficiency, but if a more stable and permanent mining population is to be secured, drastic changes in recruitment, in housing and sanitation and welfare and above all in wages are required. At present the miners are not drawn to their works. They are pushed by necessity and when they get sufficient for their needs for the next fortnight or so, they hasten back to their homes. This tendency of the workers to work fewer days in the month if wages increased has led many employers to find a pretext for continuing to pay the appallingly low wages paid in the industry. The employers' view is based on a misapprehension. It is not on account merely of lack of ambition that the workers do not stay to earn more. The conditions of living and work are so hard, onerous and deleterious to their health that they prefer to return to their village homes as quickly as possible. Improvement of working and living conditions and a really adequate scheme of welfare work if pursued for a continuous period of twenty to thirty years would have brought about a marvellous change in the situation. Instead, the position today is that workers get unjustifiably low wages not compensated by any other amenities. Wages in the coal industry are so low that whether judged by output, or profits, or wages in similar occupations and industries they cannot be defended. The rates of wages paid vary from mine to mine ranging from 4 as. a tub to about 6 as. a tub of 30 c.ft. capacity. The average of actual earnings is about Rs. 11 for a miner, Rs. 10 for a loader, about Rs. 12 for a skilled worker, Rs. 9 for unskilled worker and about Rs. 5 for a woman worker in most of the Bengal and Bihar coalfields. To this must be added about Rs. 5 being the cash value of the payments in kind received by the worker in the form of rent-free house, kerosene, fuel, and medical and water supply. But there are lots of deductions to be made therefrom. On account of the pernicious contract system which prevails in most collieries what the actual miner gets is only a percentage of his real earnings. The contractor, the "munshi" or accountant and other parasites exact a systematic toll on the workers. Deductions are made often arbitrarily for underloading while the value of surplus load is distributed most unfairly to the supervising staff. There is yet no machinery for enforcing proper check-weighing of the tubs brought to the surface. The Royal Commission on Labour recommended the exploration of the possibility of check-weighing as in Britain. Nothing has been done yet. The varying sizes of tubs and unstandardized rates of payment are other instruments of exploitation. Fines and other deductions for rubbish, for robbing pillars, misconduct, etc., are unjustifiably large. These are often arbitrary and cause a considerable leakage in the low income of the miners.

If there is any industry where minimum wages should be introduced it is in the case of coal mining. Not only are wages deplorably low but the conditions of the industry require some guaranteed minimum. Indeed the Royal Commission on Labour recommend-

ed more than 13 years ago that every worker on piece work who goes underground should automatically be credited for purposes of payment with a certain minimum output for every shift of eight hours or more worked. Even this modest recommendation has not been implemented.

But improvement of wages is only one part and perhaps the lesser part of the problem. The root of the trouble lies in the methods of recruiting labour and the prevalence of the contract system of employment. In less than 50 per cent. of the mines is labour directly recruited. Even there the contact between the management and the workers is not close. But in the majority of the mines the system of Raising Contractors prevails in which contractors are paid at so much per ton raised and they are held responsible for the supply of labour, raising coal out of the pit and loading it to wagons. In the Jharia field these contractors are responsible for about 70 per cent. and in the Raniganj for about 40 per cent. of the output. The system has given rise to widespread abuse—divided responsibility for labour, corruption, exploitation of workers, etc. The wages supposed to be paid to the workers never reach them at all. Being distributed by the contractors there is no control by the management and no guarantee that the contractors do not take away a good slice of the amount due to the workers. Surplus pool goes to the contractors, not to the workers. The system is undoubtedly the major cause of low output and high cost. As long as it is allowed to prevail, there is little hope of any striking improvement in production output. The Government feel apparently

that they are helpless in the matter. They cannot either mend it or end it. If that be so, all their proposed measures will be only tinkering with the problem. They will be only palliatives.

Increase in wages and dearness allowances now proposed is expected to raise the average wage of the miner to Rs. 14 a month. Even so it is a low wage. Women are to be given equal rates of wages for work underground; and are not to work except in places where the pillars are less than 6 ft. high. A fund at the rate of 4 as. a ton expected to yield about Rs. 50 lakhs is to be used for improvement of housing, water-supply and hospital facilities. All these are undoubtedly welcome. But no substantial improvement can be affected unless (a) the contract system is abolished, (b) minimum wages guaranteed and (c) more machinery is installed for cutting coal. Coal is a national asset. It is also a wasting asset. India cannot boast of inexhaustible reserves of first class coal. Both national conservation and justice to the workers require that we should adopt a planned policy of coal development. If the feelings that have been roused by the re-employment of women can be directed along right lines and fundamental reforms sought to be achieved even the temporary setback in social progress will have been worth the price paid by the women. Indeed the prohibition of employment of women had resulted in a great diminution of the earnings of the male workers and of the family. No reform can be of lasting value unless care is taken to see that the end achieved is not at the expense of some other desirable object.

Population Pressure and the Bombay Plan

THE most disquieting feature of the economic conditions in our country is perhaps the progressive deterioration in the occupational distribution in the face of the great pressure of population on our economy in recent years. The net reproduction rate in our country cannot be properly calculated from existing data but the absolute growth in our population during the last inter-censal period has been at the enormous rate of about 5 million per annum. In the face of this terrific pressure of population, our economic system has failed to show sufficient growth and resiliency. Allowing for the change in the system of classification adopted in the earlier censuses, it has been estimated that the percentage of population dependent on agriculture has been steadily increasing from 61.1 in 1891 to 65.5 in 1901, 72.2 in 1911, 73.0 in 1921 and 75.0 in 1931. In an old, thickly populated country the scope for extension of the area of cultivation has been limited, food production has been unable to keep pace with growth of population, and the pressure on soil has been progressively increasing. Ours has been predominantly an agricultural country and the rate of growth of industries has been totally unable to check the "progressive ruralization" or lift the excessive pressure on land. The percentage of workers in large-scale and cottage industries which was 11.0 in 1921 was 10.0 in 1931 and only 9.6 in 1941. The net result of nearly two decades of "discriminating protection" has been severely disappointing, for although there has been some considerable absolute growth of large-scale industries, it has been incommensurate with the pressure of population which is bearing on us. The average daily number of persons employed in factories under the Factories Act was 1,456,000 in 1924 and this increased to only 1,751,000 in 1939. The experience of the last two decades has made it abundantly clear that the vicious circle of our rapidly deteriorating demographic and economic

trend could be broken only by determined and concerted measures of heroic dimensions and "small means do not merely produce small effects; they produce no effects at all." The dimensions of the Bombay Plan have to be judged not by the insignificant efforts or programmes of a Government unused to thinking in a big way, but by the essential adequacies of our demographic-economic set-up.

The Bombay planners themselves were conscious of the tremendous population pressure against which they were contending. For that reason although the goal which they set before themselves was that of doubling the per capita income or standard of living of the people, they had to provide for a trebling of the national income. They assumed that the absolute rate of growth of population will continue to be at the average rate of 5 million per annum during the planning period as it was during the last inter-censal period. Thus assuming the plan to start in 1945, the population of India at the end of the planning period in 1960 would be 489 million and a three-fold increase in our national income would in effect mean a per capita income of Rs. 135 (in stable values) representing a doubling of the 1931-32 figure of Rs. 65. All this merely testifies, forcefully to the magnitude of the task of planning to improve the standard of living of an extremely backward and thickly populated country.

The Bombay planners plead for a more balanced economy and propose to bring about the trebling of the national income in such a way that the present overwhelming predominance of agriculture is reduced. This is a realistic set-off against some of the reported Government plans of concentrating on improving conditions in agriculture, while letting industry fend for itself. These plans flow from the old thesis of international specialization and the comparative

advantages of India in agriculture. But the plea for a more balanced economy comes not only for reasons from the side of supply (e.g., the pressure on soil in a country with limited scope for extension of cultivation and the prevalence of diminishing returns in agriculture) but also, say the Bombay planners, on account of demand factors e.g., the inelasticity of demand for a large part of agricultural products which imposes a limit to the development of agriculture. Also, we may add, with the growing element of uncertainty in the sphere of international trade, an unbalanced agricultural economy largely dependent on international market will be, as during the Great Depression, helplessly at the mercy of international economic forces. The richness of our domestic resources also allow of our developing a more diversified economy and planning for a rate of progress largely dissociated from that in the rest of the world.

According to the estimate of national income for 1931-32, industry, agriculture and services contributed respectively 17, 53 and 22 per cent. to our total national dividend. The plan is to change these percentages roughly to 35, 40 and 20. The plan accordingly schedules a 500 per cent. increase in income from industries from Rs. 374 crores to Rs. 2,240 crores; 130 per cent. increase in income from agriculture from Rs. 1,166 crores to Rs. 2,670 crores; while in services there will be a 200 per cent. increase from Rs. 484 crores to Rs. 1,450 crores. It is estimated that having regard to the comparatively inelastic demand for food crops, the increase in population and the larger demand for industrial raw materials, no more than a 130 per cent. increase will be absorbed within the country. There is no inherent internal inconsistency in these target figures, provided they are in consonance with the configuration of internal and external markets.

Nevertheless, although at the end of the planning period the contribution of agriculture to our national dividend will fall from 53 per cent. in 1931-32 to only 40 per cent., so far as employment goes, it will not change the essentially agricultural character of our economy. This will be because productivity in agriculture will generally be, as in every country, sensibly lower than that in industry. How then does the Bombay Plan impinge on our occupational pattern and does it help to lift the excessive and growing pressure of our population on land?

The question of employment is necessarily linked not only with the rate of capital formation but also with the rate of capital intensification. In other words the same volume of capital investment can lead to a greater or less volume of employment according as cruder or more advanced technology is employed. In the absence of due consideration of this important factor, increasing industrialization may easily be accompanied by a situation of growing technological unemployment over a wide range of our economy. There is a certain amount of confusion in the Bombay Plan in regard to block capital and working capital, which adds to the difficulty of adequate computation of the effect on occupational distribution of the Plan. On the basis of certain simplifying assumptions, it is, however, still possible to have tentative assessment of the approximate order of magnitude.

In industry, the Bombay Plan assumes the Ratio of 2.4 over the whole plan. It deliberately assumes this figure which is low in comparison with that in other countries, because of the relative abundance of labour in relation to capital in our country. It also assigns a definite place to cottage industries in our economy. In this way the Plan defines the general level of technology in industry. The rate of capital formation and the level of technology being given, the volume of employment this will entail may roughly be estimated. For let us assume that the functions in

the master table given on page 32 of our *Principles of Economic Planning* roughly hold true in value and correlation over wide ranges of the economy. Keeping in mind the place of cottage industries and looking at the master table, we then find that a Ratio of 2.4 roughly corresponds with a capital intensity of Rs. 2,000 per head and consequently the investment of Rs. 4,480 crores in industry will give additional employment to about 22 million. This growth of industry will lead to an increase in the various forms of services and tertiary industries. In 1931 the percentages of employment in industries and services were respectively 17.8 and 10.5. If the same proportion is roughly retained, the employment of 22 million in industry may lead to an increase of employment in various services and tertiary industries to the tune of nearly 13 million. At the assumed rate of growth of population of 5 million per annum, in 15 years population will increase by 75 million. With the existing demographic trend, our working population is nearly 45 per cent. of total population, so that total increase in our working population during the period will be about 35 million. We thus see that the Bombay Plan, however, ambitious it may seem to some, is nearly the *minimum* which is just sufficient to lift the enormous population pressure on land and break the vicious demographic-economic configuration. The new entrants into occupations can provide the entire additional man-power required and social stress involved in occupational planning and re-distribution would be minimized.

What then is the occupational pattern envisaged in the Plan? As the Plan contemplates a period of preparation over three to five years preceding the 15-year plan, let us assume that the plan commences in 1947 and ends in 1962. If we assume that the occupational pattern in 1931 holds true also in 1947 and the population increases at the annual rate of 5 million, we get the following table:—

OCCUPATIONAL DISTRIBUTION

Sector	1931	1947	1947-62	1962
Industry	17.8%	33 mn	+22 mn	55 mn (23%)
Agriculture	65.8%	124 mn	+ 0	124 mn (55%)
Services	10.5%	19 mn	+13 mn	32 mn (14%)

So far as employment goes, thus, our economy will still remain predominantly agricultural, although agriculture will contribute only 40 per cent. of our national income. The consideration remains, however, whether, given the rate of investment in agriculture, we can attain the scheduled increase in output by 130 per cent. which has been arrived at by an estimate of increase in domestic and foreign demand for our agricultural produce. The Plan makes it clear that scope for extension of the area under cultivation is "extremely doubtful" and increase in output has to be attained by large-scale and scientific farming. The same conclusion is also indicated by the fact that as industry and services will just absorb the entire growth of our population, there would be no additional man-power available for extension of cultivation and recourse must be had to increasing mechanization and scientific farming. As the present output per head of working population in agriculture is about Rs. 100, on the assumption of the same set of correlated functions as in the case of industry, the existing capital-intensity in agriculture would be about Rs. 110 or 120 per head. The contemplated investment of Rs. 1,240 crores in agriculture will raise this to only about Rs. 220 per head. Although very great economies will certainly accrue from such measures as consolidation of holdings, looking at the master table in question in our *Principles*, one can feel more than doubtful if output can be increased by 130 per cent. at such a low rate of investment. An additional investment of Rs. 500 or 600 crores will

probably be called for, in order to provide for a greater rate of mechanization to cope with the pressure on man-power. In that event, either the aggregate volume of investment in the whole economy has to be increased or the Ratios in various sectors have to be adjusted, with the consequent adjustments in the occupational pattern.

It will thus be clear that although the assumed values of the Ratio in industry and in agriculture will require a certain amount of adjustment in relation to each other in order to conform to our basic man-power

factors, the Bombay Plan is not too ambitious in relation to the pressure of population on our economy which has been leading to a progressive tilting of our occupational pattern and worsening of economic conditions. In fact the Plan is approximately the *minimum* which is necessary just to lift the growing pressure of population from year to year and initiate a slow corrective process to counteract the increasing unbalancing of our economy. Even so during the entire period, our economy will still remain predominantly agricultural.

THE BIHAR MICA INDUSTRY

Facts you should know

MICA IS the world's chief electrical insulator. It is indispensable in the manufacture of most kinds of electrical machinery.

THE MICA deposits of Bihar, which are one of India's greatest national assets, provide 90% of the world's demand for the high grade mica required for Wireless, X-Ray and Television apparatus. These deposits also supply 75% of the lower quality muscovite mica required for the manufacture and repair of Electrical Power Machinery, Generators, Dynamos, etc.

THE PROCESSING of mica is very largely a cottage industry in Bihar, giving part time employment to tens of thousands of women and children. This is in addition to thousands of others who are wholly employed in mines and factories.

BUT THIS socially important industry is threatened with early destruction by an extensive illicit trade in mica.

IF THE MICA INDUSTRY is to be saved, drastic action will have to be taken to eliminate illicit trading, and those who profit by, it to the detriment of the rest of the community.

ALL THOSE BIHARIS who are anxious to see this industry preserved for the good of its 1½ lakhs of employees, and their 3½ lakhs of dependents, should extend their moral support to the crusade which is now being carried on against the illicit trade in mica.

**THIS ADVERTISEMENT IS INSERTED
IN THE INTERESTS OF THE
RESPONSIBLE MICA MINERS OF BIHAR**

The Week's Notes

REVIEW OF CAPITAL CONTROL

Details are now available of the operation of the control of Capital Issues Scheme in the six months from May 17 to November 15, 1943. Refusals of permission amounted to 66 applications with the capital asked for of Rs. 434 lakhs, while consent was given to 498 applications involving Rs. 1450 lakhs. Refusals among the industrial applications thus amounted to 12 per cent of the total number and 22 per cent of the capital asked for, while among non-industrial applications which related to banking, insurance, financial, commercial, plantation and other concerns, the proportion of rejection was greater; 130 out of 507 were rejected in this category. There is very little meaning in lumping together financial concerns and commercial and plantation concerns in one category as if they were identical for the purposes of capital control. We should have separate and detailed figures of the number of applications and capital involved in respect of banks and insurance and finance companies which constitute a separate category in themselves. In particular we would like to know on what principles banking companies are given or refused permission, and whether the Examiner of Capital Issues is taking advantage of this formal procedure of application for permission, to enforce the proposals regarding the capital structure of banks which were published last year by the Reserve Bank. These proposals are still under public consideration, and should not be given effect to surreptitiously until public opinion crystallises itself on them and a decision is taken.

NEED FOR NON-OFFICIAL ADVICE

The main object of capital control, it is said, is to prevent the utilization of funds and scarce materials and services for purposes which make no positive contribution to the prosecution of the war, the early production of consumable goods or other purposes beneficial to general public interests. Cases are given of rejections due to such causes as strain on transport, the absence of geographical advantage such as nearness to raw materials or power, scarcity of raw materials or chemicals like sulphuric acid, the difficulty of importing plant etc. Permission was refused to a proposal for a plywood factory due to the uncertain prospect of importing machinery; and to a large oil mill due to the uncertainty of importing expellers for the industry. The difficulties in the way of the immediate importation of plants and materials should afford no ground for refusal of permission. Post-war industrial planning calls for the formation of companies, the raising of capital and the placing of orders for machinery even now. Even in the midst of the pre-occupations of a total war, every other country is now exporting as much of consumer goods as it can with a view to securing post-war positions. In a mistaken spirit of controlling unnecessary capital issues, the Government should not fall into the serious error of preventing all post-war industrial planning by refusing permission to companies, which can not produce early or cannot show "prospects of pronounced and quick results." In many cases, results could be shown only after the war, and yet the companies should come into being now. Let Government take all necessary steps to secure that the funds which are raised for placing orders for machinery to be delivered later are in fact used for the purpose. Let Government also suggest suitable investment, e.g., government bonds, pending the actual purchase. But let them not prevent new issues on this ground. We have pressed before for associating representatives of industry and finance with the committee in charge

of capital control. Consideration of applications concerned with post-war industrial planning calls for an intimate knowledge of the country's industrial potentialities, imagination and courage. These qualities the present Inter-Departmental Committee of officials is not likely to possess and, without them, capital control is almost certain to leave our industrial position parlous by the end of the war. The matter involves no secret information, no strategic policy and Government should have no objection to taking informed men of industry into their confidence.

SIR C. D. DESHMUKH ON BANKING

In a recent Bombay speech on 'Banking,' Sir Chintaman D. Deshmukh, Governor of the Reserve Bank, of India made a forecast about the future trend of bank deposits and advances which is in substantial agreement with our own analysis of the problem some weeks back. A fall in deposits might take place by withdrawal by the public "either through the repayment of loans solely created by the war activity, the redemption of Government obligations by tax money or an unfavourable balance of trade arising from an excess of imports over exports." Sir Chintaman dismissed the first two as unimportant and considered an unfavourable balance of payments as the principal factor which would "result in a contraction of India's external resources on the one hand and of deposits with her banking system on the other," although he admitted that in a country, with a large amount of industrial and economic slack to be taken up, there were reasonable grounds for anticipating that with increased industrialization there need be no appreciable reduction in the level of bank deposits. We agree with the conclusion, but dissent from the argument. An unfavourable balance of payments will certainly reduce our external resources, but it need not necessarily reduce internal bank deposits, unless currency deflation is enforced. The volume of our sterling assets is considerable and very much in excess of the requirements of the currency reserve. The bulk of it can be employed for capital import without calling for corresponding domestic currency contraction. In fact the experience of sterling debt repatriation has taught us just this possibility. As the Governor himself explained in his address to the Rotary club some months back, the link between sterling accretion or depletion on the one hand, and currency expansion or contraction on the other is optional, and we may add, where contraction is involved, it must be made optional. Even assuming that some degree of currency contraction takes place, this need not bring about an appreciable reduction in bank deposits. In every other country deflation in the 1920's was not accompanied by a corresponding decline in bank deposits. Even in India the available banking data do not support the conclusion that the decline in bank deposits was commensurate with the degree of deflation in 1920-26. As for the future trend of advances, it is bound to go up with greater economic activity, and the banks must be able to satisfy a good part of this demand by (a) drawing on their excess balance with Reserve Bank, (b) increasing the rate of turnover of deposits, (c) slightly reducing the increased cash ratio now prevailing, if that is considered sound enough, and (d) selling out a part of their gilt-edge holdings. The first three sources might perhaps suffice to meet the needs of trade. If, however, a high rate of economic development is visualized, they may not be adequate. What, then, is the solution? Sir Chintaman says that the banks can convert a part of their bonds into cash. At the same time he is also certain that public debt in

the post-war years will not be reduced, but perhaps increased. Is he quite sure that Government debt has so far been effectively funded even now that new or conversion loans which Government might float after the war will not compete with the demands of trade and impede enterprise?

THE COAL CONTROL SCHEME

It is reported that one of the main functions of the new Coal Commissioner, Mr. P. C. Young (an expert imported from Britain) will be to take full and absolute control of all the coal output of the country and distribute it to industry and other consumers according to a system of priority and quota. Government is to have complete monopoly of coal output and production is also to be effectively controlled by compelling colliery owners not to fall below a fixed target. For the purpose Government is prepared to place the necessary machinery on hire but it is not known how far the industry will be prepared to accept the proposals. Besides labour shortage the unwillingness of the mine owners to increase raisings is an important factor explaining low production. This unwillingness can easily be understood. For many years before the war the coal industry was earning less than normal prices. Coal prices were as low as Rs. 4 per ton (selected Jharia best) in 1939, and even in 1942 it was only Rs. 5 to Rs. 6. These prices certainly could not be said to represent either the scarcity of India's coal resources for all her needs or fair and just remuneration for the sweat and toil of the mine workers. It is only recently that the prices have shot-up. Today's prices ranging from Rs. 11-12-0 to Rs. 12-8-0, the industry is making large profit. But since coal mines are not like other businesses capable of going on for ever but are wasting assets, quicker exploitation will be resorted to by the mine-owners only if the profits go to them. But the E.P.T. drains away all their profits. Nor are mine-owners willing to share the benefits with the workers who may be given higher wages in proportion to the increased cost of living and also increased coal prices. Hence the owners have no inducement to increase coal output unless they are assured of tax relief. The Government have apparently their own schemes of relief. Since their main objection is to secure increased output they are prepared to give exemption from E.P.T. in the form of a production bonus. Under this scheme Government will take the year of maximum coal production and grant exemption from E.P.T. for all raising over and above that level. While this may not satisfy all the colliery owners it may be stated that it will go some way to supply incentives to additional output.

GOVERNMENT AND THE PUBLIC

The public have some right to get more consistent information from the Government. We often find it difficult to reconcile the various statements issued by the Government from time to time and are left to guess the nature of the correct position. As an instance we would like to summarize the statements of the Government of India issued in recent months in regard to the export of coal. In November 1943, we were told that on account of the scheme for pooling the United Nations' resources India would be charged with the responsibility for the supply of coal to Middle Eastern countries and possibly also to Burma, when it is re-occupied. We then expressed our apprehension that in the face of serious coal shortage within the country there was no justification for the export of coal and, what is worse, for undertaking an obligation to export. It was even believed that the extent of the obligation amounted to an export quota of nearly 1.75 million tons to the Middle Eastern countries. Early in January this year, a *communiqué* was issued stating that "far from exporting coal to

Middle East, India was not able to meet fully even the bunker requirements of the ships." It was also stated that there had been no export of coal from July 1943 except to Ceylon, which has been always dependent on India.

The above statement has been reinforced by a further Press Note issued on January 27, which says that the reports that recent shortage of coal supplies for industrial and domestic consumption have been due to excessive exports of coal from India for overseas destination is entirely without foundation. That is categorical enough. But the Note gives figures of coal export "for the last 5 months of 1943" only which amounted to 14,000 tons a month, of which 12,000 tons were for Ceylon. But what about the previous months of the year? Was not the coal shortage noticed earlier? Nor is this all. The Note continues: "In the present state of the world coal position, however, a certain minimum of coal for overseas areas is urgently required for the prosecution of the war, and it is necessary that India which is one of the largest coal producing areas in the Commonwealth should assist in this to the extent possible after meeting her essential requirements." Not all the qualification contained in the last nine words is enough to assure the public that the Government of India are really alive to the dangers of a policy of agreeing to export when all her industries including those doing war work or otherwise fulfilling essential civilian requirements are suffering seriously owing to coal shortage. The public is justified if it feels that these statements of the Government are more mystifying than clarifying or re-assuring.

SUBSIDIZED AGRICULTURE

The need to increase our agricultural output by improved methods of cultivation and by recovering culturable waste is well-known. At the present time of food shortage it is imperative. Even in normal times planners have pointed out that this increase of agricultural productivity cannot be effected without a scheme of subsidies to cultivators, whether in cash or in kind. The work of the provincial agricultural departments in this direction in peace-time was little more than experimental and was hardly mentionable for any all-India results. Now, however, unstinting financial help, if need be without expectation of repayment, is urgently called for to mobilize our food production resources, and the Central Government too cannot afford to stand aloof on the constitutional punctilio that agriculture is a provincial subject. Its recent participations in provincial schemes for subsidizing agriculture, though rather spasmodic, are welcome. It will be recalled that in October last, the Federation of Indian Chambers of Commerce and Industry suggested to the Government of India the subsidization of the cultivation of culturable waste land through grant of bounties. The Centre subsidized agriculture in the Central Provinces during the last two years with the result that some 8 lakhs of acres under cotton were claimed to have been diverted to the cultivation of food crops. When Bombay was faced with a potato famine some months ago the provincial Government supplied potato seeds to cultivators at Rs. 12 a maund though they bought them at Rs. 20 a maund. In general they agreed to bear all the incidental charges involved in transport and storage in the procurement of foodgrains. The Government of Sind announced early in December a reduction of 25 per cent. in land revenue assessment for the current year for land under wheat, and it was estimated that an additional area of nearly one and a half lakhs of acres would come under cultivation as a result of it. It was also reported sometime ago that the Government of India had asked the Bengal

Government to grant a subsidy, to make up for a price fixed in relation to famine conditions, to cultivators in order to ensure that the increased acreage under rice in Bengal this season does not decline. But we have not heard any further whether the Centre has any scheme ready by which it will share the costs of its suggestion.

The latest measures in the direction of subsidizing cultivation are announced by the Government of Madras. The Government have advanced a sum of Rs. 90 lakhs permanently to the Agricultural Department for the purchase and sale of seeds and manures to agriculturists. The sale will be subsidized to the extent of Rs. 13.25 lakhs in 1944-45 by not including the establishment and overhead charges in the sale price, and half the subsidy will be met by the Government of India. While this measure will no doubt bear some fruit, once it is decided to subsidize cultivation to increase output it may be worthwhile to extend the subsidy to the purchase price itself instead of confining it to handling charges only. The extra finance involved might in many cases decide the success of what is already expended.

A PRISONER OF HIS THOUGHT

According to a press message Prof. C. N. Vakil while commending the Bombay Plan as providing a welcome stimulus to thought and an inducement to the Government of India to make a more determined and systematic effort in the same direction, has been emphatically and sharply critical of the financial aspects of the Plan. He opined that the proposal of finance to the extent of Rs. 3,400 crores by inflation was likely to involve great difficulties. After connecting, rightly, the present inflation with famine conditions reigning in the country, Prof. Vakil said, "Further inflation would defeat the object of the authors to raise the standard of life and *would definitely lower the same*." Coming from an economist of his standing, such an opinion makes astonishing reading. The student of economics will recall that it was Prof. Vakil who first focussed public attention on the monetary inflation which is going on in the country and contributed so much to our understanding of the phenomenon. That he should take over the vocabulary of his inflation thesis and apply it to a constructive proposition like the Bombay Plan, indeed suggests that he has become a prisoner of his thought. There could hardly be any resemblance between the issue of unlimited quantities of money against goods and services taken away from us by Great Britain and the creation of money to accompany or anticipate an increasing production. Granted the degree of inflation now prevailing, the lowering of the price-level must be done in a gradual and orderly manner and this requires that the rate of Government expenditure cannot be suddenly stepped down from nearly Rs. 800 crores per annum to *nil*—without our economic system being caught in a disastrous slump. The Plan proposes during the first five year plan an average annual expenditure of internal finance of only about Rs. 125 crores (stable price) and this expenditure will probably be spread over the five years, ranging from Rs. 75 crores in the first year to Rs. 175 crores in the fifth year. This is hardly sufficient even as an anti-slump measure having regard also to the possible deflationary effect of the utilization of our sterling balances. There is indeed a time lag between anticipatory increase of money and the corresponding flow of goods. But with a low Ratio and the use of cottage industries, the average period of production would be less than 1½ years and the average time lag less than 9 months. Prof. Vakil's verdict, "The continuance of such a state of affairs for fifteen years in peace-time was unthinkable," consequently involves a misconception about the

time lag between the flow of money and the flow of goods. The Plan also provides for efficient rationing and economic controls. As we pointed out before the Bombay Plan schedules an increase in production of Rs. 4,400 crores as against only Rs. 3,400 crores of "created money." That Prof. Vakil could suggest that an investment of Rs. 10,000 crores by such means "would definitely lower" the standard of life shows the pitfalls into which anyone with a single thesis is apt to fall.

"PLANNED PARENTHOOD"

As in politics so in economics, India is occasionally treated to recipes from foreigners whose knowledge of her affairs is either half-baked or prejudiced. India's growth of population is often the favourite theme for such gratuitous advice. At the recent annual meeting of the Planned Parenthood Federation of America, Dr. Henry Pratt Fairchild, Professor of Sociology at New York University said that the rise of population in India by 50 million in a decade was one which even the best developed and most resourceful countries could not experience without facing extreme disaster whenever any emergency situation such as war arose. Other speakers are reported to have asserted that overpopulation in the Far East was one of the spectres that would haunt the post-war world and threaten permanent world peace. The fallacy of this view consists as much in ignoring the particular sociological and economic context in which the rapid growth of India's population is taking place as in overlooking inconvenient facts of world politics and economics. It is elementary common sense that given the volume of national income, the greater the number who share it, the smaller will be income per head, and *vice versa*. So far as India is concerned, if her economic potentialities are fully developed in respect of labour and natural resources, the resulting increase in national income must sustain not merely the present, but a higher population on much better standards. India's population may or may not have exceeded the economic optimum. But population is as much a problem in economics as in politics, strategy, sociology and ethics, and whether India's population is growing at an unhealthy pace and whether any planning of population and parenthood is desirable are matters on which India's people in full possession of national sovereign rights should decide on a scientific calculation of the complex of social, strategic, economic and ethical considerations involved in it. It is not one for western politico-sociologists to opine upon.

POPULATION AND WORLD PEACE

To see in the rapidly growing eastern populations a threat to world peace is to fly in face of facts of history. Wars have been waged in the last 150 years not because of the bellicosity of eastern peoples, but because of the aggressive expansionism of industrialized west to keep the vast unindustrialized population of the east in a permanent state of helotry. The foundation of such white domination is their possession of basic and heavy metal industries, and the prevention of such a development in eastern countries, despite the latter's natural rights and resources. If such vast countries as India and China and the colonies rapidly build up heavy industries, and their populations come into their own, the artificial high living standards of white peoples built on power economics are bound to be altered. A true world peace can come only with the narrowing of the wide disparity in living standards between the east and the west. This can be achieved only by the freedom of the eastern peoples to rise to their full economic stature and by a fundamental change in the density of present distribution of world population. This will call for bolder and freer migration

policies. Vast territories in white occupation such as Australia, Canada, Africa and certain South American countries are very sparsely populated, while the pressure of population in other parts of the globe would find in emigration great relief. These are the fundamental causes of world economic strife and the subjection of the eastern peoples who constitute the bulk of the world's population is the central fact of the situation. Any other explanation such as the one given by the American sociologist or by any westerner for that matter, is not only false, but interested, the interest being to preserve the *status quo* advantageous to one party.

DOLLAR AFTER THE WAR

Will dollar be scarce and strong or plentiful and weak after the war? This is the question which is being debated now across the Atlantic. Some aspects of this question were covered in our article 'The Scramble For Markets,' two weeks back and the note on 'Lend-Lease Settlement' last week. America expects to satisfy the enormous relief and reconstruction demands in the post-war world and envisages unprecedented demand for dollars, which may call for its rationing, as provided in the White Plan. British opinion on the other hand tries to find an escape from the inevitable fact of the immensely superior productive powers of the U.S.A. and builds up the edifice of a strong pound sterling on the basis of relative prices and costs now prevailing. The British White Paper on Mutual Aid or 'Reverse Lend-Lease' recently issued has fortified this argument by drawing attention to the extent of the services rendered to U.S.A. by Britain, and by emphasizing that the price levels in the U.S.A. of labour and materials are substantially higher by more than 50 per cent than in U.K. In such an atmosphere of acrimonious debate, a factual analysis of the dollar problem in the inter-war decades must serve very considerably to dispel prejudices. The United States Department of Commerce has recently published a report on 'The United States in the World Economy,' giving in a comparable form the American balance of payments in 1919-1939 and the *Economist* has in a recent issue summarized it admirably. The findings about the dollar are highly revealing. The general impression that the U.S.A. persistently sells more than it buys on whose strength gradiose world commercial policies are advocated, is found to be false to facts in the 1930's. In the 1920's, broadly speaking, America sold more than she bought. But in the 1930's, i.e., 1930-39, American purchases of goods and services exceeded American sales of goods and services by an average amount of \$23 million a year, and, excluding the two years 1938-39 when abnormal rearmament sales swelled the figures, the annual purchases were \$155 million in excess of annual sales on an average. Yet, the contrary was so widely believed, because America's large invisible purchases which redressed the balance on merchandise account were really not visible to the students. Why, then, did the monetary disequilibrium occur? Because the shape of the capi-

tal account was open to criticism. Throughout, America as creditor had a positive balance on current account, which averaged \$733 million a year in 1922-29 and \$139 million in 1930-37. While thus a small net export of long term capital would have helped towards equilibrium in the 1930's, what actually happened was a net inflow of long term capital, amounting to \$49 million on the average in 1930-33, to \$471 million in 1934-36, and to \$215 million in 1937-39. Besides, from 1934 onward, there was a net influx of short-term capital averaging \$649 million over the six years. It was the capital account which disrupted the equilibrium.

The scarcity of long-term dollar loans was a serious matter. But no less serious was the erratic nature of the dollar supply itself. The variations in the total turn-over on the exchanges were simply enormous. For instance, the positive balance on current account for U.S. in 1928 was \$1,027 million, in 1933 it was only \$108 million. Such fluctuations in the magnitude of the balance of payments of an immensely rich power like the U.S.A. with an annual turnover of \$4,000 on the exchanges can hardly fail to throw the rest of the world's monetary mechanism out of gear and it is interesting to recall that weightage in the fixing of quotas in the White Plan is given to these variations in the magnitude of the balance of payments.

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SPECIAL ARTICLES

Reform of Economic Studies in Universities

By E. da Costa

OF all the melancholy observations that one may make on the history of India, perhaps the most melancholy is the extent to which, except for all too brief and insignificant intervals, we have drifted helplessly in the face of almost every obstacle to our economic progress. Unpreparedness is written large across the tragic history of our country from the earliest times. If we have trusted too fully in God, we have lamentably failed, in Cromwell's phrase, to keep our powder dry. In the future, as in the past, faith alone will not save us; a new world must be built by great deeds and not by brave words. It is sometimes the fashion even among economists to ascribe, in the tradition of Ranade, our economic troubles to the fact of dependency as though with the dawning of the day of political deliverance India will spring by one great leap into the promised land. A great, virile, and powerful nation is to arise fully armed and accoutred like Juno from the head of Zeus without all the painful travail and tribulations of difficult birth. We are absolved from hard thinking and battle with the inflexible and intractable features of our economic organization by the simple panacea of Swaraj, pure and unalloyed. The road to Hell is paved with good intentions. India is badly served by those who, with the best of intentions, would lead us away from economic realities which, hide them as we will, still shape the pattern of the lives of all her children. We must build for ourselves the tools or victory we must plan—we must plan every aspect of our economic lives, plan greatly and plan minutely. We must sow, if need be in sorrow and in pain, the good seed from which the harvest is to come. And it is even truer of nations than of individuals that what they sow that also shall they reap in the fullness of time. Unfortunately plan-making today concealed under the popular name of Reconstruction is the happy hunting-ground of every amateur in authority. It would be difficult to find a sadder example of the strange behaviour of homo sapiens. We would not dream of letting loose on a sorely-stricken world doctors and surgeons unless they had been pronounced by competent authority to be moderately fit for the exercise of their profession. But for the greatest task of all, the economic organization of all our resources, the satisfactory solution of which has taxed the wisdom of the ages, we think we need no trained men. The making of plans, the adapting of plans, the mutilation of plans and the rejection of plans are treated as though they involved no more than the bearing of a common cold, of which every mother's son, in the mercy of Providence, has had both knowledge and experience. Is it not time that we gave due consideration and thought to the training of our planners to whom the supreme task of mapping the country's future is to be assigned? Are we not to demand that they should bring to their task trained minds aided by profound knowledge and insight into the working of the system in which their plans must live and move and have their being? We will need to plan in every sphere and of all our planners we will require the technique of scientific thinking. But a special responsibility rests upon our economists who should be in a position because of their knowledge of the whole background to co-ordinate the work of experts in other fields. It is this consideration

which gives new meaning to the study of economics in this country. There are few branches of knowledge in which we are so backward as in economic theory where we have been content to follow at a distance the great advances made in other lands. We must, in any case, clear ourselves of this reproach; we must strive in economics as in all branches of knowledge to lead and not to follow. We must be torch-bearers and leaders in a great undertaking. But quite apart from research, we need desperately a new standard of economic studies which will enable our Universities to produce trained planners to whom we can confidently entrust the solution of our economic problems. It is only when we are well on the way to the solution of those problems that we can, across a happy and prosperous India, proudly look the other nations in the face. For political freedom would be a barren and a futile thing if, after years of waiting we found ourselves without economic strength; masters in our own house, but bound more severely than ever in chains of our own making.

II

There pass out of the portals of Indian Universities every year several thousands of students who have taken an Honours or a Pass degree in economics. There are naturally wide differences in their quality as there are wide differences in the standards of the Universities from which they have graduated. But it is significant that the net contribution to economic thought particularly in theory remains so meagre. This argues some common defect in economics courses as they stand apart from the weaknesses of particular Universities or the frailties of individual students. The inadequacy of new thought is sometimes attributed to the crippling effect of note-taking which is said to sap, if it does not entirely kill, the original quality of the minds of most students. This may be part, but it is certainly only a very small part, of the trouble. Note-taking is not confined to Indian Universities and it is significant that in other subjects like history, where it is at least an equal evil, it does not destroy the capacity for original work. Nor do the books read differ widely in range or character from those read by students of economics in English Universities. The difference is to be sought in a defect of method, that is, in the technique of economic thinking. We would not expect our mathematicians to do profound research work in relativity without acquaintance with the tensor calculus. We would not expect important discoveries from physicists or chemists who had not mastered the technique required in their respective fields. It is common ground that new knowledge, except in the rare case of the genius to whom inspiration comes by sources unexplained, is granted only to those who have acquired certain mental processes in which they have been drilled and widely practised. In modern knowledge it is not true as of old that the little child will lead them. If we are to make real headway in economics as in the other sciences, we must first acquire a mastery of the technique of economic thinking. It is the great tragedy of our economics courses that they fail to impart adequately this mastery of method without which success cannot be achieved. It is not that we lack the power of

understanding or the critical faculty which is the basis of all new thought. Proof has been given in other fields that we possess these qualities in ample measure. The defect lies in the absence in our economics courses of a sustained attempt to apply the theorems of the subject to problems, real or imaginary. Until a student of economics can use the technique of his science as students of mathematics use the calculus or analytical geometry, he cannot be said to have won his spurs. Without method he is without rudder and compass on an uncharted sea; he is as matter without mind; a soldier without arms, a thing of no account in our time.

Our most urgent need at the present time is, therefore, to make adequate provision for the teaching of theory and of method in economic science in our Universities. In this respect we can do no better than profit by the precept and example of Alfred Marshall, the greatest of all teachers of the subject. Marshall's system is best described in his own words, contained in a letter written in May, 1894, to Professor E. C. K. Gonner. "My aim," he wrote, "is to help my students to acquire a delicate and powerful machinery for scientific investigation. . . . I say very little about method; but I endeavour in every advanced course of lectures to work out rather fully a difficult example of almost every method. . . . The best way to learn to row is to row behind a man who is already trained; the learner's body moves by instinctive sympathy with his. And so the trained teacher should work his mind before his pupils and get theirs to work in swing with his." There are two difficulties in pursuing Marshall's methods in our Universities, one a difficulty of personnel, the other a problem of organization. There is at present a real dearth of theory specialists among our Professors, most of whom are experts on organization and economic history. Few Universities are, therefore, at present in a position to arrange their teaching as required in the strict Marshallian tradition. It is necessary to make good this defect as early as possible by providing adequate inducements to really able students to specialize in theory and by requiring from at least two members of the Economics Staff of each University special proficiency in advanced economic theory. The second difficulty in adopting Marshall's methods arises from the fact that it is almost impossible to teach method in lectures and that courses in theory must, therefore, be organized on a seminar or tutorial basis. This is the secret of success of Oxford and Cambridge and, to a lesser degree, of the London School of Economics. It is likely that Honours courses could be organized in this manner and, to a very limited extent, this is done already. But it would be difficult to give individual students the requisite attention unless the lecturing work of a Professor taking a seminar is proportionately reduced. The principle of substitution which plays so large a part in modern economic theory may fittingly be applied to deal with the rival claims of lecturing and seminar work. So far as economic theory is concerned, the balance of advantage certainly appears to lie in favour of curtailing lectures considerably or even abolishing them altogether.

III

With the greater emphasis on method there must also be imparted adequate training in mathematical methods which are now essential for advanced economic theory and applied economics. It is a common place of scientific thought that as a science advances it tends to become increasingly mathematical in its ideas. It is no accident that the modern theory of value, which is the creation in the main of two mathematical economists, Walras and Pareto, should

be presented increasingly in mathematical form. Economics has travelled far since the days when Marshall, obsessed with the need for simplicity, deprecated the fullest use of mathematics. It is unfortunate that in this respect Marshall's great influence was thrown so vehemently on the side of error. In spite of Marshall, the tide has turned and today mathematical symbols and mathematical methods are coming into their own. On the one hand, it is being recognized increasingly that important results, such as the Slutsky equation in the theory of value, cannot conveniently be expressed in any other form. On the other, quantitative methods in economics which have come to stay and to grow cannot proceed at all without the assistance of mathematics. This fact is being slowly, far too slowly, recognized in our Universities. In statistics, in the measurement of demand and in all branches of applied economics where great advances are being made in other countries, we lag so far behind because no serious attempt has been made in our economics courses to ensure that our students have the minimum equipment necessary for their work. The addition of Mathematical Economics to the list of special subjects is no solution of the problem; for what is required is that every student of advanced economics should be at home in the handling of statistical material and in the use of the "terse language of the differential calculus." A sound training in mathematical economics and Statistics should thus be a compulsory feature of every Honours course in Economics. Students of economics may at first dread this departure from the beaten path but the ablest of them will soon recognize the friendly assistance of symbols and, in their moments of insight may even share the enthusiasm of Pythagoras, who once described number, the symbol of mathematical thought, as the source of all things.

The introduction of method, and particularly mathematical method, in our Economics courses is only one direction in which the standard of our Honours courses can be improved. The need for the raising of the standard is urgent enough. It would be difficult to find a more tragic illustration of the laws of supply and demand than the increase in the production of economics graduates in India with the lowering of every respectable standard of knowledge. We must, if we are ever to hitch our wagon to a star, set our face resolutely against courses in economics of low quality. We will need to revise radically all existing courses and prescribe a standard analogous and in no way inferior to that of the Economics Tripos at Cambridge. This may well prove to be a Herculean task; for it will involve a much higher degree of specialization than at present obtains in existing courses. Specialization is not an unmixed blessing; but it is likely to be opposed not on the ground of its obvious shortcomings, with which we are familiar, but because it is opposed to the vested interests of weak students. And the weak student has a special interest in the existing economics and history courses, designed as they are for the general reader and for the residue, that is, for those who lack the aptitude for a specialized science course. Those who would raise the standard of these courses do so at their peril. It is the most disturbing feature of our Universities that their standards of knowledge are, in the long run, dictated by their students and not by their professors. For everywhere our students would be a law unto themselves and the failure of more than the approved percentage is the unforgivable sin against the unwritten law of the land. If our Universities had the courage to raise their standards and damn the consequences, they would write a new and glorious page in their history. But only the future can tell if that page will ever be written.

Whatever the attitude of our Universities to the raising of their teaching standards, they cannot fail, because this involves their very right to existence, to promote research. There exists, in respect of the social sciences, a desperate need for the proper organization of research and for close co-operation and co-ordination in post-graduate studies in the various Universities in the country. Research in every subject is fundamental because it is from the quest for new knowledge that is derived the enthusiasm and the living interest in a subject which alone can make its pursuit worth while. An Inter-University Institute of social studies on lines similar to the Indian Institute of Science at Bangalore would not be a very great undertaking; but it would be a first step in the right direction and we may well hope that it would be a means of reflecting back to the Universities their own shortcomings and would thus become the instrument by which their standards would ultimately be raised. But its first duty would be research and the promotion of new thought which would flow from it back to the Universities and to other research organizations in an endless stream. Sir J. C. Ghosh in his address to the National Institute of Science a few days ago pleaded for a National Research Council to plan and co-ordinate the main lines of scientific work done in the country and claimed that if we devoted one per cent. of our national income to research we may obtain a return in some fields of over two hundred per cent. A similar claim may, perhaps, be made on behalf of the social sciences. Return must not, however, be too closely reckoned in money terms. For in the world of the mind new thought is without price, and we would lose the heritage of the ages if we restricted new research only to those lines which paid. For nothing is more calculated to defeat the purpose of research and to dry up the perennial springs of learning than the iron rule of profit as the criterion of worth in the great path-breaking activities of the human mind.

There is a great deal to be said for linking up economics courses at the Universities with some practical work which will train students in the application of theoretical knowledge to practical problems. One means by which this could be secured would be to require our graduates to conduct economic surveys in certain chosen areas—surveys of marketing facilities, surveys of indebtedness, surveys of public health and nutrition, surveys of income groups, and surveys of welfare. There are many who feel that our courses are too theoretical and do not serve a specific social function. In the main this criticism, which is meant to decry theory, is misplaced; it has too often been proved that theory, apparently unrelated to the task in hand, is more potent than practical wisdom in reaching a common goal. For it is only the power of abstract thought which carries with it the gift of prophecy and prediction. Nevertheless it is true that the lives of our University students tend too often to be removed from the lives of our people. The suggestion that students should be required to conduct economic surveys living with and among the people is advanced as a corrective to the prevailing estrangement between the University student and his country's life. It would be a tragedy if we were ever to forget that it is the purpose of economics to be a servant of the social sympathies and the main justification for a reform of economic studies is to bring greater knowledge to assist in the service of the people. This knowledge, specialized as it is, must not be conceived too narrowly. For an economist must also feel the music of the spheres

and import a sense of beauty into the more prosaic and sordid atmosphere in which he works. It is sound economics, for example, to suggest with D. H. Robertson, that an ideal agricultural policy would make the payment of a subsidy on wheat conditional on the sowing of a handsome quota of poppies among it. For it is true now as when it first was said, that man liveth not by bread alone but by every word of God.

The decision now rests with our universities which stand today at one of the most critical moments of their history. They may show themselves both weak and afraid, and because the path of reform is difficult, to leave it untrod. Or they may set out on a new voyage of experience determined to assist all those who labour and who thirst and to do all things which will enable India to rise and take her rightful place among the nations of the world. But they cannot rest betwixt and between seeking the rewards of a new life but afraid, because of the shoals ahead, to leave their moorings in the past. In any case a heavy responsibility is placed upon them; if they should fail in small undertakings, how can we succeed in great ones? On them depends the quality of the men and women who will lead the country in the anxious years that are to come. This we have a right to ask of them. They must make the leaders of the future strong in mind and prepared, like Ulysses, to strive, to seek, to find and not to yield until they have accomplished a work of noble note not unbecoming men that strove with gods.

Jaipur.



Who Should Buy Loans?

By J. K. Mehta

IT is now being increasingly realized by the Government that efforts should be made to check the rise of prices by depending as little as possible on the expansion of currency for the supply of purchasing power needed to finance the war. Consequently, the necessary funds are attempted to be obtained by borrowing. It is well known to a student of economics that in normal conditions the flotation of a loan by the Government has the effect of withdrawing purchasing power from the people and thereby lowering the general level of prices. It is necessary, however, to study in some detail the precise manner in which public borrowing operates to bring prices down or to check their further rise; for, it is not in every case that borrowing produces such an effect. Nor is it necessary that the finance of a war by borrowing should in all circumstances begin to produce the expected effect on the price level from the very start.

In order that the general level of prices may fall what is essential is that the total volume of money expended on the purchase of goods (assuming that the output of goods does not independently change to any appreciable extent) during a given period of time should decrease. And that can happen only when (a) the income of the people falls or (b) when the proportion of the income that is hoarded or saved by the people increases. The floating of a loan, if it has to succeed in bringing down the general level of prices must produce either or both of these effects. The purchasers of a loan may either get the necessary funds by saving more money than they used to do before or by utilizing their past or normal savings. In the former case the expenditure on consumption goods by the buyers of loan falls and consequently at least immediately the price level comes down. But when the borrowed money is again used by the Government in making purchases of goods and services the purchasing power that was withdrawn from the people is returned back to them. Since the people who lend money are not the very people to whom the whole of the borrowed money is returned by the Government, and since the entire amount expended by the Government does not get into the hands of the people who would spend the whole of their income, we need not expect prices to remain absolutely unaltered. Yet when the operation of borrowing money and its expenditure by the Government is complete the general level of prices does not fall as much as would otherwise have been expected.

It is however very unlikely, when subscription to loan is absolutely voluntary, for the loan to impinge on the expenditure of the people in the manner that is described above. For it is, in normal conditions, more likely for the people to buy loans out of their savings rather than by cutting down their expenditure on consumption goods. When loans deplete savings instead of expenditure the prices of goods are not directly affected; for, the monetary demand for consumption goods remains intact. However, in the long run such purchases of loans produce their effect on prices through the media of volume of goods produced and the size of the national income.

The savings of the people handed over to the Government through the purchase of a loan eventually hits the industries engaged in the production of goods for civilian use. In course of time, therefore, investment of capital shifts partly from such industries to those engaged in the service of the war. The output of goods for civilian use, particularly those whose

manufacture depends on borrowed money, therefore tends to shrink. Since the monetary demand for the goods is not affected by the loan operation, the shrinkage of output results in the rise of prices. Were the effects of the purchase of loans from the savings of the people to be strictly limited to the changes described above, the objective of reducing prices through the device of borrowing would not be secured. Fortunately, however, the issue of public loans produces certain other changes as well. Though a part of the purchasing power is withdrawn from circulation by the loan operation a certain amount of fresh purchasing power is created by banks to fill the gap. A person in the possession of Government loans is able to secure credit from his banker on the collateral of such securities. Fresh credit thus comes in to fill at least a part of the gap that is created by the purchase of loans from the savings of the people. In other words, the Government loan is purchased partly with money borrowed for the purpose from banks. To the extent to which this happens the supply of credit to peacetime industries is prevented from contracting. However, even when due allowance is made for such a possibility the purchase of loans out of savings does not depress the level of prices. And this general conclusion is further strengthened by the fact that the creation of fresh credit by banks increases the national income in terms of money.

It is necessary, therefore, if the object is to bring the price level down, that the funds for the purchase of Government loans should come from expenditure rather than savings. This however happens to a very negligible extent when no special steps are taken by the Government to ensure such a result. Were, however, the Government to bring some sort of pressure on business men to induce them to subscribe to loans, it is most likely that the loans thus purchased would bring about an increase of bank credits. It is best, therefore, that the Government should not only float loans but take special steps to ensure that the price level is pulled down to some extent.

It is hardly necessary to explain how the bringing down of the price level is necessary in the interest of a large body of people in this country, particularly the hard hit middle class people. We do not propose to secure this end by cutting down the national income. Taxation which would in a way produce this effect we do not need to consider in this article. Assuming that money has to be withdrawn by the issue and sale of loans we have to suggest ways of supplementing the ordinary mechanism of borrowing by some special measures designed to secure the end in view.

Our suggestion in brief is that the people who do not ordinarily save money and who can, therefore, buy loans only by cutting down their expenses should be forced to purchase loans. The class of people who would under such a scheme be subjected to pressure would include mostly the lower and the middle class people. We would, however, grant exemption from such compulsion to those people whose incomes have remained stationary or have fallen during the last two years, as also all those who are earning under Rs. 15 a month. For, it is precisely this category of people who are hardest hit by rising prices and whom it is our object to help. The class of people who would be engulfed in our scheme would, therefore, comprise mainly of the vast army of labourers and other lower grade of salary earners who have secured employment

under the Government or in the industries where they have been able to secure fair remuneration. These people would be forced to purchase loans issued in small denominations by small instalments wherever necessary. Thus, for instance, the labourers earning a wage of, say, Rs. 50 a month could be expected under the scheme to buy a loan of Rs. 10 every month. Since this scheme would apply to only those people who would in normal times have earned much less than what they are now earning the compulsory saving of Rs. 10 a month (or it could be Rs. 5) would not cause a great hardship. We have further to remember that as this mode of withdrawing money from circulation would bring the prices down to some extent, the buyers of compulsory loans would not after all find the real value of their expendable income very materially reduced.

The contribution made to Government loans, if this scheme were put into effect, would serve the purpose of raising the value of money on the one hand and of providing the necessary funds to the Government on the other. Since the amount that the Government could borrow in this way would not suffice it is necessary to depend also on the sale of loans to voluntary buyers. The subscription to loans of such voluntary buyers would serve the purpose, though not of scaling down the prices, at least of preventing further rise of prices.

The scheme we have suggested is not in all the details an original one. Economists here as well as in the west have from time to time put forward schemes of this nature designed to serve similar ends. But we wish to exempt from the operation of this scheme people whose incomes have fallen, remained constant or have not risen to any considerable extent during the last two years, as also all those people who normally save a part of their income.

People belonging to the last category would constitute voluntary buyers of loans. It is precisely the people who consume away their entire income who need to be forced to save, not only in the general interest of the country or the Government, but also in their own interest. The expenditure on boarding which constitutes the biggest single item in the budget of the lower class of people in normal times has now increased by 3 to 4 times. It would, therefore, appear that the plan of compulsory loans would inflict a heavy burden on the people who fall within its ambit. That this is not so will be obvious to those who remember that the income of a family today has increased not only due to higher rates of wages and salaries but also because of a greater number of persons in the family having been employed. Were, however, all the earning members of a family required to buy loans the burden would again increase with the increase in the number of earning members in the family. We have, therefore, summarily exempted all those people whose incomes are under Rs. 15 a month. This is intended to ensure the fact that the addition made to a family's income by the employment of children or in general those who earn below Rs. 15 shall not be subjected to the burden of a compulsory loan.

It would be quite in conformity with the spirit of such a scheme to enforce on all employers the pay-

ment of any further increases in wages and salaries of all those who are compulsory buyers of loans, at least partly in terms of Government loans.

The fall in the price level induced by this scheme would not we admit be very substantial. But whatever reduction in prices is secured would be of considerable advantage to the poor and the middle class people. It may be mentioned here that the goods whose prices would be lowered by such a scheme of compulsory loans will comprise mostly of food grains, cloth and such other articles of daily use. For these are the commodities that figure prominently in the consumption of the people whom it is our object to approach through the proposed scheme. The cutting down of the expenditure through the sale of loans to these people small though it must be, would have a concentrated effect on a narrow range of commodities.

The same purpose, we are conscious, can be served by a well-planned system of rationing. But there is one great advantage in our scheme, namely, that it compels the poor class of people to be provident and incidentally protects them against the danger of falling into the habit of leading a luxurious and indisciplined life.

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THE WORLD ABROAD

International Cotton Conference

(From Our Washington Correspondent)

WASHINGTON, Jan. 31. (By Cable).

COTTON will be the first important commodity whereon international conference will be held probably this year according to Oscar Johnston, President, National Cotton Council, who revealed last week that Agriculture and State Departments have invited the Council's collaboration in planning the assemblage of the world's leading producers, which in many respects will resemble pre-war conferences where agreements on the production and distribution of such supplies as wheat and sugar were reached. Mr. Johnston's announcement was made at the Council's annual Convention at Memphis, where the directors authorized the appointment of a committee of four shippers, four planters and cotton textile manufacturers to co-operate with Government agencies in charting the conference details. It is believed that the Council is the first trade organization asked to participate in international conference under Government auspices.

The Convention discussions revealed cotton industry's concern over the United States' share in the post-war market. Mr. Johnston asked the delegates to adopt a finance programme involving two million dollar annual budget. Mr. Johnston said that the future of cotton was threatened as never before in history. "We are threatened by cotton grown by cheap labour under low standard of living conditions in foreign countries. If the threat is to be diverted there must be co-ordinated effort between industry in America and industry in other producing countries and possibly industry, in major processing and manufacturing countries."

Mr. Johnston urged expanded sales, promotion and research programmes adding "if cotton is to maintain its place in post-war markets it is absolutely essential it keeps pace scientifically with competing industries."

The problem of post-war competition is increasingly engaging the attention of the United States' producers and marketers. After the Memphis meeting Mr. Johnston said that forces "which will seek to develop cotton markets are plainly visible—woodpulp, jute from below, new and super-synthetic fibres from above, low cost foreign growths of cotton from all sides. Cotton's genuine indispensable answer is to meet the adversaries on the battleground and to capture the battleground of markets and defeat them from those same modern effective weapons they employ against us."

While cotton trade in New York and New Orleans is increasingly aware of post-war problems there is also an under-current of uneasiness regarding the domestic supply situation. Most of the United States Lend-Lease cotton will be directed Britainward this

year. Government is planning the purchase of 332,000 bales on open market but that is a mere beginning. Experts anticipate actual shipments towards England this year may exceed those of 1943 by 1,100,000 bales whereof much may come from Government's own stocks.

Mr. Elmer Bonner, Director, New York Cotton Exchanges Service Bureau, termed the present supply situation as tightest for many years. Mr. Bonner estimated domestic stock of all American cotton at 15,850,000 bales and points out with domestic consumption approximating ten million bales annually from exports below two million, current supply would be sufficient until spring 1945. He notes however that Government holds substantial stocks. Hence domestic free supply is only 8½ million bales which might be reduced by next July, 31st to three million.

Meanwhile both producers and textile manufacturers have been worrying over the Government's policy concerning shipments of textile machinery to war-ravaged areas in Europe and Orient. Hugh M. Omer, President, American Cotton Manufacturers Association, recently urged that relief for devastated countries abroad should take the form of actual supplies instead of machinery that may be needed by United States. Mr. Omer said the policy should "give away, milk rather than sell the cow."

Mr. Omer's reaction followed the proposals to lease-lease idle machinery for the manufacture of consumer goods to aid foreign rehabilitation. Last year it was reported that Washington suggested that Britain should send idle textile machinery from Lancashire to Italy but the British rejected this suggestion. The United States officials now appear to embrace the policy as applied to this country.

Most business spokesmen attacked the plan. The journal of Commerce editorialized thus: "Export of used machinery from United States without payment will tend to subsidize competition for American manufacturers while at the same time reducing the needed productive capacity of this country. What industry fears is the use of Lend-Lease device to provide costless industrial equipment to foreign manufacturers who would then be subsidized in effect to compete with American products."

Similarly the Wall Street journal discussing the used machinery shipment as part of rehabilitation programme wrote: "Sometime the U.N.R.R.A. will have to define the term 'rehabilitation' in its title and draw a line beyond which rehabilitation should not be allowed to go. American industries along with all American citizens will be taxed for a large part of everything U.N.R.R.A. does. Sooner its directing council clarifies its intentions better."

Currency Expansion and Prices

(From Our London Correspondent)

LONDON, Jan. 7, 1944 (By Airgraph).

THE end of 1943 was marked by a record note circulation accompanied by a degree of Bank liquidity unknown of before. The Christmas season is always considerably increasing the note issue of the Bank of England. In peace time this extra efflux of currency notes usually returned to the Bank during January, though most years there was some balance remaining in the hands of the public. What may be called the seasonal efflux this year amounted to about £75,000,000. This is considerably more than last year. Whilst a good portion of this amount will no doubt return to the Bank of England during the month, if we can judge from the experience of the last few years, the Bank return at the end of this month is likely to show a considerable increase in the notes circulation compared with the pre-Christmas return.

The note issue pre-ultimo has thereby reached the enormous figure of £1,088,682,000 and the note reserve was reduced to a mere £11.6 millions which was equal to a ratio of only 4%, the lowest ratio, ever recorded. Bankers deposits with the Bank of England were at £234,274,273, another record figure. Another feature of the present position is the distribution of assets of the Commercial banks. The end of the year figures were not yet available when this article was written. But they will show no appreciable difference compared with those of November last. While in pre-war years liquid assets of the banks amounted to about 30 % of the deposits and earning assets (investments and advances are the two earning assets) 70% in November last: Cash, call money and discounts amounted to 19.2% of deposits; Treasury deposit receipts 30.7%, together practically 50%. On the other hand the ratio of investments to deposits was 30.2% and of advances 18.7% this of course reflects clearly the wartime financing of industry by the Government.

It is remarkable, then, that the enormous credit basis, coupled with the equally longer currency circulation, has not upset all price levels. The amount of currency held by the public i.e. outside the banking system, was £m. 525 in 1940 (average) £m. 608 in 1941, £m. 769 in 1942, and the average for 1943 will probably be in the neighbourhood of £m. 950, the figure for November was £m. 985. Compared with 1935 as 100 on a percentage basis: 1940=146.1; 1942=169.2; 1943=214.0; and November 1943=274.2; the magnitude of the increase in the currency circulation becomes even more striking (according to the Bank of England Statistical Summary). Yet, the Board of Trade Wholesale Index notes an increase for November last of only 26.1 points over the 1940 average of 136.6 (1930-100). And the November figure will nearly tally with the 1943 average. The cost of Living Index has been almost static since 1941 between 198 and 100 (1914-100) compared with the 1940 average of 184. The last named index, however, is still computed on the 1914 basis of articles and needs revision even for peace-time comparison. It is generally accepted that the cost of living figure has increased since the beginning of the war by about 30 per cent. thus the actual notation should be around 230-240. But even on this basis the increase in the cost of living is remarkably small.

The reason why is to be sought in the ration-

ing policy and the control of raw materials and supplies through the Government machinery. In this field those responsible for the policy score heavily. On the other hand whilst, the continuous pumping of new currency into circulation has not, so far, held the dangerous repercussions experienced during the last war, it is high time that the authorities try to curb the stream of new money. Experience suggests that, the larger the amount of surplus currency in circulation after the war, the longer and the more rigorous has control and rationing to remain. By some means or other that surplus has to be reduced in due course. That it must not be done by the process of deflation, in other words by a policy which would cause the general price levels to fall, is fortunately now a generally accepted axiom. Naturally, the end of the war will automatically vastly reduce waste spending. That is spending for armaments and the upkeep of a colossal army, neither of which contributes to the production of wealth and amenities, will no longer be necessary and the switch over from such waste production (in the economic sense) as war demands to production for peaceful ends will at once absorb much of the money in circulation. Add to that the fact that thereby waste spending by the Government is equally reduced, the surplus currency in the hands of the public can then be withdrawn by keeping taxes at war-time, of near war-time level for some time. This will further the dual purpose of reducing the national debt and allowing the necessary amount of currency to be withdrawn from circulation.

The Revenue Returns for end of December indicate that the Chancellor of the Exchequer will be in hand as far as revenue compared with the amount budgeted for is concerned. The December returns allow a fairly correct estimate of the actual proceeds for the year. Any surplus over or deficit below the year's figure budgeted for is usually more or less the same as that shown on the nine months calculation the total revenue at the end of March may be expected to be about £m. 175 more than was estimated in the budget. Income tax for the nine months is at over £m 102.8 more respectively than last year. Customs and Excise duties with £m. 407.3 and £m. 358.4 are higher by £m. 63.8 and £m. 41.3 respectively. The former of these, i.e. custom duties, however, will not benefit the Exchequer to the full amount since the larger proportion of it is actually paid by the Government itself on imports for war material. Expenditure for the same time for Supply Services amounts to £m. 3,933. It is interesting to compare the weekly supply costs since the war. In September 1939 the weekly average was £m. 42.0 From then onwards it slowly rose month by month to reach £m. 80.8 in November, 1941. £m. 94.2 in December 1942. In March 1943 it was £102.6 during the following six month it varied from £95.3 in April to £94.9 in August and £m 91.6 in September to reach £m. 100.9 in October of that year. The highest figure was attained in March 1943 with £m. 112 (October) with the exception of June and August when the weekly average fell to £m. 95.0 and 89.4 respectively, to close the year with £m. 97.7 in December.

The news last week that the United States Government had sent out invitations to 44 Governments in November 22, to attend the conference on post-war currency, led to some speculation as to the extent to

which agreement had been reached between the U.S. Treasury and that of the United Kingdom. It was thought that such an invitation would not have been sent out by the U.S. Government without the approval of the British Government. It is now understood that a preliminary agreement has been reached consisting of a compromise between the Keynes and White plans, the balance being rather, I understand, on the side of the white plan. If reports are accurate, the U. S. Treasury has conceded some points in favour of the British plan. It is understood, however, that on a number of vital questions the two parties have not been able to agree and are unlikely to come to a definite agreement before the conference takes place. One of the points is that of the return to a modified gold standard on which opinion in this country is quite uncompromising in composition. On the whole, the news about the forthcoming conference met with little enthusiasm this side the Atlantic. There is anxiety lest the British Treasury go too far in trying to get agreement's sake. The view is expressed that it would be better not to force the issue unless real agreement could be reached. British public opinion is not only against

the revival of the gold standard in any form but is also concerned about the possibility of too rigid pegging of the rate of exchange. It is foreseen that nothing would hamper British post-war trade more than an over-rated pound sterling. It is not a question of a competitive currency devaluation but rather, for the public, a very sane and reasonable appreciation of the function of the rate of exchange in international trade and exchange.

We need not impute any bad intentions on the part of the U. S. Treasury but there is plenty of reason to assume that they look upon currency policy purely from their own point of view. And that point is the vantage point of the World's largest creditor and gold holder. In other words, the American point of view of Great Britain and, no doubt, of many other nations which will be represented at the conference must of necessity be that of a trader. If these two view points cannot be fairly reconciled the world will be much better off without any multilateral agreement which, almost inevitably, would lead to the very results which the agreement is intended to avoid.

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Money Market

(From Our Correspondents)

CALCUTTA, Feb. 1.

Heavier tax collections by both the Central and Provincial Governments and the greater demand for funds for the movement of cotton and from the Stock Exchange operators have resulted in a slight hardening in the conditions in the money market in the past week. But in the present circumstances even the increase in demand for funds by over 25 crores should not have had any effect on rates. It is surprising, however, that at the auction of Treasury bills held this week the Central Government was able to get its requirements of Rs. 8 crores only at the higher rate of 10 annas and 4 pies per cent. per annum against 8 annas per cent. per annum in the previous week. Applications were on a smaller scale and bidding was definitely less keen. The Provincial Governments also came in to the market for their requirements of Treasury Bills, Central Provinces Government asking for over 80 lakhs, the United Provinces Government for one crore, the Bengal Government Rs. 3 crores and the Bombay Government Rs. 50 lakhs. The C.P. Government was able to get its requirements at the rate of 10 annas 5 pies per cent. per annum which is only one pie higher than the Central Government rate, which is very satisfactory in the present circumstances. This morning's announcement that the Bombay Government was able to get its requirements at the lower rate of 10 annas per cent. per annum has come as a surprise because this is the first occasion in which a Provincial Government has been able to get a more advantageous rate than the Central Government. The reason is to be found in the Bombay Governments' first demand on a short-term basis but incidentally it provides evidence of the fickle-mindedness of lenders. Even the large subscriptions to the Defence loans, the increasing demand for money and the large takings on a short-term basis could not possibly have any effect on interest rates as the total volume of funds available enough for all the needs put together. There is more than ever need for a correct policy in regard to Treasury Bills and the effective intervention of the Reserve Bank when there is a suggestion that an undue increase in rates is asked for. It is explained that the abrupt increase in the average discount rate at the last auction was due to the absence of the Imperial Bank of India as an effective bidder and that if only at the next week's auctions this prominent tenderer competed actively a further increase in the discount rate could be avoided. A further increase in the rate should be avoided as from the next week treasury bills maturities will be lower at Rs. 5 crores and sales will exceed maturities by Rs. 2 crores every week. At the present moment sales are equal to maturities.

Reserve Bank Returns

The returns of the Reserve Bank for the week ended January, 21, 1944 do not show any important changes. After several weeks there has been no currency expansion and the authorities are evidently feeling that the currency expansion in the last six weeks of the year had been very large, the total additions to the note issue in the 8 weeks ended January, 14, 1944 being as much as Rs. 60 crores. Notes issued on January 21, 1944 are lower at Rs. 862.88 crores as against Rs. 863.15 crores at the end of the previous week while notes in circulation are higher at Rs. 854.33 crores against Rs. 852.89 crores. Notes held in the Banking Department are lower at Rs. 8.55 crores as against Rs. 10.25 crores. The drop in the total of notes issued is due to the decrease in the amount of Rupee coin held in the Issue Department from Rs. 15.57 crores to Rs. 15.3 crores. Both sterling securities and rupee securities do not show any change.

That tax collections have been on a large-scale is amply borne out by the statement of the Scheduled Banks for the same week. The total of deposits, both demand and time, are actually lower at Rs. 664.48 crores against Rs. 666.86 crores. In this week Government balances in the Banking Department show a further increase to Rs. 39.25 crores from Rs. 38.66 crores while other Government accounts also are very much higher at Rs. 15.07 crores against Rs. 10.14 crores. Balances held abroad are Rs. 7.31 crores higher at Rs. 135.99 crores. The decrease in working capital of banks might have been due to the large-tax payments. It might also be due to the large subscriptions to Prize bonds. The list for Prize bonds was opened on January 15, 1944. It is reported that the reception to the Prize Bond issue has been very satisfactory and over Rs. 5 crores worth bonds were taken up in the first few days. For this reason the increase in Government balances should have been even more pronounced. According to the return of Scheduled banks for the week ended January 21, 1944, demand liabilities were Rs. 501.70 crores and Time liabilities Rs. 162.78 crores. The figures on January 14 were Rs. 505.39 crores and Rs. 161.47 crores respectively. Cash balances were Rs. 23.32 crores against Rs. 23.47 crores while balances with the Reserve Bank were Rs. 74.55 crores. Advances have improved further to Rs. 174.49 crores from Rs. 170.45 crores.

Stock Exchange

Operators on the Calcutta Stock Exchange seem to be very clear in their ideas. In spite of the irregular tone of the Bombay market very firm conditions were noticeable in the first two days. A considerably larger amount of business was put through. As is usual for this time of the year speculation regarding the budget proposals for the next financial year has started. With reports about a new loan and the talk of anti-inflationary measures it is felt no new taxation will be proposed and that efforts will be made only to sterilize purchasing power. The Bombay Stock Exchange seems to have some qualms over the Budget though the declaration of a satisfactory dividend by the Bombay Dyeing and Manufacturing has put it back on its mettle. Direct taxation will be avoided as far as possible. This means that the market will not be affected in any way. The general opinion in the local market seems to share this view though latterly investors are inclined to adopt a more cautious view.

Coal shares again provided the feature. The announcement by the Government of India that it was proposed to levy a cess of four annas per ton and that a minimum quota in regard to raising will be allotted to every mine with provision for progressive relief in respect of E.P.T. for such collieries as were able to effect an increase in raisings to above the minimum quota was mainly responsible for the further interest taken in coal shares. As there was a feeling that the popular shares had already been fully valued and that best prospects had been discounted, this time buying was confined to a greater extent to the low-priced shares. Thus, the bigger collieries among this class like Bhalgora, Kuardi, South Karanpura and others, came in for good buying and a sharp rise in prices was recorded. It is argued that with the possibility of a substantial improvement in raising and the likelihood of tax relief on a large-scale it would be justified to expect that these companies would pay good dividends. Whether these anticipations prove to be correct cannot be said at this stage for the past records of the collieries mentioned above is so bad that one is not

in a position to make any prophecy. In mid-week there was some selling with the definite weakness of the Bombay market but the close is again firm on better Bombay advices and the declaration of satisfactory dividends by the leading cotton mills for the year ended December, 1943.

The feature of the week is the announcement by the Steel Corporation of Bengal Limited of an interim dividend of six annas per ordinary share for the year ended December, 1943. But for the generally optimistic mood of operators the declaration of an interim dividend of annas 6 per share, the same as for 1942, might have come as a disappointment to the market for the recent improvement in the quotation for the shares was based on expectations of a higher dividend and the reports of increased production at the works. The market has not reacted adversely to the dividend as even after the announcement there has been an improvement in the quotation from Rs. 28¼ to Rs. 28½ though it should be remembered that a quotation as high as Rs. 29¼ was touched early in the week and there was a reaction to Rs. 28¼ on profit taking and speculative selling. But the drop in prices just one day before the announcement of the dividend is not explainable and might have been due to knowledgeable selling.

In recent months operators have shown a preference to speculation in any one particular group and there have been some reports that syndicates have been formed for this purpose. It is pointed out, that the boom in coal shares a few weeks back was due to the operation of these powerful syndicates. After cotton came sugar and after sugar, coal. Now the turn seems to be that of Tea, in the last few days there has been a sudden increase in activity in this section and almost all the shares have registered a rise of 2 to 3 points, the bigger shares as much as 40 points. The neglect of Tea shares two weeks back cannot be explained as also the sudden preference for this group in this week. But if the prospects of the coal group and the Sugar group can be discounted far ahead there is no reason why investors could take a sudden liking for Tea shares which are sure of prosperous days for a long time and which have been enjoying a very high level of profits since the outbreak of the war. It should also be remembered that the return on tea shares is very much higher and that the security of this class of equities is equally good if not better. As business on any great scale in Tea shares is not possible owing to the narrowness of the market and the large holdings by a selected few investors, an increase in investment demand is always followed by a sharp rise in prices. Investors at this moment have the advantage of collecting dividends in respect of 1943 and which are due to be declared in a few weeks. Bishnauth has registered a rise of 5 points to Rs. 42-4, Hasimara a rise of 7 points to Rs. 77; New Samanbagh a rise of 3 points to Rs. 36-12, Tezpur a rise of 3 points to Rs. 19-12 and Sapoi a rise of 4 points to Rs. 23-12.

BOMBAY, Feb. 1, 1944.

An increase in the Treasury bill rate was the notable feature in the Money Market which was otherwise insipid. There was a plethora of funds in the short term market, call money continuing to remain at the usual quarter per cent. rate and the three to six months deposits ruling at the rate of three fourth to one per cent. per annum.

Treasury Bills

The Treasury bills rate fell from Re. 0-10-4 to 0-8-7 per cent. two weeks ago. The Banks found this rate very unattractive and began to carefully watch for short-dated securities which yielded better rate

of interest. One of them found 3% 1946 Bonds which were available at 102.5 from the Reserve Bank, were as good as Treasury bills and at the same time yielded higher return than the Treasury bills. This attitude on the part of an ardent and orthodox supporter of Treasury bills opened the eyes of Reserve Bank to the possibilities of other banks following the example of this Indian Bank who bought 1946 3% loans to the tune of 7 crores in one day. The Reserve therefore were again prepared to allow 10 annas 4 pies per cent. interest on the Treasury bills. Hence an increase in the Treasury bills rate.

Bullion Market

The Silver Market remained rather steady during the week under review; though it touched Rs. 117-12 on the opening day there was a rally and towards the end of the week it ruled firm at Rs. 120-12. In this connection, there were reports in the Market that the Reserve Bank would sell silver. This anticipation was based on reported arrival of silver in India, from abroad. Enquiries in well-informed quarters do not confirm the suggestion of silver sales. It is true that some silver has arrived but it may be required by the Government for coinage purposes. One rupee currency notes get dirty soon and the authorities have now come to the conclusion that their prestige would be better preserved by circulating rupee coins than the one rupee notes. Secondly, silver is also needed for foreign coinage which is often minted in India. In the past small coins for the Australian Commonwealth were minted here and perhaps foreign coins for other countries are also minted here. The incredulous operators went not aware of this aspect of silver imports. Bears succeeded in driving down the prices for a short period, but when the anticipations of silver sales by the Reserve Bank did not materialize the bulls pushed up the price. Gold price remained unchanged at 70-71½. At the latter rate, Reserve Bank sold about 25,000 tolas. The demand for ready gold from upcountry is slowly declining. There also prevails an impression that the Bank would sell up to the lower level of Rs. 70.

Investments

The balance sheets of some of the Textile Mills in Bombay amply justify the criticisms advanced that the ceiling prices of the Textiles were fixed at rather very high rates. Was it the Industry or the Cloth Market that bluffed the Government and had the ceiling prices fixed at Rs. 2-4-6 for leopard standard cloth? The Spring Mills owned by Wadias have earned a profit roughly 3 crores during 1943. It appears that Sir Ness Wadia has told the Millowners' Association in Bombay that he proposes to sell standard cloth at 8 annas below the ceiling prices. Today Spring Mills are quoting Rs. 1-12-6 for their leopard cloth. How far the lead given by Sir Ness Wadia will be followed by others mills is not known. Some Mills have sold all their stocks. There are others awaiting higher prices to dispose of their stocks. They believe that coal shortage which has led to the closure of night shifts by 3 mills in the upcountry is bound to affect the production in this country. They would prefer to wait and watch the market. In the meanwhile, I learn that the Government of India would themselves press for a reduction in the ceiling prices at the next Control Board meeting. There is already a confusion in the cloth market by introduction of stamping and new controls. One is unable to predict the future of the textile market at this stage.

A new discovery of synthetic rubber has been made by the Bombay Government. Mr. P. B. Adwani

his office of Director of Industries, responsible for this war-time con- as great possibilities in the post-war industrial India. At the instance of Mr. al Government extended him facilities on time to time in the actual manufac- synthetic rubber in the factory of Hindu- ompany, Bombay.

"Pooren Rubber" which is the name given to athetic rubber has also been under test at the es of Dunlop Co., Calcutta. Tests have so far found satisfactory. Application for patent has been made and I learn it is being granted. ans have therefore to be made for manufac- aring "Pooren Rubber" on a large scale. The process of collecting sap from cactus is very simple. It s learnt that one sapper can collect 68 pounds of sap in one day. If this industry is organized on a large sale 10,000 tons of rubber could be manufactured n one year. This discovery is said to have great potentialities. It will offer employment to thousands of workers and also prove a very valuable contribu- tion to Indian Industry. I understand, the authori- ties have sent 50 pounds of this synthetic rubber to London and New York for the information of the Allies.

The Share Market

Contrary to the general expectations the current week closing with February 2nd, witnessed jubilant activity in the share market. This seems all the more surprising in view of the forthcoming budget. Prices advanced all-round amongst the leading counters in the textile section and in steel as well. Centuries were

again in the limelight quoting around Rs. 995 in the opening of the week and closing at Rs. 1,068 a record level ever touched during the last two decades. Bombay dycings were also in good demand advancing by nearly seventy points to Rs. 2,130. Kohinoors also rose up to Rs. 718. Mills with year ending in December were generally in good demand on account of expectations of higher dividends. It is now common knowledge that the profits of the leading mills of Bombay for the year ending December 1943 have nearly doubled that of the previous year. It would not at all be surprising if the distribution of the profits to the share- holders also records a higher level. The steel section too was equally active on the news of the increasing allied activities on the Burma front and on reports of increased production. Tata Defds. touched up to Rs. 2,075 and later closed at Rs. 2,152-8-0. Tata Ordinary also correspondingly closed higher at Rs. 427. Perhaps the rise in steel was also due to accumulated short position in the market profit-taking always accruing at higher levels. The miscellaneous and the bank sections were almost featureless; Associated Cements were the only exception easing down to Rs. 219 on account of the rather pessimistic tone of the chairman's speech on the prospects of the current year. The tendency in the securities market was also buoyant, 3-1/2 per cent. paper recording a sharp rise from Rs. 98-11-6 to Rs. 99-2-0. The floating stock in the market seems to have been well absorbed on account of consistent institutional buying. 5 per cent. 1945-55 loan (tax free) was also in good request. In view of the forthcoming budget this loan being the only tax-free loan and the fear of a further rise in income-tax or sur-charge was an inducement for the banks to invest in this short dated security.

FROM THE PROVINCIAL ANGLE

Madras Letter

INDUSTRIAL AND ECONOMIC DEVELOPMENT— THE FIFTEEN-YEAR PLAN—WARM RECEPTION BY LEADING BUSINESS MEN—EXPORT AND IMPORT PROBLEMS (From Our Correspondent)

MADRAS, January 28, 1944.

THE fifteen-year plan of industrial and economic development for India published a few days ago had a good reception in Madras. The plan has been welcomed as a "big" one and leading men are of the view that the framers have tackled the Indian problems in a practical manner. Important business men congratulate the framers in that they have now vindicated the charge that Indian magnates are more prone to criticizing rather than put forth concrete plans. In order to give adequate food, clothing, housing, medical help and education to the 400 million peoples of India, the total income of the country should be greatly increased. Viewed from this standpoint, the rapid industrialization of the country and drastic changes in the field of agriculture as suggested by the planners are applauded. The discomfort and sacrifice on the part of some and the elimination of deep-rooted prejudices and traditions are no doubt taken note of but it is realized that the issues involved are big and therefore tremendous efforts are called for. It is admitted that the plan can be worked out and implemented only by a body of people who had the backing of the Country as a whole and that the present Government cannot claim such a backing and therefore, the view is held that the whole scheme hinges on the major political question. It is only wished that the country will not allow this scheme to share the fate of the memorandum of the National Planning Committee.

Export and Import Problems

Mr S. K. Kripalani, Indian Trade Commissioner, New York, visited Madras this week and discussed with the various chambers of commerce problems relating to export and import and post-war trade arrangements with reference to the U.S.A. In the course of the discussions, he pointed out that the years immediately following the cessation of hostilities would be the most important period in the sense that it would offer an unrivalled opportunity to India to build up some real heavy industries. There was bound to be competition in regard to obtaining capital goods like heavy machinery and particular classes of machinery. But if concrete schemes for obtaining capital goods were put forward, he thought that there was the possibility of their getting 30 or even 50 per cent. of the demand. In this connection, Mr. Kripalani drew attention to a kind of rivalry existing between merchants and industrialists for getting goods from the U.S.A. and said that they must adjust their competing interests so that, in the immediate post-war period, they would be able to make full use of the credits already built up. For his part, he would help India in getting capital goods and he would also endeavour to see that the available credit in America is utilized in the direction indicated. Mr Kripalani appreciated the idea of American market prices being made available to Indian traders and said that he would consider the question of sending weekly advices to India.

The Tungabhadra Scheme

A further progressive step in the promotion of the Tungabhadra Scheme has been taken this week

A conference between the Governments of Madras and Mysore was held in Bangalore and it was attended by Mr S. V. Ramamurthy, Adviser to H. E. the Governor of Madras, Mr N. Madhava Rao, Dewan of Mysore and technical officers belonging to the engineering departments of both the Governments. It is understood they discussed the long-pending questions relating to the sharing of the waters of the Tungabhadra River between Madras and Mysore. Among other things discussed were the reservoirs of the Mysore Government propose to construct one across the Tunga River at Lakkavalli and another across the Bhadra River. The Lakkavalli project is expected to bring under cultivation about a lakh of acres and the other about twenty-thousand acres in the Mysore State.

Electrical Licenses

Mr H. S. Town, President of the Madras Presidency Electrical Licenses Association addressing a conference of electrical licensees, engineers and accountants said that the management, engineers and accountants were the three main divisions of any electrical undertaking and stressed that there should be closer co-operation between those divisions. Referring to the position in the Madras Presidency where the Government was a supplier of electricity, Mr Town said that it worked with cheaper money than was available to the licensees and had greater powers than they had. While out of their profits, the licensees had to pay electricity duty, the Government had no such liability. Licensees were therefore at a disadvantage as supplier of electricity and therefore efficiency in all the three branches above referred to was called for so that they may be able to give their customers reasonable tariffs.

Expansion of the Industries Department

The Madras Government have decided to appoint nine district industries officers and an assistant to the Director of Industries and Commerce to co-ordinate the work of these officers, in order to cope with the increasing work in the department. The main duties of the district officers will be firstly, to help in the administration of the various control orders in regard to prices, production and distribution and in respect of imports and exports, secondly to bring into being an organization equipped and prepared to assist demobilized soldiers to set up cottage industries, thirdly, to supervise, assist and guide the various cottage industries in the districts, fourthly, to collect and disseminate commercial and industrial intelligence and lastly, to help in the survey of industrial possibilities of the province which is an essential pre-requisite for post-war industrial planning.

Manufacture of Crockery

The Cottage Industries Committee in Mysore has approved the idea of starting a joint-stock company for the manufacture of crockery on a cottage industry basis. The Committee has also recommended to the Government that they might consider the question of handing over every successful cottage industry centre to private enterprise or to the artisans engaged in that centre by organizing them into a co-operative society, thereby encouraging the formation of Producers' Co-operative Societies.

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try as exercised by Government while addressing them last year. Up till then violent criticisms of Central Control were frequent and in fact they had been requested to use whatever influence the Association had to get control totally abolished. Mr Peel Yates declared: "I think, however, that generally speaking we must congratulate the Sugar Controller that sugar has usually been available in all main markets."

Distribution Of Sugar

Distribution of sugar, although generally speaking satisfactory, might be improved, and Mr. Peel Yates reiterated his last year's criticism regarding the selling of sugar to people who have little knowledge of the trade as was being done in many centres by District Magistrates. He cited a recent case where instructions were given to a sugar concern to sell a fairly large quantity to a local Hony. Magistrate. On the concern demanding the usual form of security and also endeavouring to tie up the deal in some legal shape of contract, they were sent a letter by the local authorities to state that dealing with such local friends made any formal form of contract totally unnecessary. This state of affairs might be all right so long as war lasts when there was a premium on any commodity. What would the fate be, Mr Peel Yates asked, of such loose trading if the war suddenly came to an end and values started to deflate. Another aspect of distribution that needed attention was the fact that unscrupulous dealers in many large towns where supplies were abundant had converted nearby centres into black markets. By enlargement of the circle of distribution to give direct supplies to more centres the possibility of large markets becoming feeders to black markets might be eliminated.

Central Control and Prices

Mr Peel Yates was still of the opinion that control on the industry instead of being super-imposed as at present should be organized by the industry from within but with some form of Central Control on top. This would enable general cohesion to exist throughout India and do away with any chance of one province being likely to take action which might appear discriminatory against another. Individual provincial control must eventually prove a failure, and Central Control should be extended, if possible with the aid of the industry itself.

Mr Peel Yates regarded the continuous raising of the price of cane with a certain amount of alarm. The more the agriculturist was paid for his cane the less was the incentive to obtain a large yield per acre. The yield per acre unfortunately had not materially improved over the last ten years, and Mr. Peel Yates felt that if India has to exist after the war as a sugar pro-

ducing country and not have to depend on high tariff walls, something drastic will have to be done to reduce and not to increase the price of cane. The obvious solution was to grow more per unit of land, but this would not be possible so long as the cultivator is able to sit back.

Cloth Merchants' Profits

All trading in cloth has come to a standstill following the Government of India's notification dated January 22, making certain amendments in their Cotton Cloth and Yarn Control Order limiting the percentage of profits to dealers within 100 miles of the place of manufacture and those outside this orbit to 4 and 10 per cent. above ex-mill prices, respectively. The percentage is obviously considered too small by the big dealers as it leaves a 10 per cent. gross over the ex-mill prices to the retailer while hitherto the latter had to be satisfied with far less. The wholesale dealers in Cawnpore have suspended all transactions pending further elucidation of the notification and according to a Press statement issued by the President of the Cawnpore Cloth Merchants' Association, the limits of profits set by the Government of India are impracticable and likely to encourage black marketing.

Labour Policy

The Government of India's labour policy was to encourage sound trade unionism, according to Mr. R. S. Nimbkar, Labour Welfare Adviser to the Government of India who was on a two-day visit to Cawnpore. Mr. Nimbkar spoke on the Labour Movement in India to the members of the International Club. He said that the Bill to ensure compulsory recognition of trade unions by employers was likely to have a salutary effect, when passed into law, for improving labour-employer relations.

Mr. Waters, Labour Adviser to the Government of India, who has been brought to India from the British Labour Ministry, also expressed similar views. He added that whereas the war had led to the stifling of the trade union movement in all other countries, it was not so in England. In all important matters of government the trade unions in the United Kingdom had a big hand. He hoped to place his experience at the disposal of the Government of India and that the lot of labour would improve as a result of the Indian Government's activities.

The local civil supplies authorities have convened a conference of the citizens and others interested in the matter to discuss measures for stricter enforcement of the provisions of the Hoarding and Profiteering Prevention Ordinance in Cawnpore. Mr. Fazle-Ilahi, Deputy Controller General of Civil Supplies is also to visit Cawnpore next week in that connection.

A DELHI DIARY

NEW DELHI, Feb. 3.

Members of the Central Legislature have been quick in seizing the opportunity offered by the publication of the Bombay plan for raising the question of industrialization. In the Council of State Mr. M. N. Dalal has tabled a resolution recommending the constitution of a consultative committee of the Central Legislature to advise the Government to rehabilitate the economic structure of the country. It is likely to be taken up on the very second day of the session and will give an opportunity to the Government to state their attitude towards the Bombay Plan. In some quarters it is felt that the resolution does not go far enough, for if a straight resolution is tabled commending the Bombay Plan to the Government's immediate attention and asking them to proceed on these lines it may be more helpful. I find from talks in New Delhi that there is no disposition in official circles to scoff at the plan or dismiss it as impracticable—as they were wont to do in the past—for they apparently realize that a plan which Indian businessmen and economists in general have welcomed as both workable and desirable will have to be given serious attention. What is needed at the moment is the pressure of public opinion. If it makes it felt in such a way as to force the Government of India to take up the plan as a basis for their own investigations and post-war schemes, something can yet be done to rouse the Government Departments from their present lethargy. For this reason at least the publication of the Bombay Plan on the eve of the Budget session must be regarded as particularly timely.

It is now possible to have an idea of the Government's legislative programme for the session. About ten Bills are likely to be taken up for consideration—mostly non-controversial. Of more than ordinary interest is the Bill to amend the Indian Companies Act which is intended to tighten provisions relating to the managing agency and the share structure of banking companies. It is proposed to set up a Central Coconut Committee, through a new Bill, and impose a small cess of Rs. 3-2-0 per ton of copra consumed by mills in order to provide the Committee with necessary funds. The estimated yield is about Rs. 3 lakhs which will be utilized for helping copra production. There has long been a feeling that if Indian production is speeded up and improved, there will be no need to be dependent on imports from Ceylon. The Defence Department is sponsoring a Bill to amend the Cantonments Act, firstly, to define the spheres of authority of new cantonment boards set up during the war and the local authorities who previously exercised jurisdiction in these areas, and secondly, to postpone general elections to cantonment boards for the war period. The Labour Department is credited with three measures—the payment of Wages Amending Bill, the Indian Factories Act Amending Bill and the Coal Mines Safety (Stowing) Act Amending Bill. The two latter are of a minor character, but the Payment of Wages Bill goes a little further and seeks to improve the definition of wages and clarify the position regarding deductions in order to remedy certain defects. The Commerce Department has also three Bills—the Insurance Bill, the Companies Bill and the Coffee Market Expansion Bill. The Insurance Bill seeks to exclude marine insurance policies from the scope of Section 46—the section dealing with the application of British Indian law to policies issued in

British India. Another minor Bill which stands in the name of the War Secretary enables the Government under the Indian Aircraft Act to frame rules in respect of licensing for transport services. So far as the Hindu Law Bill regarding marriage is concerned there will be merely a motion to keep it alive. If the Government have no other measures in view, they will have an easy time so far as the legislative programme is concerned, but there is reason to think that both the Railway Budget and the General Budget will provide ample scope for non-official criticism. It is now practically certain that Railway fares will be increased with effect from April next. Coming as it does with the announcement that the public will have to be prepared for drastic curtailment of train services, the proposed increases are bound to be assailed vigorously in the Assembly.

It is believed that the increase in railway fares may take the form of a further surcharge. So far, during the war, the only charge has been one anna in the Rupee, and this will probably be increased to four annas. The maximum surcharge will be levied in the case of the higher classes, but even third class fares are not likely to go untouched. From many commercial bodies there have already been protests against the proposed increase. It cannot be defended on either commercial or financial grounds. The Railways have not only been paying their way but contributed handsomely to general revenues. The very fact that during the last four years the Railways have been able to contribute as much as Rs. 80 crores seems to have persuaded the Government that Railway earnings offer a good source of indirect revenue and can be exploited more and more. Even this year the surplus is expected to be about Rs. 15 crores over and above the surplus of Rs. 40 crores shown last year. Evidently the official argument is that Railway travel is still comparatively cheap in this country and can bear the proposed surcharge on fares. Another favourite argument is that owing to the strain on Railway capacity it is now necessary to discourage passenger traffic. But those who argue in this manner are not only guilty of miscalculation but ignore the hardships which this increase will throw on the poorer classes of the public. Even an European-owned paper has been constrained to protest against the proposal and remarks: "It is our considered opinion that a further increase in fares will impose only additional financial hardship on civilians without materially bringing the relief sought by the authorities." It is the Government themselves who are responsible for the present strain on railway capacity, for it is due to Government traffic that there is the present congestion. If the Government Departments can take stringent measures to economize their own traffic and prevent waste, it will to some extent relieve the strain. And it is within the power of the Government themselves to take up the work of locomotive manufacture and thereby relieve the pressure on Railway plant and equipment. Mere increase in railway fares without any of these measures will neither reduce the traffic and relieve the strain on equipment. It will only increase the hardships of the travelling public who are already undergoing enormous difficulties. It is totally wrong to assume, as the Transport Member apparently thinks, that there is any luxury traffic among the ordinary civilian public.

ARGUS.

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NEWS PAGE

It is reported that the Transvaal Indian community in Johannesburg has formed an Indian Famine Relief Committee which has undertaken to raise £100,000 to assist starvation victims in India.

By a notification issued under the Hoarding and Profiteering Prevention Ordinance, articles sold for export have been exempted from the purview of the Ordinance.

Under the War Injuries (Compensation Insurance) Act, contractors, like ordinary employers, have to pay compensation to the workmen employed by them and are, therefore, required to take out a policy of insurance from the Central Government to cover all liabilities imposed on them by the Act, says a Press Note. The contract may be by lending or letting on hire, the services of workmen or executing some work for a principal employer. The War Injuries (Compensation Insurance) Act makes it clear that in all such cases the liabilities of the contractor cannot be transferred to the principal employer.

The Government of India have issued notifications prohibiting futures trading in the spices, viz., betelnuts, cardamoms, chillies, cinnamon, cloves, ginger, pepper, tumeric and nutmegs, and in copra. The prohibition came into effect after the close of business on February 2, 1944 and all contracts outstanding at the close of business on that date were to be closed out at a rate to be fixed by Government. By separate notifications forward contracts in these spices and in copra of specific qualities or types and under certain conditions are exempted from the prohibition.

The next conference of the International Labour Organization will probably be held at Philadelphia on April 20. In a memorandum it is explained that the governing body came to the conclusion that a profound change in the whole situation made it imperative that international consideration should be given to social problems that will arise during the last period of the war and after the close of hostilities and that the International Labour Organization should define its own future policy, its programme, its place and status.

With a view to preserving the limited stocks of imported wines and spirits and eliminating the possibility of their going into blackmarkets where they could be sold at uncontrolled prices, the Controller-General of Civil Supplies has passed an order authorizing the accredited agents of these wines to adopt a scheme of rationing in favour of their old and genuine customers and other retail dealers to utilize such rations to meet their demands.

The Coal Mines Labour Welfare Ordinance, 1944, extending to the whole of British India, was promulgated on January 31 to constitute a fund for financing activities to promote the welfare of labour employed in the coal mining industry. To create the fund, the Central Government will levy a cess on all coal and soft coke despatched by rail from collieries in British India, at a rate to be fixed from time to time by notification in the *Gazette of India* after consultation with an Advisory Committee. This duty will not be less than one anna and not more than four annas per ton. The duty will be collected, on behalf of the Central Government, by the Railway Administration by which coal or soft coke is carried.

The U.S. House of Representatives has appointed nine Republicans and nine Democrats to form a bipartisan committee, which will serve as a people's planning board to hasten the restoration of prosperity after the war. It is empowered to summon and interrogate representatives of Government, business, labour and others to ascertain the most advisable procedures and the facts on industrial reconversion, re-employment, foreign trade, public works, allocation of materials, and the post-war effect of existing laws.

According to notifications issued under the Hoarding and Profiteering Prevention Ordinance, the maximum prices chargeable by a dealer or producer have been fixed in respect of a number of varieties of wines and spirits, both imported and locally manufactured, and for certain specified varieties of arms and ammunition.

It is learned that a two-year plan for digging 100,000 wells in the North-West China will be put into execution beginning from next year. The objective of the plan is to improve irrigation in the great north-west and expenses for the first year have been fixed at 4,400,000 dollars.

The Report on the Condition of Indian in Mauritius, published recently (but written in 1940), says that the Indian population there is mainly poor working class and their grievances are purely economic. The principle of collective bargaining has been introduced for the settlement of industrial dispute, and it is hoped that the labourers' Industrial Associations will revive and become powerful organizations.

It has been clarified in a Press Note that sugar and gur, which are foodstuffs, have already been brought under the operation of the Hoarding and Profiteering Prevention Ordinance, with reference to limitation to three months of stocks that could be reasonably held by a consumer at any one time, under a Notification published in the *Gazette of India* dated December 4, 1943, which limited in this manner consumer stocks in respect of twenty-three commodities, including foodstuffs other than food grains.

Reverse Lend-Lease from India to the U.S. was estimated in June, 1943 at 56,900,000 dollars. This total comprised construction work valued at 31,413,000; petroleum products 13,127,000; military stores and equipment 5,421,000; transportation and communications 3,161,600 and subsistence 3,378,000. India also provided the United States armed forces with aviation gasoline, motor gasoline, lubricating oil and other petroleum products. In addition, the United States Army received from the Indian Government telephone and postal services, water, electric power, furnishings for buildings, clothing including mosquito nets and gas-proof outfits.

The fourth annual session of the All-India Manufacturers' Conference will be held at Nagpur on February 26 and 27. Sir M. Visvesvaraya will preside.

AGRICULTURE

Irrigation in India

By Mahesh Chand

I AM posing for this article the question, "In what directions should efforts be now made to provide better irrigation facilities in India?" The word 'now' may mean either the short period when the war is on or the long period to come. It will be better to take up the long period first and attempt an answer to the question. It will then be possible to point out which of the solutions should be adopted in the short period. The provision of irrigation facilities can take two forms. Firstly, more means for the supply of water may be provided. Secondly, efforts can be made to remove defects so as to decrease the loss of water from the available means of irrigation. So far as the provision of water supply is concerned, two methods can be adopted, namely, (1) construction of canals, wells and tanks, and (2) establishment of pumps to utilize the water of rivulets, streams and lakes which have hitherto remained unused. Of the three sources of the first method, the progress as regards canals has been very slow. It is estimated that 40 per cent. of the cultivated area requires artificial irrigation, that is, about 100 million acres. On the whole about 26 per cent. of the cultivated land is irrigated. Fourteen per cent., that is, about 35 million acres, still require to be irrigated. Now in 1878-79, the canal-irrigated area totalled 10 million acres. Sixty years later it was about 32.5 million. If this continues to be the pace of the progress, we will have to wait for another six or seven decades before the ideal position can be reached. There is yet another limitation. It is not possible to increase the number of canals. Sir Bernard Darley, after referring to the doubtful future projects of Haveli canal, Thal canal and Lower Sarda canal, concludes that "elsewhere all available river supplies have been fully utilized." Emphasis has, therefore, to be placed on the construction of wells and tanks. It does not, however, mean that there is no scope for the construction of certain minor canals. Also, all the canals are not being utilized to their full irrigating capacity: as examples of this one may mention the Sutlej Valley project, the Sarda canal, the Damodar canal and the Cauvery project.

It is true, that canals cannot be constructed in all parts of India. That is true also of the other two means of irrigation, namely, wells and tanks. Wells can be successfully constructed where there is available a good supply of water in the subsoil, especially in the submontane areas of the Punjab and on the eastern side of the Western Ghats, Eastern U.P., Southern Bihar, Western Bengal and the black cotton soil area. The subsoil water has not been fully utilized and in a permanent manner, partly because of financial and partly because of technical difficulties. The State can accord boring facilities and monetary aid in the form of *takavi* loans. In certain rocky tracts, for example in Bundelkhand, and even in general, deep boring is possible and desirable. Even in some of the canal irrigated tracts, especially in the United Provinces, wells are desirable to give greater security to the tiller of the soil. In Western U.P. wells have been neglected, and even given up, because of the advent of the canals; but the latter offer less security against famine than the wells. It does not seem to be economical, however, to raise water from deep levels by means of bullock power. Electric power is essential for successful operation. Fortunately, there is tremendous scope for the production of such power in the form of hydro-electricity: only about 2 per cent.

of the water resources of this country is being used for this purpose. The low demand for hydel power in certain areas is due to its higher cost to the consumer: this in turn is due to the high cost of distribution. The incidence of the cost of distribution can be decreased if more power is produced. It should not be argued that more power cannot be produced unless there is greater demand and that rates cannot be reduced unless the cost of production goes down. The rates should be reduced and more power should be produced.

As regards the tanks, they are of two classes: those that are at a low level and water has to be raised on to the fields, and those that are situated at higher levels and water can flow out into the fields by gravity. With the former the problem is not one of construction but of repair and reorganization. The second class of tanks has to be reconstructed in increasing numbers in the highlands and plateau. These may take the form of storage works supplying water through canals. A number of small tanks constructed on the slopes of hills will not only collect rain water flowing down but will also prevent the soil erosion caused by running rainwater. Where possible, tanks and reservoirs should be constructed beside the rivers and filled from the rivers during the rainy season. One serious difficulty with the tanks of the first kind is that it has become costly to raise water, but the water of the tank does not go unutilized. There are, however many streams, rivulets and lakes whose water does not serve the fields. The gulf between the water and the fields can be bridged by pumps. There are no doubt pumps like the screw, the persian wheel, etc., which can be worked without electricity but it is desirable to have electric-driven pumps. Establishment of such pumps is also desirable at the head of the inundation canals with a view to ensuring the supply of water even in the off-season.

Now for the defects and the losses involved in the existing system of irrigation. That inundation canals should be converted into perennial types has already been referred to. The next principal defect is the loss due to seepage and the wastage due to the water-rate system. It is estimated that 53 per cent. of the water supplied at the head of a canal is lost before the fields are reached. Whatever water does reach the fields is not most efficiently used. The experience of the sale of water by volume in the case of tube-wells shows that a cusec of water irrigates four to five acres of land while the corresponding figure for the canals is two to two and a half acres. This means that every cusec of water leaving the canal head can irrigate four times the area it irrigates at present, if the seepage can be reduced and water-rates modified. To render the beds and the sides of the canals and the channels impervious, treatment by sodium carbonate was mentioned by Sir John Russell in his report (1937). As regards the introduction of the system of sale of water by volume, the main arguments against it are, firstly, that the cultivators do not understand the equity of it and secondly, that suitable measuring instruments are not available. Surprising indeed! The cultivators can understand the principle of paying for the tubewell water by volume but not that of canal water. The attempt should have been made to supply water to some cultivators at the volume rate and demonstrate to their neighbours the economy made by

those cultivators. Plainly, the various departments concerned have little to claim in this regard. Similarly, it is regrettable that although the question of finding suitable measuring instruments was raised before the Royal Commission on Agriculture, the engineers have apparently not been successful in devising a suitable instrument during the last fifteen years. However, it is also necessary to improve the irrigation personnel. The criticism is levelled that they are untrained and are themselves not acquainted with the number, extent and time of waterings. They should, therefore, be given proper training.

In the case of wells the *kuchcha* ones should be converted into *pucca* wells and facilities should be accorded to strike a more permanent subsoil reservoir of water. Deep boring can be undertaken by irrigation societies and the Provincial Governments should make the boring appliances and advice available to the villagers and zamindars. Financial subsidies should also be granted for this purpose. Deep boring must be accompanied by the supply of electric power to make water-raising economical and the cost per unit of power to the consumer should and can be reduced to two to four pies.

There is also the problem of neglected tanks. Tanks still serve two per cent. of the cultivated land, and this when they have been grossly neglected. Most of them are silted up: some have been deliberately filled up and brought under the plough. The local bodies can well undertake to look after them. But to begin with, they cannot afford the funds needed. It is necessary that the local Governments should follow the examples of Madras and Mysore and set up a number of small bodies of officers who should visit the villages by rotation and set the tank system working on sound lines with the help of the villagers. The arrangement spreads the cost of reorganization over a number of years so that only a few thousands of rupees have to be provided in the annual budget. In Northern India where water has to be raised from the tanks the method of *dogla* is generally used. Two men raise water to a higher level with the help of a basket. As a pair of workers can raise the water only by about four feet, a number of *doglas* have to be employed to take the water to the fields. A complaint now made by the villagers is that while formerly a

set raised in a day water enough to irrigate three or four bighas, the efficiency has now been reduced to a fourth. The problem is, therefore, two-fold: to improve the system of raising water and to make the labourers work efficiently. Probably a piece-rate can solve the latter problem. The question of improving the water raising machines, including the *dhekli* and the screw should have been tackled by the irrigation and the agricultural departments. Where there is not an all-the-year demand for canal water, it should be, if possible, directed to the tanks. It may be also noted that the long period efforts should be preceded by a searching survey for water above and below the earth surface.

In the short period it is desirable that wells may be constructed and the *kuchcha* ones converted into *pucca*. Hydel power should be produced to the maximum capacity of the plants. If possible, new sources of water should be marshalled for installing new machines and for the installation of pumps to raise water from streams and rivulets. Full efforts should be made to avoid overdosage of water through proper guidance to the farmers. In order that many more cultivators may benefit by canal irrigation, the water rates should be lowered. Cultivators should not be charged for the use of canal channels to convey well water to their fields. Irrigation facilities should also be indirectly increased by reducing the demand for water. This would be effected if the farmers are induced to take to contour ploughing and the raising of small bunds at short distances across the slope of the fields; this will enable the land to absorb water to a greater extent and at the same time prevent the loss due to soil erosion.

University of Allahabad.

OFFICE OF THE CHIEF CONTROLLER OF IMPORTS, NEW DELHI.

Importers are informed that their applications for import licences for goods to be shipped in January-June, 1944 from the United Kingdom, North America, Australasia, South Africa, East Africa, Middle East, South America or the Persian Gulf should be submitted before the 15th March, 1944. Applications received after this date can only be considered if the circumstances are exceptional.

BOOK REVIEWS

DISTRICT INDUSTRIALIZATION DRIVE: By Sir M. Visveswaraya.

INDUSTRIES IN BOMBAY CITY:

THE RAYON INDUSTRY: POSSIBILITIES OF ITS ESTABLISHMENT IN INDIA.

Monographs of the All-India Manufacturers' Organization, Bombay.

These three pamphlets are evidence of the vigour and earnestness with which the All-India Manufacturers' Organization has set about its job of launching a country-wide industrial drive by means of extensive organization in town and country. Men of wealth, talent and initiative in each locality should come together, raise money, collect information, spread industrial enthusiasm and actually start new industries. Such bodies built up from the bottom and founded in the solid support of the people have achieved much in Japan and promise to do so in this country too. *District Industrialization Drive* outlines the practical steps to be taken to form the District Councils for the purpose and the methods of co-ordinating town and village committees with them. Practical hints for setting up new industries are also given.

Industries in Bombay City is full of interesting facts about the war-time changes in the industrial structure of Bombay. Figures of the total number of factories for 1940 and 1942 show that the textile factories increased from 182 to 208, and engineering firms from 304 to 384, although it by no means follows that great engineering and textile progress, quantitative or qualitative, has been made. Most of the engineering works are small scale and auxiliary. Among miscellaneous factories, beedi shops, shoe and leather factories and glassware show an increase, while among the textiles, accessories like bobbins, shuttles etc., and new lines such as mosquito nets and camouflage nets have grown. Interesting light is thrown on the structure of industrial location in the city of Bombay.

That the establishment of the Rayon Industry in this country is a commercial possibility is proved in the pamphlet *The Rayon Industry*. The rising imports of artificial silk yarn which amounted in 1939-40 to over 30 million lbs. and of rayon piecegoods, which totalled 29.6 million yards in 1938-39 indicate the domestic market. The raw material for rayon, which should have pure and white cellulose content, can be had in short staple cotton, or cotton linters, if the former is unsuitable, while the conversion of bamboo into pulp, and the utilization of bagasse, the waste by-product left after the sugarcane is crushed, also remain possibilities. The continuous supply of pure and plentiful water can easily be had. Ambernath near Bombay, Dehri-on-Sone in Bihar or a big town in Mysore State on the banks of the Cauvery are suggested as locations for further investigation. The supply of requisite power and chemicals will appear to be no serious impediment. Technical experts are required just for setting up the plant and need be retained only for a year or two. Eminent chemical technologists are available in this country and we can soon train our men for other skills. A plant with 10 tons of daily capacity will be of economical size and cater to about 20 per cent. of home demand. More plants can be installed in different centres to save freight, as home demand grows. The capital called for is just one crore of rupees. Success in starting it can be ensured by forming a corporation in which all the leading industrial groups of the country can participate. This will make for solidity, co-ordination, and avoidance of that overcrowding in one field of activity which has usually accompanied the success of a first venture in this country. This pamphlet offers a concrete and practical proposal to national industry.

WAR-TIME PRICES: By P. J. Thomas. Oxford Pamphlet on Indian Affairs No. 18, Oxford University Press.

Unlike other pamphlets in the series, *War-Time Prices* by Dr. P. J. Thomas is frankly propagandist. Its main purpose is only a stirring plea for saving. But this is supported by arguments often specious and sometimes contradictory. For example, the statement that "there is no disposition to fly from the rupee" and that "it is today a tower of strength much sought after in the neighbouring countries" (P. 9), cannot be reconciled with the statements that "not money but goods came to be hoarded" and "our rupee today fetches us hardly six annas (in value)" p. 24. How and in what sense the rupee is sought after in the neighbouring countries, is not made clear. The author has exhibited an excessive regard for the Government's point of view. "The war is fully financed by taxation and borrowing. Every rupee issued has against it gold or sterling securities." "Government took early and drastic action to prevent inflation. The rises were only the result of speculative dealings but fortunately these have been controlled and the rate of currency expansion has also slowed down greatly." In all the above not only is there no criticism (which has now become commonplace) about the method of financing British Government's war expenditure in India but on the other hand much wishful thinking is indulged in that the rate of currency expansion has slowed down.

In advocating saving, all kinds of arguments have been pressed into service without full awareness of their implications. "The rupee which gives us hardly six annas (value) today, is on the high road to appreciation and it is bound to grow into sixteen annas (if not more) after the war." Hence "save now" is the slogan. But what a degree of deflation it will involve does not seem to worry the writer. Again, to say that the rupee is today on the high road to appreciation is indulging in prophecy. We can only hope that the rise in prices has been definitely arrested and that even if the war lasts for another two years inflation will be held in check. More than that it will be dangerous to expect or hope. There are many other doubtful assumptions made by the writer, e.g. owing to the wide prevalence of small-scale production, high prices have benefited all the cultivators, whereas in reality the small peasant has no surplus to sell and the expenses of all items other than food have increased even more.

STATISTICS: THEORY AND PRACTICE: By Ghosh and Chaudhri Allahabad: 1943. The Indian Press, Limited. Pp. 508, Rs. 8.

The book under review represents a successful attempt at synthesising the theoretical and practical aspects of the statistical method as applied to social and economic problems.

The opening chapters of the book which deal with the historical aspect, the definition, function and importance of Statistics are quite interesting and are obviously intended for the beginner. The chapters on statistical enquiries and units, collection of data, editing and classification and tabulation are exhaustive and leave nothing to be desired.

Of the twenty chapters in the publication seven are concerned with statistical technique. There are individual chapters on Statistical Averages, Dispersion and Skewness, Index Number Theory, Analysis of Time Series, Correlation, Association of Attributes, Interpolation and Forecasting. All these chapters follow traditional lines and call for little comment but one may point out that the conception of association as between attributes is no doubt of some importance in vital statistics but is of limited interest in the social and economic field. A separate chapter on simple curve fitting by the least squares method is the solitary omission in the book.

The chapter on "Simple Derivatives" which deals with rates, ratios, and percentages may with advantage be made a little more concise. Statements of the type (*vide* P. 105) "*then we shall say that the price of a commodity increased in the ratio of 100:110 rather than that it increased 10%*" are in general of doubtful utility.

Two of the best chapters of the book are entitled *Statistical material in India* and *Indian and Foreign Index Numbers*. The criticisms offered in these chapters on official statistics are based largely on what appeared recently in certain official publications themselves and are of great value nevertheless.

The most useful chapter of the book is the last which warns the student of the dangers attending on an indiscriminate use of statistical measures. The many useful appendices and the mathematical tables given at the end should also be mentioned.

In conclusion it can be stated that the authors have succeeded in producing a "Mills" for Indian students and have gone one better by including a large number of exercises at the end of each chapter.

KATHIAWAR ECONOMICS. By A. B. Trivedi. The Author, Khalsa College, Bombay 19, 1943. Pp. 384, Price Rs. 10.

This is a comprehensive survey of Kathiawar's economic organization. In the earlier chapters Prof. Trivedi outlines the natural wealth of the region and the occupational distribution of the population. Writing on agriculture he points out that tenancy

reform in the Kathiawar States is overdue. The cultivators in these States, except in a few like Gondal and Bhavnagar, are merely tenants-at-will and their occupancy rights have no permanency and they do not enjoy any proprietary rights such as mortgage, alienation etc. Among the industries of the region cement deserves special mention as the manufacture of cement in India began with the establishment of the Indian Cement Company at Porbandar in 1914. But the industry that is especial to the region is salt manufacture, and the author has given a brief account of the conflict of interests between the Central and State Governments over this industry in Kathiawar.

The inter-State tariffs that are proving detrimental to the interests of the region's industry and trade and the long-drawn politics between the Central and State Governments on the subject of maritime traffic and customs revenue in the region are the subjects of two informative chapters. After discussing the deviation of imports from Bombay and Karachi to the Kathiawar ports on account of the widespread system of rebates allowed by the latter which were in effect subsidized ports, and the consequent imposition of the Customs Cordon by the Government of India, Prof. Trivedi pleads for the abolition of the Cordon as it is an unfair imposition on the region.

The small scale industries and the industrial scope of the region are surveyed in the concluding chapters. and a number of tables giving valuable statistical information have been incorporated at the end of the book.

Rs. 7 lakhs of reserve built up for the first time in the history of the mills which includes Rs. 1 lakh as reserve for fluctuations in the value of raw materials and stores. And in spite of the closing of the plant for about 23 days during the year due to lack of coal, huge profits were made and equity earnings have increased from 16.1 to 40.7 per cent. Against a gross block of Rs. 38.31 lakhs, depreciation provided so far amounted to Rs. 13.57 lakhs, leaving a net block of Rs. 24.74 lakhs only. The other easily marketable assets of the mills amounted to Rs. 20.48 lakhs to meet the public liabilities of Rs. 20.12 lakhs. The capital is Rs. 25 lakhs and reserves set apart during the year formed about 28% of capital. The Rs. 10 paid-up share of the mills is quoting nowadays round about Rs. 32 which yields a return of about 4%. It is gratifying to note that the Company which had been burdened with a heavy financial liability in the shape of a loan of over Rs. 12 lakhs was able to discharge the entire debt during the period under review.

THE INDO-COMMERCIAL BANK LTD.

The Directors' Twenty-second Report and the Statement of Accounts for the year ended 31st December 1943, of the Indo-Commercial Bank Ltd. (Chairman: Mr. T. R. Venkatarama Sastri) record the cheerful position of the Bank's finances and its sound working. The net profit for the year under review, including a small amount brought forward from last year after appropriation, amounts to Rs. 2,82,589-11-2. The amount is to be disbursed in two parts. In the first part a sum of Rs. 56,236-8-6 has been taken up for *ad interim* dividends at 6 per cent. per annum (free of income tax) on A, B and C shares. A sum of Rs. 30,000 has been provided for income tax and another sum of Rs. 5,000 is to be placed in the investment reserve. In the second part it is proposed to utilize Rs. 56,241-15-7 for the payment of final dividends at 6 per cent. per annum (free of income tax) on A, B and C shares. Rs. 1,00,000 will go to the general reserve fund and Rs. 30,000 is proposed to be allotted for income tax and super tax. The balance of Rs. 5,111-3-1 is to be carried forward.

LETTER TO THE EDITOR

The Mica Industry

SIR,—In your issue of January 7, your Bihar correspondent has referred in such a manner to the memorandum recently presented by my Association to the Governor of Bihar as possibly to give quite a wrong impression both of the serious problems faced by Government with respect to the Bihar mica-field and its mica mining industry, and of the attitude of my Association towards them.

There is no question of bigger or smaller or entrenched interests, or of trying to make honest local enterprise difficult. But there is a very serious question of saving the Bihar mica-field, one of India's least known but greatest national assets, from the depredations of mica thieves and from ignorant destruction at the hands of the incompetent and unqualified. This is not the exclusive opinion of the responsible mica miners of Bihar; it is actually the opinion originally advanced by qualified mining engineers and geologists in the service of the Indian and Provincial Governments. It is therefore with them that laymen should argue their case, if they think they have one worth the effort.

The plain truth is that the Bihar mica-field, with its mica industry supporting directly or indirectly not less than 5 lakhs of Biharis of the peasant class, is being systematically wrecked by thieves and receivers. Government have themselves acknowledged the widespread existence of mica thieving and mica piracy, as witness the Mica Act of 1930, which was unfortunately a fundamentally unsound, and therefore an unsuccessful, attempt to suppress thieving and piracy. What Government overlooked is that, in an industry dealing with a semi-precious mineral produced from mines scattered over an unpatrollable area of 1,500 square miles from which thieves could with ease and impunity, and especially at night, transport headloads worth anywhere up to several thousands of rupees, there has to be a severe restriction on the right to deal in mica, just as the Governments of various South African countries have discovered a similar necessity in respect to their gold and diamonds. It is not therefore simply a question of whether a dealer is honest or dishonest, but whether the presence in the industry of an unjustifiable number of dealers, even if all honest, does not offer far too large a market for illicit mica and therefore encourage thieving beyond all reason.

The necessity for protecting the Bihar mica mining industry against this growing cancer arises from several factors, not the least important of which is that mica mining is now a highly mechanized operation requiring the certitude of at least a nominal profit if it is to attract the capital required for its mechanization. The extent to which mechanization makes possible the employment of hundreds of thousands of

Bihari peasants in and around the mica-field can best be judged by the fact that not less than 90 per cent. of the honest mica produced in Bihar comes from the mechanized mines of a very few operators. If then the thieves are to be allowed to steal these operators into bankruptcy (a large number of reputable firms already have had to quit the mica mining business because of theft during the past twenty years), who is going to provide the mechanical equipment and organization necessary for the continued employment of so many Biharis? Does Government care, as a remedy, to nationalize the industry and operate it as a state-controlled monopoly? If so, that would offer a welcome relief to quite a number of investors in the Bihar mica-field.

The extent to which mica thieving is ruining this industry can best be judged by comparing production with export figures,—a comparison which, after allowing for non-Bihar mica, leaves 40 per cent. unaccounted for unless it be illicit mica; and since thieves naturally steal the cream, the illicit mica trade deprives the responsible mechanized mica mine operators of a substantial portion of the income to which they are entitled after paying rents, cost of machinery, labour, etc., and which they must have if they are to continue to function.

Moreover, since stolen mica costs the thief nothing to produce, it can be and is sold at a price, the legitimate producers cannot economically meet, with the result that the foreign market value of Bihar mica is senselessly depressed, at the expense of everybody except the thieves, receivers and foreign consumers. And lastly, the remaining surface indications of the Bihar mica-field by which alone can new mines be discovered, are being rapidly and systematically destroyed by thieves and surface-scratchers. Unless this destruction is stopped, what chance of survival has this industry on the basis of providing a livelihood for the 5 lakhs of Biharis now directly or indirectly dependent upon it? Geologists and mining engineers take a very gloomy view of this situation and tell us they can already clearly see the beginning of the end of an industry which should, if properly conserved, continue far into the distant future.

Unfortunately, the mass of the Bihari mica *ma-doo*rs are illiterate and easily influenced against their basic interests by self-interested agitators posing as their well-wishers and employing deceptive propaganda. It remains therefore for Government to investigate the chaotic conditions under which this industry operates and to formulate measures appropriate to its protection and to the conservation of this great national asset. The problem in a nutshell is whether the legitimate interests of 5 lakhs of Biharis shall be sacrificed to the illegitimate interests of a few hundreds of thieves and receivers, or vice versa.

Yours, etc.

HONY. SECRETARY

Kodarma Mica Mining Association

American Survey

The League of Nations Economic and Financial Committees, meeting at Princeton, U.S.A., on December 6 and 7, emphasized as of cardinal importance "that governments should formulate, as rapidly as possible, joint policies...for the immediate post-war period to establish an international system of maximum trade with rising living standards and the fullest employment of economic resources in all countries, unhampered by unduly high tariffs, exchange controls, and quantitative trade restrictions." They urged that in the immediate post-war period while government controls are still in force, vested interests in the maintenance of these controls should not be allowed to develop and that governments should refrain from increasing their tariffs as the counterpart to relaxing trade controls. After the last world war and during the greater part of the inter-war period, these League Committees were mainly engaged in preparing for inter-governmental action in matters of trade and financial reconstruction policy and in promoting aims similar to those which the United Nations are now pledged to pursue. They decided to prepare for consideration at their next meeting a full report drawing the lessons from their past experience regarding trade policy, and, at a later meeting, a parallel report dealing with financial questions. The Committees welcomed the resolution providing for close co-operation between U.N.R.R.A. and the League's technical services which was adopted at the Atlantic City Conference and decided that the fullest possible help should be offered by the League services to U.N.R.R.A., the Interim Commission on Food and Agriculture, and such other inter-governmental agencies as may be created. Certain important problems of post-war monetary policy and foreign investment are discussed by the Committees in the report on this Princeton meeting, which will be issued shortly. On the problem of future foreign investment, special attention was directed to the establishment of conditions which would satisfy both borrowers and lenders and it was proposed to set up a special sub-committee to study and report on this problem.

Social Security

The war has deepened the desire of the American people for a greater measure of social security than they possessed before, reports the U.S.O.W.I. In America the Great Depression led to certain constructive counter measures, including the enactment of a compulsory programme of social insurance against the loss of workers' incomes due to unemployment, death or old age. But the original programme did not apply to all industrial and business workers and excluded from its benefits those employed in agriculture. There is now sentiment for correcting these omissions. In her annual report on January 8, the Secretary of Labour, Frances Perkins, advocated the extension of the Social Security Act to all workers as well as discharged war veterans. On January 10, addressing a Conference on Social Security in Washington, the president of the traditionally conservative U.S. Chamber of Commerce, Eric Johnston, defended the principle of social insurance.

That Mr. Johnston speaks for an important segment of American business when he talks of workers' security is shown in the variety of plans put forth by various enterprises. The Gallowhur Chemical Company of Windsor, Vermont, last month pledged that after the war its workers will share in the company's net profits, will have free insurance, hospitalization and retirement benefits, and that a 25 per cent. increase in personnel will be selected from among veterans. This drift also is apparent on the level of state and local

government where there is a strong impulse towards assuming more responsibility for solving economic issues. The Governor of the State of Connecticut, Raymond S. Baldwin, on January 5 told an audience that the needs of all peoples after the war can be summed up as "peace and a job." To the end of stimulating private enterprise towards providing full employment after the war, Governor Baldwin said that Connecticut's Post-war Planning Board is now co-ordinating the plans of State, city and town governments, civic groups, business, industry, agriculture and labour. Connecticut manufacturers are getting ready to bring out new products for the post-war trade. Expansion in new fields such as electronics promises "truly tremendous" job opportunities.

Co-operative Reconstruction

The International Conference on Co-operative Reconstruction, at its session last month adopted a twelve-point programme for a world co-operative movement. Among the points embraced by the programme are the following: To establish as soon as possible an international co-operative trading and manufacturing association, beginning with two divisions, food and petroleum, and to establish, when conditions warrant, an international co-operative bank. To request the United Nations Relief and Rehabilitation Administration to create a central fund for making loans to co-operatives in victim countries for rebuilding and repairing their physical facilities and replacing their inventories. To seek additional curbs on cartels and such international monopolies as benefit private enterprise at the expense of the consumer, at least until co-operative commerce is strong enough to provide an effective check to such business practices.

To expand international co-operative business between the various national co-operative movements, both of consumers and producers. To work closely with producer and marketing co-operatives to the end that goods may be moved directly from such types to and through consumer purchasing co-operatives, and with a view to raising the levels of nutrition and standards of living and health for all people. To insist upon the application of co-operative principles in the ownership, development and distribution of the natural resources of the world and in the organization of international commerce for their distribution.

Civilian Shortages

In the past week the government has taken several steps either to accustom the public to getting along on less or else to mitigate the effects of certain shortages before they become severe enough to impede the prosecution of the war. Some communities on the Atlantic seaboard reported that their coal bins were empty and that some dealers were without supplies because the unsatisfactory price ceilings during the summer prevented them from stocking coal when it was available. In order to divert coal to these areas, Secretary of the Interior Harold L. Ickes prohibited shipments of anthracite, or hard, coal to the West and promised dealers plentiful supplies of bituminous, or soft, coal if their customers can be persuaded to use it. The war has also affected the fishing industry in New England as many crews are in the armed services and the Navy has taken a number of the best vessels. At the same time the war has sharply increased the demand for fish as a substitute for expensive meat. Fishermen are contending that the OPA ceiling prices have hit them too heavily and asking fair adjustment. Their complaint is now being considered. As one step in alleviating the paper pulp shortage, the War Production Board has restricted the nation's 2,500 publishers of magazines and other periodicals to a 1944 supply

of 75 per cent. the amount of paper used last year."

The War Production Board gave assurance this week that allotments of materials will be made for the manufacture of some urgently needed civilian articles. Among the shortages to be eased are those in electric irons, bath tubs, radio tubes, ice refrigerators, razors, razor blades and children's clothing. Fat men are still faced with the problem of replacing their worn-out clothing. Outsize ready-to-wear garments are normally produced in limited quantities and the highly skilled labour needed for cutting the clothing is not being diverted for the purpose of cutting small quantities of large sizes. It is announced that government experts recently perfected a method of treating leather with hot wax, thus increasing the wearing quality of shoes by 40 per cent. The WPB is attempting to persuade manufacturers to use this method in the manufacture of civilian shoes, since the biggest improvement was noted in treating low-grade leathers—the qualities now used in most civilian shoes.

Wage Policies

George W. Taylor, Vice Chairman of the War Labour Board, addressing a meeting of the American Economic Association discussed what wage policies and programmes are likely to develop in America after the war. He said that pre-war wage regulation consisted primarily of first, encouragement of collective bargaining, secondly, specification of minimum hourly rates to correct substandards in living and thirdly, specific regulations to meet particular problems of certain industries. Despite the necessity of stabilising wages in order to prevent inflation, Taylor said that collective bargaining has been "materially strengthened as a democratic institution during the first two years of war. The 'maintenance of member-

ship clause' evolved by the War Labour Board has not only settled the serious question of union status for the war period, but has insured that collective bargaining would be preserved despite the war and economic regulations. It is hoped that collective bargaining will be an institution sufficiently strong to carry a major part in the post-war industrial relations programme. If this is so, extensive wage regulation may be unnecessary after the war." Taylor added that if it is to attain "the fundamental position assigned to it, collective bargaining must be developed with full consideration of the ways of achieving high, secure wages for employees, reasonable profits for employers and a relatively low cost for consumers."

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CLEANINGS

FINANCING THE RED CROSS

This week (January 30 to February 5) is being observed as a Red Cross Week to raise money to carry further the great humanitarian work of the Indian Red Cross. Since 1939 the expenses of the Indian Red Cross and St. John have grown from under Rs. 5 lakhs in that year to Rs. 15 crores in the year 1943. When the first Great War broke out, what is loosely termed Red Cross work was undertaken in India and Mesopotamia by the St. John Ambulance Association, and by a number of provincial organizations working on independent lines. From August, 1916, the central work was taken over by the Indian Branch of the Joint War Committee of the Order of St. John of Jerusalem and the British Red Cross Society. The final report of that Committee shows that up to June, its total receipts amounted to Rs. 1,77,85,716 of which some Rs. 17 lakhs had been contributed by the British Red Cross Society. It had spent about Rs. 67 lakhs in Mesopotamia, Rs. 9 lakhs on the Afghan War and Waziristan Expedition; in Mesopotamia and India combined it had spent on Red Cross objects in all about Rs. 117 lakhs. It closed its career in June, 1920. A Bill to constitute an Indian Red Cross Society was introduced in the Imperial Legislative Council in March 1920, and duly passed into law as Act XV of 1920. This Act handed over the balance of the Joint War Committee to the new Society, and authorized it not only to direct the utilization for war purposes of the capital funds at its disposal, but also to devote the interest, as far as possible, for civil purposes.

The operations of the Joint War Committee of the first World War were brought to a close in June, 1920, with a capital investment of the face value of Rs. 56,33,000 and Rs. 8,01,500-8-6 in floating and fixed deposit accounts. The Society has since invested further funds in various securities and its finances at the end of December, 1941, stood at a capital investment of the face value of approximately Rs. 76¾ lakhs. The income derived from the capital of the Society (which is Rs. 3 lakhs at present), after providing for certain liabilities of the Central Society, is distributable under the Act to the Provincial Branches in proportion to their contributions to the Central "Our Day" Fund.

The Indian Red Cross and St. John is almost entirely dependant for its services on the generosity of the people of India. In 1942, "direct receipts from the public, although thrice those of 1941, are still disappointingly small; even taken together with the collection transferred from Provincial and State branches, they form only one-fifth of the aggregate income of the year." The Appeal Fund had an opening balance of Rs. 3,00,066; received during the year Rs. 51,74,224 consisting of Rs. 34,50,000 under the Provisional Guarantee scheme, Rs. 6,66,667 from the British Joint War Organization, Rs. 2,47,827 from branches, Rs. 8,05,567 from the public and Rs. 4,613 in interest. However, in the year 1943, from a publicity drive culminating in Red Cross Week in March, a sum of over Rs. 1,14,55,294 has been received.

BRITISH WHOLESALE PRICES

The level of wholesale prices in general in 1943 remained more or less stable for the third successive year, writes *The Times* City Editor. According to the *Board of Trade Journal*, the official index was 163.4 (the average of 1930 equals 100) or 1.3 per cent. higher than the year earlier, following rises of 3.4 per cent. in 1942 and 4.9 per cent. in 1941. Most of the rise of 66.5 per cent. since the outbreak of the war took place during the first 16 months to the end of 1941, when higher costs of imported raw materials, partly through higher transport charges owing to the deviation from established shipping, were reflected in prices. Subsequent stability was mainly the result of Government controls and subsidies, although there was no lack of changes in the past year; 70 rises and 28 falls were recorded, some of them considerable, but they largely cancelled each other out.

One interesting point was that "food and tobacco" (including cereals) last year showed a decline (a small one of 0.5 per cent.) for the first time since the outbreak of the war. Reduction in the controlled price of malting barley was the main factor, a partial offset being the budgetary increase in tobacco. Since August, 1939, the increase in basic material prices (88 per cent.) has been much larger than in those of intermediate products (65.7 per cent.) or of manufactured articles (44 per cent.).

U.S. SILVER STOCKS

Two points that emerge from the silver review for 1943 of Messrs. Handy and Harman, the New York bullion brokers, are a further expansion in U.S. consumption and a decline in stocks—the first decrease since the silver purchase programme was launched in 1943—writes *The Times* City Editor. The fall in stocks was presumably due largely to the operation of the Green Law, by which the U.S. Treasury was enabled to sell as well as lease its silver to U.S. war industries. Consumption of silver is estimated at 125,000,000 ounces, a rise of 10,000,000 ounces over the 1942 figure, which was the previous peak. As to the extension of the use of silver in war industry, the review refers to the employment of larger quantities in the making of aeroplane engine bearings and contacts and other electrical parts, and in silver brazing alloys. There was also considerable increase in the production of silver-lead solders in the place of lead-tin solders normally used in the canning industry.

It will be interesting to see, proceeds the City Editor, if the more satisfactory position in regard to copper supplies will have any influence on the substitution of silver for copper for war purposes. Usual production estimates are this time limited to four of the largest producing countries—the U.S., Canada, Mexico and Peru. Of these, both the U.S. (44,500,000 ounces against 54,000,000 ounces in 1942) and Canada (18,500,000 ounces against 22,300,000 ounces) produced less silver last year. The Mexican output is estimated to have risen from 74,000,000 ounces in 1942 to 87,000,000 ounces, and the Peruvian to have remained unchanged at 16,000,000 ounces.

COMMODITY MARKETS

BOMBAY, Jan. 29.

(From Our Correspondents)

Seeds

Groundnuts. An appeal to Government to allow the reopening of Futures trading in oilseeds was made by the President of the Seed Traders' Association at a meeting held in Bombay. Ever since the closing of the hedge market the prices of groundnuts and other oilseeds had been declining and the President felt that this downturn would continue unless hedge facilities are restored. The groundnut crop especially was a bumper one this year and in the absence of hedge protection, a steep decline in prices might result when the marketing of this crop was at its peak, thus putting the grower to a loss.

Regarding business in groundnut during the week, the Ministry of Food have bought a small quantity at ₹33-2-6. In the local market business in Bombay Bold was done for January-February at Rs. 14-7 and for February-March also at the same rate. Business in Khandesh quality was done up to Rs. 15-1 for February-March and at Rs. 15-1-6 for March-April, while Madras-Mormugao was sold for January-February at between Rs. 15-9 and Rs. 15-8 and February-March at between Rs. 15-6 and Rs. 15-5.

As crushers have large stocks, it is expected that they will not come in the market for a long time.

Oil Quotations

Groundnut oil ready	Rs. 8 8 0 per qr.
Groundnut oil February	Rs. 8 10 6 "
Ground oil March	Rs. 8 13 0 "
Copra oil	Rs. 10 6 0 "
Linseed oil	Rs. 9 12 0 "
Castorseed oil	Rs. 12 0 0 "

Cloth

In response to the complaints of the dealers in upcountry markets that dealers in the early stages of distribution of cloth were appropriating more than a fair share of the profit margin from the 20 per cent. allowed between the ex-mill price and the final retail price, the Textile Commissioner, Bombay, has laid down certain rules to ensure that the retailer will be in a position to secure his supplies at a price which will leave him a gross margin of 10 per cent. Henceforward any sale within 100 miles of the manufacturing mill may not be at a price ex-godown or f.o.r. station of despatch exceeding by more than 4 per cent. of the ex-mill price. Further, no dealer may buy or sell except to a consumer at a price ex-godown or f.o.r. station or despatch exceeding 10 per cent over the ex-mill price. This is a very welcome move by the authorities in so far as the sharing of the 20 per cent profit margin was causing a lot of bitterness of heart burning.

In the piecegoods market a much more encouraging tone was noticeable, the improvement reported last week being maintained. Consuming centres have started slowly to operate, Calcutta, Delhi, Cawnpore and Malwa markets being fairly active. Local buying as well as buying for export is reported. Business in plain and fancy coatings has been done particularly for Australia. Leopard cloth ruled from steady to a little firmer. The quotation for this cloth in 35" is Rs. 2-1 a lb.

Cotton

The Futures market fluctuated within very narrow range though the undertone was firm. I.C.C. March closed at Rs. 470. In the spot market, dull conditions were noticed except on the last two days of the week when mills came in to buy. The quotations for the principal varieties are:

Sind NT February delivery	Rs. 625
Punjab 289F R. G.	Rs. 665

Punjab 289F S. G. Rs. 740
Fine Berar Jarilla Rs. 3 to Rs. 4 on I.C.C.

In the foreign section, demand for E. Africans continues, the quotation for Busoga being Rs. 1050 and Mwanza Rs. 900.

Regarding Egyptians, the Control authorities in India have been obliged to follow the rise in prices in the Alexandria market as otherwise, no business would have been possible.

MADRAS, January 28, 1944.

Groundnuts

A good deal of confusion prevails in the Madras groundnuts market. It was stated last week that the Government have declined to raise the target figure for exports to the British Ministry of Food but actually purchasers have already excluded their allotted quota and therefore the position is now obscure, particularly when deliveries would be made. There is uncertainty as regards even the allowed stocks, whether this quota is for all-India or for Madras Province only. A further factor has been the reluctance of the local Export Trade Controller not to allow shipments above a certain quantity. Possibly in order to make adjustments in the exports, the Board of Revenue has called for purchase details in this province against sales to the Ministry from exporters (Indians only) who hold permits to export from Goa. In the circumstances, everything is uncertain and exporters have not made any important purchases over the week. The Ministry is reported to have bought small quantities at ₹33-2-6 for shipment from the West Coast. Locally a nervous tendency prevailed in the market with a sharp decline in the limits of offices to Rs. 68-8. There were small purchases for Calcutta but as the quota for Bengal is very nearly complete, the temporary steadiness in this section is only apparent and not real. Already some important exporters to Bengal have withdrawn from the market. It is reported that a big party holding permit for exports to Bengal has sold the permit for a handsome profit. Arrivals were fair during the week but stocks in the upcountry centres are reported to be heavy. According to official figures, the area sown with groundnut in the province in 1943 is estimated at 3,445,600 acres. The estimated area for this year is less than the average area of 3,695,410 acres by 6.8 per cent. The seasonal factor as a whole works out to 89 per cent. as against 77 per cent. in the previous year. On this basis, the yield is expected to be 1,538,200 tons of unshelled nuts as against 1,304,180 tons in the previous year, representing an increase of 17.9 per cent. In this connection, it should be recorded here that the yield in an average year has been estimated at 1,709,130 tons. There was very good demand for groundnut oil from Bengal and a large volume of business has been done. It is on account of this demand that the quotation has risen by Rs. 2 to Rs. 167. Cake continued to meet with good demand.

Piecegoods

The piecegoods market remained steady with good demand from consuming centres but in the absence of large stocks, very little business has transpired. The ceiling prices of many lines of North Indian mills have not been available here and this coupled with the difficulties of margin of profit in negotiating business with the mills through their agents has reduced the volume of business done and hence arrivals have been poor. Even the published prices have not been gazetted giving the official sanction. In regard to stamping of unstamped goods, the progress has been disappointing in the Presidency.

CURRENT STATISTICS

BANK OF ENGLAND				
(000's omitted)				
	Jan. 19 1944	Jan. 12, 1944	Jan. 20, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion ..	874	884	5,902	263,700
Public Deposits ..	11,000	11,900	9,500	31,100
Other Deposits ..	230,000	242,200	229,900	129,100
Of which Bankers' Deposits ..	177,000	188,200	168,600	90,100
Govt. Securities ..	204,000	224,500	190,500	113,100
Other Securities ..	16,000	15,900	20,600	31,000
Of which Dis- counts and Ad- vances ..	4,800	6,100	4,700	6,400
Notes and coins ..	33,500	25,600	41,500	34,200
Notes in Circula- tion ..	1,067,400	1,075,300	909,400	529,500
Ratio of Reserve to Liabilities ..	13.89%	10.06%	17.30%	21.33%

U.S. FEDERAL RESERVE BOARD				
(000's omitted)				
	Jan. 20, 1944	Jan. 13, 1944	Jan. 21, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves ..	20,120,000	20,115,000	20,959,000	14,660,610
Total Bills Dis- counted ..	41,000	47,000	10,000	6,190
Bills bought in open market ..	..	..	..	550
Total U. S. Gov- ernment Secur- ities ..	11,913,000	11,855,000	5,818,000	2,426,190
Federal Reserve Notes in actual Circulation ..	16,906,000	16,896,000	12,118,000	4,609,280
Deposits — Mem- ber Bank Re- serve Account ..	13,014,000	12,801,000	13,156,000	10,951,000
Ratio of total Re- serve to Deposit and Federal Re- serve Note- liabilities combined ..	62.3%	62.5%	77.7%	86.9%

RESERVE BANK OF INDIA		
Weekly Statement of Accounts as on January 21, 1944.		
ISSUE DEPARTMENT		
	Rs.	Rs.
Liabilities		
Notes held in the Banking Department ..	8,54,75,000	
Notes in circulation ..	854,33,31,000	
Total Notes Issued ..		862,88,06,000
Total Liabilities ..		862,88,06,000
Assets		
A. Gold Coin and Bullion:—		
(a) Held in India ..	44,41,43,000	
(b) Held outside India ..		
Sterling Securities ..	744,83,96,000	
Total of A ..		789,25,39,000
B. Rupee Coin ..		15,29,94,000
Government of India Ru- pee Securities ..		58,32,73,000
Internal Bills of Exchange and other commercial Paper ..		..
Total Assets ..		862,88,06,000

Ratio of total of A to Liabilities 91.467 per cent.

BANKING DEPARTMENT		
	Rs.	Rs.
Liabilities		
Capital paid-up ..	..	5,00,00,000
Reserve Fund ..	..	5,00,00,000
Deposits:—		
(a) Government		
(1) Central Government of India ..	..	39,74,80,000
(2) Government of Burma ..	..	79,88,000
(3) Other Government Accounts ..	..	15,06,58,000
(b) Banks ..	..	74,70,34,000
(c) Others ..	..	4,82,35,000
Bills Payable ..	..	3,65,96,000
Other Liabilities ..	..	11,66,69,000
Rs. ..		160,46,58,000

Assets		Rs.
Notes	..	8,54,75,000
Rupee Coin ..	..	23,97,000
Subsidiary Coin ..	..	1,43,000
Bills Purchased and Discounted:—		
(a) Internal ..	..	..
(b) External ..	..	..
(c) Government Treasury Bills ..	..	3,43,71,000
Balances held abroad* ..	..	135,98,51,000
Loans and Advances to Governments ..	..	1,07,00,000
Other Loans and Advances ..	..	..
Investments ..	..	7,81,81,000
Other Assets ..	..	3,35,40,000
Assets Rs. ..		160,46,58,000

* Includes Cash and Short term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	June 21, 1944	Jan. 14, 1944	Jan. 22, 1943	Sept 1, 1939
Held in the Bank- ing Dept. ..	8,54,75	10,25,42	14,44,02	35,04,49
In Circulation ..	8,54,33,31	8,52,89,39	5,99,72,83	1,82,13,17
Total Notes ..	8,62,88,06	8,63,14,81	6,05,16,85	2,17,17,66
A. Gold Coin and bullion ..	44,41,43	44,41,43	44,41,43	44,41,46
Sterling securi- ties ..	7,44,83,96	7,44,83,96	3,55,83,39	59,50,11
Total of A ..	7,89,25,39	7,89,25,39	4,00,24,82	1,03,91,57
B. Silver Coin ..	15,29,9	15,56,69	15,55,97	75,87,11
Rupee securities ..	58,32,73	58,32,73	1,89,36,06	37,38,98
Silver bullion un- der Coinage ..	..	..	..	..
Percentage of Re- serve to Liabi- lities ..	91.467	91.439	66.138	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	June 21, 1944	Jan. 14, 1944	Jan. 22, 1943	Sept 1, 1939
Cash ..	8,80,15	10,50,01	14,57,69	35,15,27
Balances held abroad ..	1,35,98,51	1,28,67,45	69,10,36	10,08,33
Investments ..	7,81,81	7,84,17	6,92,02	6,81,34
Bills discounted:—				
(a) Internal ..	..	..	..	..
(b) External ..	..	..	..	..
(c) Government of India Treas- ury Bills ..	3,43,71	3,43,71	1,74,70	1,15,67
Loans and Ad- vances to the Government ..	1,07,00	1,23,00	83,00	31,00
Deposits:—				
(a) Government ..	55,61,24	49,06,31	21,53,25	14,89,43
(b) Banks ..	74,70,34	73,38,54	51,47,70	26,91,43
(c) Others ..	4,82,35	9,05,17	4,42,92	1,24,37

STERLING PURCHASES

(000's of £)		
	Total Amount Purchased.	Average rate.
1943:—		
January ..	8,132	1sh. 6d.
February ..	11,070	1sh. 6d.
March ..	17,779	1sh. 6d.
April ..	9,219	1sh. 6d.
May ..	8,721	1sh. 6d.
June ..	6,338	1sh. 6d.
July ..	7,006	1sh. 6d.
August ..	8,546	1sh. 6d.
September ..	8,371	1sh. 6d.
October ..	8,947	1sh. 6d.
November ..	7,476	1sh. 6d.
December ..	9,573	1sh. 6d.

IMPERIAL BANK			
(In 000's of Rupees)			
	Jan. 14, 1944	Jan. 7, 1944	Jan. 15, 1943
Liabilities—			
Subscribed Capital ..	11,25,00	11,25,00	11,25,00
Capital paid-up ..	5,62,50	5,62,50	5,25,50
Reserve Fund ..	5,85,00	5,85,00	5,75,00
Fixed Deposits, Savings Bank, Current and other Accounts ..	212,09,06	213,26,78	166,16,82
Loans against securities per contra ..	..	..	..
Acceptances for Constituents ..	69,32	69,91	67,20
Sundries ..	224,25,83	225,44,19	178,21,52
Total ..	224,25,83	225,44,19	178,21,52
Assets—			
Government securities ..	131,39,75	133,99,60	118,00,56
Other authorised invest- ments ..	2,90,85	2,90,85	1,30,95
Loans ..	15,00,78	15,32,40	9,14,71
Cash credits ..	22,73,24	21,05,04	15,18,03
Bills Discounted and Pur- chased ..	4,21,78	4,36,20	2,88,68
Liabilities of Constituents for Acceptances per contra ..	..	..	..
Dead stock ..	1,69,60	1,69,40	1,74,01
Sundries ..	1,09,71	1,14,79	83,99
Bullion ..	..	..	..
Balances with other Banks ..	2,06,23	2,67,22	3,25,36
Cash in hand and with the Reserve Bank of India ..	43,13,94	42,58,60	25,85,23
Total ..	224,25,83	225,44,19	178,21,52

SCHEDULED BANKS
(Comparative Statement)

	21-1-44	14-1-44	22-1-43	1-9-39
Demand liabilities in India ..	501,71,14	505,38,61	350,02,98	134,36,49
Time liabilities in India ..	162,78,03	161,47,19	114,76,23	102,24,34
Cash in India ..	83,72,86	23,46,64	14,89,65	6,69,92
Balances with Re- serve Bank ..	74,55,13	71,82,28	50,96,97	25,17,19
Advances in In- dia ..	174,49,11	170,44,85	100,71,08	101,52,16
Bills discounted in India ..	7,33,28	7,39,87	2,82,42	3,57,29

TENDERS FOR TREASURY BILLS

(In thousands of rupees)					
Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter- mediates	Sold in favour of Issue Dept.
Sept. 7	18,85,25	8,00,00	0 13 9	..	3,72,75
" 10	14,91,25	8,00,00	0 13 4	..	3,54,00
" 21	15,84,25	8,00,00	0 13 5	..	3,48,00
" 28	20,10,75	8,00,00	0 13 6	..	4,79,50
Oct. 4	15,86,50	8,00,00	0 12 0	..	2,06,50
" 12	12,28,00	8,00,00	0 12 0	..	5,22,00
" 19	14,57,00	8,00,00	0 12 1	..	5,40,75
" 25	12,89,00	8,00,00	0 12 9	..	3,18,00
Nov. 2	10,70,50	8,00,00	0 13 8	..	3,19,00
" 9	9,14,50	8,00,00	0 13 8	..	1,68,00
" 16	13,20,50	8,00,00	0 13 8	..	18,100
" 23	10,71,25	8,00,00	0 13 0	..	3,47,25
" 30	11,13,50	8,00,00	0 12 11	..	1,45,00
Dec. 7	13,73,75	8,00,00	0 12 3	..	1,40,50
" 14	14,02,50	8,00,00	0 11 11	..	1,34,00
" 21	14,26,25	8,00,00	0 11 0	..	1,79,50
Jan. 4, '44	10,77,75	8,00,00	0 9 0	..	60,625
" 11	8,55,50	8,00,00	0 8 7	..	59,400
" 18	12,11,25	8,00,00	0 8 8	..	39,400
" 25	10,76,75	8,00,00	0 14 4	..	1,10,00

MATURITY OF TREASURY BILLS OUT-
STANDING ON 31ST DECEMBER, 1943.

Date of Maturity	Amount (000's of rupees)
Bills maturing on or before 31st December 1943 but not paid upto that date ..	..
2nd January 1944 ..	50
7th " " ..	8,00,00
15th " " ..	7,59,00
16th " " ..	41,00
22nd " " ..	7,38,50
23rd " " ..	61,50
27th " " ..	7,92,00
30th " " ..	8,00
5th February 1944 ..	7,83,75
6th " " ..	16,25
12th " " ..	5,52,25
13th February 1944 ..	47,75
19th " " ..	5,43,25
20th " " ..	56,75
26th " " ..	6,00,00
2nd March 1944 ..	25
3rd " " ..	5,99,75
8th " " ..	35,50
10th " " ..	5,19,75
11th " " ..	44,75
17th " " ..	5,99,00
18th " " ..	1,00
23rd " " ..	6,00,00
Total ..	82,00,50

COST OF LIVING AND PRICES ABROAD

Countries	Wholesale prices	Cost of living	Countries	Wholesale prices	Cost of living
Canada ..	137	118	New Zealand ..	145	116
United States ..	135	124	Australia ..	139	124
Peru ..	205	144	United King- dom ..	166	130
Argentina ..	198	119	Germany ..	109	112
Chile ..	198	196	Finland ..	239	187
Mexico ..	150	161	Hungary ..	205	153
Iran ..	350	303	Denmark ..	194	155
India ..	314	195	Norway ..	180	151
Palestine ..	294	272	Turkey ..	521	340
Egypt ..	250	235	Portugal ..	226	153
Union of S. Africa ..	148	125	Switzerland ..	205	150
			Sweden ..	179	149

SUGAR POSITION

(1943-44)

(Figures in tons)

Producing areas.	Production up to 7-1-44.	Progressive total of despatches up to 7-1-44.	Percentage of pro- gressive despatches to production.	Physical stock on 7-1-44.
U. P. ..	1,70,998	30,489	17.8	1,40,509
Bihar ..	50,764	6,297	16.3	42,467
Bombay ..	15,500	4,527	29.2	10,973
Madras ..	5,570	493	8.9	5,077
Punjab ..	2,104	7	0.3	2,097
Bengal ..	1,066	..	..	1,066
N.-W.F.P. ..	982	302	30.8	780
Orissa ..	376	..	..	376
Indian States ..	34,864	12,289	35.3	22,575
Total ..	2,82,224	56,395	19.9	2,25,829

N.B.—Balance physical stock of 1941-42 and 1942-43 sugar as on 7-1-44 was 20,206 tons.

INDEX NUMBER OF WHOLESALE PRICES BY GROUPS OF ARTICLES

ALL-INDIA (Base: Week Ending 19th August, 1939=100)				CALCUTTA (Prices in July 1914=100)				
Groups	Average for May 1943	Average for April 1943	Average for May 1942	Commodities	Dec. 43.	Nov. 43.	Dec. 42.	Sept. 40
Food and Tobacco	294.8	283.7	144.7	Cereals	262	317	250	80
Other Agricultural Commodities	253.1	225.1	120.7	Pulses	395	433	241	99
Raw Materials	173.4	174.2	158.1	Tea	120	120	293	142
Manufactured Articles	246.8	235.6	160.0	Other Food Articles	578	588	411	125
Primary Commodities	233.8	225.9	145.3	Oilseeds	295	310	199	100
All Commodities	236.7	227.9	148.4	Mustard Oil	237	229	..	81
Chief Articles of Export	241.1	229.9	139.3	Jute Raw	110	114	98	80
				Cotton, Raw	161	197	142	75
				Jute Manufactures	138	162	159	102
				Other Textiles (Wool and Silk)	202	202	171	110
				Hides and Skins	101	101	..	67
				Metals	301	303	302	147
				Other Raw and Manufactured Articles	240	240	159	85
				All Commodities	301	314	248	106
				Officially controlled prices of rice taken into account.				
				BANGALORE July 1914=100				
				Particulars	Aug. 1943	July 1943	June 1943	July 1943
				Food Grains and pulses	293	284	314	179
				Oils and Oil seeds	244	267	276	170
				Other food articles	264	303	297	181
				Textiles	277	296	350	165
				Others	349	349	389	200
				General Index Numbers	..	306	213	186

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939*

(Base: August 1939=100)

	Bombay				Ahmedabad				Sholapur				Cawnpore				Nagpur				Jubbulpore				Lahore				Madras			
	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	
Nov.	104	108	120	170	111	111	129	188	108	103	130	196	105	112	143	224	105	114	131	190	107	124	141	214	123	115	143	191	107	112	120	169
Dec.	108	110	123	179	115	108	136	204	114	104	136	201	112	111	151	224	116	113	136	208	119	119	153	231	123	115	143	232	110	112	123	161
Jan.	109	111	130	193	111	108	130	237	110	105	132	201	114	110	145	223	111	111	138	212	112	119	148	228	109	113	143	204	109	110	119	164
Feb.	107	113	129	195	108	108	129	226	108	105	127	207	112	108	144	234	105	109	134	234	107	117	147	292	108	111	147	256	106	110	117	167
Mar.	105	113	130	198	107	108	132	237	103	108	132	219	109	108	150	246	105	108	133	262	109	121	155	278	110	109	145	254	107	110	117	173
April	105	115	131	214	107	111	136	256	101	107	136	223x	110	107	149	268	106	113	138	291	110	124	155	279	110	120	148	267	108	111	121	176
May	106	116	135	214	105	112	141	271	103	107	142	234	109	108	155	299	111	113	145	317	112	122	158	309	101	113	155	278	109	110	123	177
June	106	116	145	224a	110	114	152	289	104	111	149	252	108	114	175	336	109	116	160	361	116	126	178	317	100	109	162	275	109	111	131	183
July	108	120	122	225	108	121	160	288	104	115	153	266	109	126	190	341	108	120	181	361	119	134	199	312	102	114	166	275	109	115	136	186
Aug.	109	125	160	227	107	126	168	293	104	118	158	266	112	130	203	339	111	125	183	354	117	131	202	319	102	120	177	286	110	117	140	185
Sept.	107	123	162	233	108	126	160	312	103	119	162	289	113	133	202	353	111	125	183	356	124	138	202	301	108	125	183	296	110	117	149	164
Oct.	108	119	164	236	108	126	166..	103	123	177	286	112	134	206	349	117	125	184	273	124	138	202	301	111	133	186	320	..	111	117	155	186
Nagpur and Jubbulpore do not include housing.																																

STOCKS AND SHARES

	This week Rs. a. p.	Previous week Rs. a. p.	CALCUTTA (Feb. 1)			
HOMBAY (Feb. 1).						
GOVT. SECURITIES						
2½% (1948-52)	99 14 0	99 12 0				
3% (1946)	102 5 0	102 5 0				
3% (1949-52)	100 3 0	99 14 0				
3% (1951-54)	100 4 0	..				
3% (1953-55)	99 13 0	99 14 0				
3% (1953-65)	98 9 0	98 12 0				
3% (1960-68)	98 2 0	..				
3½% (1947-50)	103 6 0	..				
3½% G.P. Notes	98 14 0	98 13 0				
4% (1960-70)	112 8 0	114 8 0				
4½% (1955-60)	115 8 0	115 8 0				
5% (1945-55)	105 5 0	103 10 0				
TEXTILES						
Ahmedabad	502 8 0	502 8 0				
Bombay Dyeing	2125 0 0	2060 0 0				
Central India	476 8 0	460 0 0				
Indian Bleaching	236 0 0	235 0 0				
Kohinoor	726 0 0	710 0 0				
Century	1063 0 0	972 0 0				
Colaba Land	263 0 0	250 8 0				
Phoenix	807 8 0	810 0 0				
Simplex	302 8 0	286 0 0				
Swadeshi	634 0 0	612 0 0				
Bishnu	2700 0 0	2700 0 0				
Finlay	369 0 0	358 8 0				
Morari	830 0 0	825 0 0				
New Great	489 0 0	475 0 0				
Swan	347 0 0	338 0 0				
Apollo	5 9 6	5 8 6				
Sassoon	21 0 0	20 10 0				
Sassoon Defd.	4 8 0	4 9 0				
MISCELLANEOUS						
B.I.C.	7 2 6	6 14 0				
Bombay Burma	432 8 0	435 0 0				
Alcock	656 4 0	665 0 0				
Belapur Sugar	240 8 0	239 0 0				
Bombay Tramway	122 0 0	140 0 0				
Bombay Steam	722 8 0	715 0 0				
British Burma Petrol	3 5 9	3 6 0				
Andhra Valley	1,870 0 0	1,866 8 0				
Shivarampur	78 0 0	77 8 0				
Tata Oil	88 0 0	85 0 0				
Tata Chemical	37 12 0	36 12 0				
Tata Power	1,890 0 0	1,910 0 0				
Tata Steel Ord.	421 8 0	407 0 0				
Tata Steel Defd.	2,141 8 0	2,067 8 0				
Premier Construction	240 0 0	239 0 0				
Associated Cement	222 0 0	222 0 0				
Indian Iron	38 8 0	37 10 0				
Indian Copper	3 0 6	3 1 0				
Tata Steel 1st Pref.	219 8 0	219 12 0				
Tata Steel 2nd Pref.	158 0 0	158 8 0				
BANKS—						
Central	94 0 0	93 12 0				
Imperial (Fully Paid)	1,927 8 0	1,932 8 0				
Imperial (Partly Paid)	469 4 0	500 0 0				
Reserve	136 0 0	135 0 0				
India	229 0 0	227 0 0				
New India Insurance	88 0 0	89 8 0				
JUTES—						
Anglo-India	422 0 0	420 0 0				
Bardagore	185 8 0	179 0 0				
Bally	373 0 0	..				
Champdany	237 0 0	232 0 0				
Gourepore	850 0 0	842 0 0				
Balvedere	38 0 0	..				
Empire	41 8 0	41 12 0				
Kamarhatti	618 0 0	600 0 0				
Neilmaria	29 4 0	28 0 0				
Presidency	7 8 0	7 8 0				
Nuddea	128 8 0	120 0 0				
MINING—						
Bisra	147 0 0	..				
Consolidated Tin	2 7 0	2 12 0				
Indian Copper	3 1 0	3 2 0				
STEEL & ENGINEERING—						
Indian Iron	38 8 0	38 14 0				
Marshall's	5 1 0	4 14 0				
National Iron	14 1 0	14 0 0				
Jessop	23 10 0	23 14 0				
Kumardhubhi	9 12 0	9 14 0				
Steel Corporation	28 11 0	29 4 0				
TEXTILES—						
Benares	14 9 0	..				
Kesoram	18 9 0	..				
Cawnpore Textile	14 4 0	14 6 0				
Elgin	82 12 0	85 0 0				
New Victoria Pref.	10 8 0	13 11 0				
COALS—						
Equitable	53 8 0	..				
Raneegunge	37 14 0	37 14 0				
South Kanapura	10 4 0	11 4 0				
Baraboni	3 4 0	3 8 0				
Bengal	605 0 0	618 0 0				
Bhaigora	17 0 0	17 9 0				
Bokara-Ramgarh	33 12 0	34 6 0				
Burrakur	32 0 0	32 4 0				
East Indian	33 4 0	32 4 0				
Katras Jherriah	58 12 0	59 0 0				
North Damuda	10 11 0	10 14 0				
MISCELLANEOUS—						
Trams	27 8 0	..				
Bararee Cooke	35 4 0	..				
B. I. C.	7 2 0	6 15 0				
Ind. N. Airways Defd.	10 4 0	..				
Ind. Genl. Navgn.	150 0 0	..				
Tittagur Paper	30 4 0	31 8 0				
British Ceylon Corporation	19 7 0	19 8 0				
SUGAR—						
Mohini	13 8 0	..				
D. M. Bry	28 6 0	21 0 0				
Balrampur	18 8 0	18 10 0				
Rana	41 1 0	..				
Samatipur	22 4 0	21 0 0				
Belsund	12 8 0	13 0 0				
Buland	40 0 0	39 10 0				
Carew	30 4 0	30 12 0				
Champanan	41 12 0	42 4 0				
Murree Brewery	24 14 0	23 10 0				
Cawnpore	44 8 0	43 0 0				
North Savan	22 6 0	23 6 0				
Ramnugger Sugar	16 0 0	14 13 0				
U.P. Sugar	35 10 0	36 4 0				
TEA—						
East India	18 0 0	17 0 0				
Batili	19 4 0	..				
Bishnauth	42 4 0	..				
Chamong	77 0 0	..				
Haimara	77 0 0	..				
Killing Valley	20 0 0	..				
New Tarai	32 8 0	29 0 0				

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The Coming Railway Budget

THE railway budget which will be presented early next week in the Legislature is invested with more than ordinary interest in view of the debate in prospect over the proposed increases in fares and rates. Deliberately or unwittingly the Government have already prepared the public for increased taxation on transport; and we have no illusion as to the effectiveness of legislative control over taxation. The country may as well reconcile itself to the inevitability of increased fares and rates, as it has had to reconcile itself to many a wrong. But the issues raised by the present proposal to increase fares are so fundamental that some discussion is justified.

Before doing so however, let us review the main features of the railway administration during the war period. In presenting the railway budget for 1940-41 in the Council of State, the Chief Commissioner of Railways stated that he was impressed by the striking similarity between the position in the early period of the last war and that existing at the time and that history repeated itself. But what he failed to say was that the railway administration reacted in exactly the same narrow and pitifully inadequate way as they had done in the last war, and that they had learnt nothing new. The dismantling of rails, the closing of several branch lines and the shipment of rails,

wagons and other rolling stock abroad were carried out in precisely the same manner and by using precisely the same untenable arguments as in the last war. (As much as 770 miles affecting 19 branch lines were dismantled). Indeed the Administration went one further and said not only that these lines opened up only a few years previously were unremunerative, but there were now alternative means of transport, e.g., motor transport, so that the public need not be worried by the closing of branch lines. The lack of imagination which was displayed is only equalled by the indifference to civilian needs of travel and traffic. Without providing for the rapid construction of rails, wagons and other equipment to replace the dismantled equipment sent abroad it was not possible even to meet efficiently the full needs of the military. No action was taken however to build wagons, engines and other components essential for maintaining railway transport at an efficient level. Little imagination was required to realize that if owing to shipping scarcity railways would be called upon to handle coal movement which formerly moved by sea, the same difficulty would be experienced in regard to the import of motor vehicles, and that the argument of the available alternative means of transport was singularly futile. Instead of preparing to serve the military and civilian needs by a big programme of construction, the railways were content

merely to part with their equipment and to overwork the remainder to the utmost extent. The shortage of wagons for the handling of coal and for the transport of food is now too well known to need emphasis. When the history of the Bengal famine comes to be written there is no doubt that the responsibility of the Railway Administration for the loss of thousands of lives would be pronounced to be heavy indeed. In the face of such serious shortcomings the country cannot be impressed by the array of figures presented of the train-miles of passenger traffic or of the ton-miles of freight movements.

The programme of locomotives construction in India is a sorry history. After many years when all kinds of pretexts were found a committee was appointed which definitely came to the conclusion that the building of locomotives in India was not only technically possible, but financially practicable, the Government accepted the recommendation in 1940 and promised the building of a workshop which with the help of a few imported parts would supply a steady output of engines. But within a year the programme was given up on the ground that it was not possible to get imports and that whole workshops had been turned over to military needs; all the available skilled labour, machine tools and materials were also switched on for war work. While no one would dispute the need for doing all that was necessary for war effort, the Administration had no excuse for its failure to go forward with its programme of construction. The argument that imports were difficult to get loses all its value when it is well known that the railways have arranged for the import of nearly 400 engines of all kinds at an estimated cost of Rs. 34 crores in the current and next years. These would certainly occupy more space than the import of the necessary equipment from America, Canada and Britain. However necessary the imports may now have become (thanks to the railways' indifference and incompetence) the fear is not groundless that these might be made the excuse for further postponement of locomotive building even after the war. The same tragic delay has marked the progress of the construction of other wagons and rolling stock in the country. It is only in the last year that something like a definite programme of wagon construction has been taken up but we await the statement of the actual position from the Transport Member.

On the financial side, the railways can claim to have made a good showing. From the outbreak of the war to the current year the total surplus of railway earnings has been nearly Rs. 150 crores. This has enabled them not merely to pay off all the arrear contribution to the general revenues but also to return to the depreciation fund the amount that had been borrowed therefrom. But railway budgeting has been pure guess work. The divergence between not merely the budget estimates and the final accounts but even between the revised estimates and actual results has been far too wide for which there is no sufficient justification. The difference between revised estimates of earnings and the actuals covering a period of less than two months, has been of the order of Rs. 2 crores and above, and during the entire war period there has been a systematic underestimating of revenue and over-estimating of expenditure. General revenues have received during the last five years nearly Rs. 84 crores.

And yet this has not been considered to be sufficient by the Finance Department. For the year 1943-44 the contribution to general revenues was expected to be Rs. 27 crores whereas judging from the present anticipated railway surplus, the contribution would be more than Rs. 40 crores. In the face of the earnings

and results of the working of railways during the year and of the large contribution that has been made to general revenues, what is the justification for the proposal to increase rates and fares? Two grounds have been given, both of which cannot stand a moment's examination. One is that the railway rates and fares are still very low and that the increase in fares had not been in proportion to the general increase in prices. In presenting the budget for 1942-43, the Railway Member said that if railways followed the practice of industrial and commercial firms, they could secure very large increases in revenue and at the same time ease their own difficulties by imposing increases which would effectively curtail the demand. But this view is mistaken. Apart from the increases in fares already effected it should be noted that the value of the services rendered has declined by more than 50 to 60 per cent. and that the cost of railway travel, even if it had not been increased, has in reality gone up in relation to service rendered. The appalling conditions of travel in the third and the intermediate classes, the overcrowding, lack of sanitary arrangements, lack of food and denial of every kind of amenity have reduced the quality of the service rendered very seriously. It is as if the retailer compelled to sell wheat and rice at a fixed price puts in 50 per cent. of sand and mud and claims that he has not reduced the price. The services have been curtailed to nearly 40 per cent. of the pre-war level. It is therefore no use for the railways to pride themselves on the fact that they have not adopted the commercial practice of increasing prices in proportion to costs.

The second argument advanced is that increased fares and rates would be anti-inflationary. In the name of anti-inflation any proposal is sought to be justified. But are increased railway rates really anti-inflationary? We shall let the Chief Commissioner of Railways speak. After stating that on commercial considerations alone, the present higher level of prices generally justifies enhancement of the charges for transportation," he went on to observe—and this is most significant—that "as it is the policy of the Government to do everything possible to check inflation, it is not proposed to make any general increase in the coming year in rates and fares." The economics of the Chief Commissioner are in our view more sound than those of the Finance Department at whose instance, as the public have by now realized, the tax on transportation is sought to be imposed. For, it is clear that the railways do not need any additional revenues. And all the arguments thus far advanced are irrelevant.

The truth is it is at the dictation of the Finance Department, anxious for more revenues, that this proposal has been made. Although after the separation of the railway budget from the general budget, railways are supposed to have financial freedom, it is common knowledge that they are still under the financial tutelage of the Finance Department. The emancipation of the railway management from the control of the Finance Department which was pressed so strongly by the Acworth Committee has only been partially achieved. The present occasion is a clear example of how the Finance Department seeks to exploit railways for its own purposes.

If on account of the anticipated huge deficit in the general budget the Finance Member wants additional resources he is of course welcome to recommend measures of taxation including a surcharge on railways adequate for his needs. But this should be done openly and not covertly. There would be a further advantage if the proposal to increase the surcharge on railways was made as part of the general budget because that would enable the legislature to assess the relative

merits of different tax measures in the context of the entire financial situation and to accept or reject the proposed transport tax in relation to the incidence of the other taxation measures that would be placed before them. Trying to short-circuit the tax proposals by using the railways for his own ends is not fair on the part of the Finance Member. The tax on transport, as has been pointed out by the Acworth Committee, is an undesirable method of raising revenue. It is reported as a sop to public opinion that part (or whole) of the extra receipts from additional taxation would be set aside as a reserve for the improvement of third-class travel after the war. This is wholly unconvincing. The present plight needs immediate remedy and it is no use making promises for the future.

The Tempo in the Bombay Plan

IT is a token of the great measure of advance in our general economic thinking, forced no doubt by the pressure of wartime experience, that many even in conservative economic circles have been quick to recover from the first shock administered by the figure of rupees ten thousand crores and come round to the view that finance no longer constitutes the limiting factor in carrying through the Bombay Plan. Hitherto we have talked in terms of billions only in relation to the economies of the advanced western countries like the United States or Great Britain. It is a signal service rendered by the Bombay planners that they have translated the order of billions into our economic conditions and helped us to adjust our thoughts to the dimensions of an adequate economic plan. Nevertheless, it is not evident that in every quarter there is a proper realization of the full import of our changed economic status wrought during the war. The savings *cum* abstinence conceptions in the classical system of thought have not the same relevance in the Keynesian system of under-employment equilibrium. For to the community the existence of unemployed resources in men and materials is itself of the character of a "capital fund." Our unemployed domestic resources together with our sterling balances in a large measure ease the problem of our internal and external finance. The extent of this easement is unsuspected by those who are worried by the thought whether we can, in the final analysis and by one method or another marshal enough "savings" to feed the Bombay Plan. It is not always realized that the tempo of economic development envisaged is modest enough in relation to the resources available to us to ensure that the entire Plan can almost be cooked in its own fat and hardly requires any true "abstinence" in the sense of a lowering of the general standard of living.

The Bombay planners themselves are at pains to assure us that during the initial period the total amount to be spent has been deliberately kept low so as not to strain the material resources and personnel which will be available to us at the beginning of the plan. Each stage of the plan will prepare the basis for the succeeding stage so that the amount of resources available to the Supreme Economic Council will increase in a crescendo. In determining the tempo of the plan and in allocating the amount of capital expenditure in each of the three stages, the planners provide for a geometric progression. Let us now examine what pressure, if any, the tempo envisaged in the Bombay Plan may put on our general standard of living and also the extent to which this may involve an inflationary pressure on our economy.

At the outset, let us be clear about two points. If we institute strict rationing and distribution of the existing "real" wages-fund, the problem of internal

finance is completely solved and the only limit to the rate of capital accumulation is that provided by the limit of manpower and raw materials. On the other hand, even apart from direct rationing and distribution of consumers' goods, in the armoury of the planned economy there are enough weapons in the form of over-all wages and fiscal policy which can ensure that the monetary wages-fund disbursed in the economy is continuously equated to the volume of "real" wages-fund which is being available at any stage of the plan. Thus in the Bombay Plan productivity of labour is scheduled to increase at the average rate of about 5 per cent per annum. If now the Planning Authority decrees that the money rate of wages should increase at the rate of only 2 per cent. per annum it can be demonstrated that under defined conditions the Plan will become self-financing within 3 or 4 years. In other words, the wages and fiscal policy in a planned economy can be so formulated that, especially after the first few years, whatever the tempo of capital formation, the economy can be financed without the need of any *explicit* savings by individuals. The economy, thanks to the overall wages and fiscal policy adopted, will finance itself and any question of inflation is automatically ruled out. *Secondly*, in so far as any part of the plan is financed out of our external resources, it imposes no strain on our domestic resources in men and materials and consequently to that extent the execution of the plan need exert no inflationary pressure. To clarify the position, we may assume that the sterling assets of the Reserve Bank above its currency reserve requirements, have been transferred to the Government in the manner described in a previous issue. With these sterling balances, the Government purchases the needed machinery, etc., from abroad and lease-lends it to the various sectors of the economy. In these circumstances the view that sterling resources can only be used by raising corresponding amounts of rupees falls to the ground. Hence the sterling resources will be a net addition to and not merely an external counterpart of our internal capital resources.

Now as we saw in a previous issue, the third five-year plan will not require any significant volume of external finance, because the basic industries established during the first and the second five-year plans would themselves produce substantially the whole of the capital equipment, raw materials, etc., needed for the basic and consumption goods industries to be developed in the third period. The volume of external finance required during the first and the second five-year plans would be respectively about Rs. 760 and Rs. 780 crores. Consequently, (in correction of the slight error which crept into our previous article on page 122, fourth paragraph), we have the following table:

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(Rs. crores)	I	II	III
Internal finance	640	2,120	5,700
External finance	760	780	
	1,400	2,900	5,700

In order to minimize the strains imposed by the Plan on our resources, it is proposed that the Ratios in the various sectors of the economy and at different stages would be suitably adjusted. But as the investment of Rs. 10,000 crores is assumed to lead to an increase of national income by 200 per cent. or Rs. 4,400 crores, it is seen that the over-all Ratio is about 2.3. On the assumption of this over-all Ratio, the investment of Rs. 1,400 crores during the first five-year plan will lead to an increase in national income by about Rs. 600 per annum. The investment of Rs. 2,900 crores during stage II will lead to a further increase in national income in stage III by about Rs. 1,260 crores per annum. The aggregate of the additional national incomes generated during the entire second five-year plan is thus Rs. 600 × 5 = 3,000 crores; and during the entire third five-year plan it is Rs. 3,000 crores plus Rs. 6,300 crores, i.e., Rs. 9,300 crores. The whole of the investment contemplated during the second plan and third plan respectively can therefore be wholly secured from the additional income generated during the period. Even after providing for about Rs. 2,100 crores of internal investment scheduled during stage II, with the additional productive capacity generated as a result of the first five-year plan, we can provide for an increase of consumption of about Rs. 900 crores or Rs. 180 crores per annum. During stage I, the expenditure of internal finance was about Rs. 128 crores per annum and this will also be available to increase consumption level during stage II. Thus, in spite of the increasing momentum of capital investment, during stage II the volume of consumers' goods available will be considerably above that in stage I. This will also be clear from the fact that during the first plan there would be investment of Rs. 310 crores in consumption goods industry. Part of the investment in agriculture is for the increase in production of food and so will contribute directly to increase in supply of consumption goods; so also will the investment in housing, etc. It is emphasized that in the production of consumption goods, small-scale and cottage industries which require a comparatively small amount of capital equipment would play an important part. The average value of the Ratio in consumption industries will thus be lower than the over-all value of 2.3. If it is equal to 2, from the amount of productive capacity available for increasing supply of consumers' goods during stage II, it is evident that the increase in the supply of consumers' goods in stage II over that in stage I would be Rs. $\frac{1}{2}$ of $(180 \times 2.3 + 128)$, i.e. about Rs. 275 crores per annum. Similarly and on the same assumptions, we can calculate that the increase in the volume of consumers' goods in stage III over that in stage I would be about Rs. 890 crores.

We thus see that in spite of the fact that the rate of investment is increasing in geometrical progression, the volume of consumers' goods available is also simultaneously increasing. If the national income at the beginning of stage I is Rs. 2,200 crores, that about the beginning of stage II and stage III would be respectively Rs. 2,800 crores and Rs. 4,060 crores. The amount of consumption goods available at the same stages would be respectively Rs. 2,075 crores, Rs. 2,350 crores and Rs. 2,965 crores. As against this, the amount of expenditure of internal finance during the three stages is Rs. 640 crores, Rs. 2,120 crores and Rs. 5,700 crores respectively. This is equivalent to the average rate of expenditure of Rs. 128 crores, Rs. 424 crores and Rs. 1,140 crores per annum respectively. The increase in the rate of expen-

diture of internal finance in stage II and stage III over that in stage I is thus seen to be paralleled by an almost equal increase in the volume of consumer goods available. It is, therefore, misleading to say that serious 'inflation' is implicit in the Plan, unless we can show that the rate of investment in stage I itself is too heavy and involves inflation. There is a slow acceleration in the rate of increase of both national income and volume of consumption goods available. National income increases from about 6 to 8 per cent. per annum, while volume of consumers' goods increases at about half that rate. At the same time, the rate of investment increases in geometrical ratio—from Rs. 1,400 crores in stage I to Rs. 2,900 crores in stage and Rs. 5,700 in stage III.

Is then the rate of investment envisaged during stage I too high? As we can see, the rate of expenditure of external finance which is envisaged is Rs. 760 crores, i.e., Rs. 132 crores per annum and the average rate of expenditure of internal finance is only Rs. 128 crores. Nobody who is aware of the rate of expenditure of internal finance during the war, will contend that expenditure of an average of about Rs. 125 crores per annum—ranging from probably Rs. 75 crores in the first year to Rs. 175 crores during the fifth year—can be even near to straining our domestic resources. The decisive rate is, therefore, the rate at which our sterling resources can be effectively utilized. After the war, both Great Britain and the United States will have a very large surplus stock of machines, etc., and also an excessively large capacity for producing them. Consequently, even if China or the devastated countries in Europe make a very large demand, it should be possible for us to utilize our sterling at, say, Rs. 200 crores per annum, instead of at Rs. 132 crores as contemplated. (We should not even be shy of foregoing the choice of market and buying bilaterally from Great Britain even at some price disadvantage, because this will enable us to increase the tempo of our Plan immeasurably). As the proportion of external finance in basic industries has been assumed to be as high as 3/4, we can see that this will enable us to invest an additional 4/3 of Rs. $68 \times \frac{4}{3} =$ Rs. 450 crores in basic industries. This will require an additional expenditure of internal finance of only Rs. 23 crores per annum and consequently will cause no serious strain on our domestic resources, but will at the same time enable us greatly to increase the momentum of the plan. The Bombay planners take credit that the ratio between capital outlay on basic industries and consumption industries over the whole period is roughly 3.5 which is much smaller than in the case of the U.S.S.R., thus bringing out the fact that they have given more attention to consumption goods in their plan. This ratio during the first five-year plan is, however, only 1.6. This undue modesty of the Bombay planners in the distribution of resources as between basic industries and consumption goods industries is probably due to their ignoring the fact that investment in basic industries during the first five-year plan will be to the extent of nearly 75 per cent. financed out of our external resources and will consequently cause little strain on our domestic resources. On the assumption that we can utilize our sterling resources at the rate of Rs. 200 crores rather than Rs. 132 crores per annum, we can double the rate of investment in basic industries during the first five-year plan and thus vastly increase the momentum of the plan.

We thus see that the tempo of an economic plan can be so adjusted that, once it has been set in motion, it is capable of financing itself at a crescendo of geometrical progression and the fear about shortage of savings or inflationary effect is largely a misconception. Although the Bombay planners say, "it is necessary to give priority to basic industries over other

industries and thus to speed up development," when it comes to actual programming, they fix the ratio between the capital outlay on basic industries and that on consumption goods industries at only 1.6 in the first five-year plan as against about 6.0 in the Russian first five-year plan. We have seen that on the assumption that we can utilize our sterling balances at the rate of at least Rs. 200 crores per annum, we can double this ratio to 3.2 with only negligible increase of internal expenditure, and thus—always on the assumption that there is no bottleneck in the matter of organization and raw materials—vastly increase the momentum of the plan. We have certainly got the technical economic resources to programme for an investment on even a larger scale. The Bombay Plan may break down either because of organizational defect or social and political cleavages, but to suggest that such a modest plan involving only Rs. 10,000 crores over 15 years, will break down on the financial front—for lack of enough "savings," forsooth—is a strange misconception of the entire plan. An economic plan can be made to finance itself after a few years. Consequently, as long as the aggregate burden imposed during the first few years is kept within bounds, we can steepen the tempo of the entire plan almost to any extent we choose. This will not involve any additional burden after the first few years because the subsequent five-year plans will be self-financing and both the level of consumption and that of investment will increase at a higher rate. We know that the Russians had a minimal plan and an optimal plan. The Bombay Plan is our minimal plan—embodying the minimum contents of our national economic manifesto and is designed to provide us the national minimum by giving us the meagre sum of Rs. 11 per month per head

after twenty years' efforts. In our optimal plan we could provide for a much steeper tempo than in the Bombay Plan. But to raise an outcry about inflation over the modest Bombay Plan, even before we have drawn up our optimal plan involving a capital investment of, say, Rs. 20,000 crores over 15 years, is somewhat premature.

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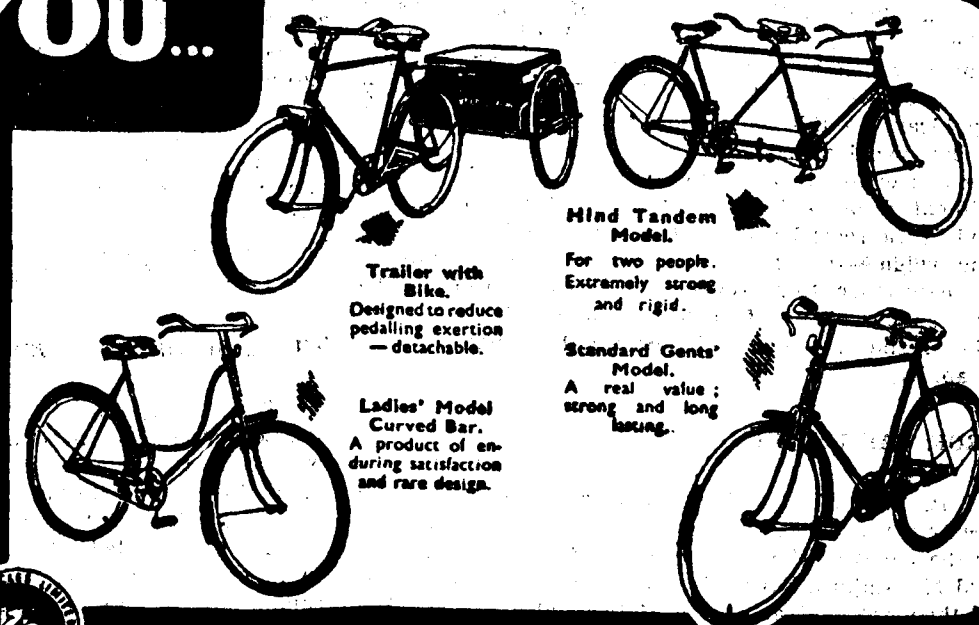
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The Week's Notes

FINANCE IN THE BOMBAY PLAN

It is but natural that the criticism of the Bombay Plan is increasingly focussed on its financial part, for finance is at the heart of the matter. This is not because Rs. 10,000 crores or even a higher amount cannot be made available for investment. Any amount may be made available if the people are willing to undergo the privation and sacrifice of immediate consumption involved and if the Government is stern enough to enforce the degree of consumption required for the purpose. The real question therefore reduces itself in simple terms to this: Have the Bombay planners imposed an impossibly high level of sacrifice by providing for a capital investment of about Rs. 1,400 crores in the first five years? It is not necessary to take up the second and third periods for the present argument. Is it within India's capacity to find as much as Rs. 280 crores, and what is more, has she the power to convert that part of her internal capital into foreign exchange necessary for the purpose of securing the essential capital equipment from abroad during the period? If foreign exchange is inadequate, will she be able to borrow? These are the only relevant questions. As regards an expenditure of Rs. 280 crores, this has only to be set against the expenditure of Rs. 1,800 crores incurred by the Government of India since the end of 1939 giving an average of Rs. 450 crores to prove how modest it is. The conversion of internal capital into foreign assets has fortunately ceased to be a problem not only because of the large sterling balances available to us, but also because we may so regulate our imports that all our export surplus may be converted into the necessary equipment for our industrial development.

Will however the raising of about Rs. 280 crores annually by way of savings impose an intolerable burden by way of savings impose an intolerable burden? Apart from the technical causes that require external finance, the availability of foreign loans is relevant here. The fact that we have sterling resources which by the end of the war may be anywhere between Rs. 1,200 to Rs. 1,500 crores is very significant in this connection for they are additional to our own internal savings and not merely a facility for converting them into foreign assets. We may without recourse to borrowing use these resources, and in the second period when our capital expenditure and volume—not the proportion—of external finance increase resort to borrowing. The provision of Rs. 700 crores by way of external loans is not too liberal and should be quite within the range of practicability.

PROF. VAKIL'S CRITICISM

Prof. C. N. Vakil has done a great service by seeking a clarification from the authors of the plan in the pages of the *Commerce* dated 5th February. He and Mr. Anjaria have raised very important issues, all of them relevant and some of them also urgent. We shall leave it to the authors to deal with them. But on the financial aspects of the plan, Prof. Vakil's questions may be examined here at once. Some of them are perfectly correct. The plan has unfortunately failed to distinguish between the mere foreign exchange which is necessary for the plan and the foreign financial resources necessary to supplement internal capital resources. Again it has also made distinction irrelevant in its context between savings and new money created against *ad hoc* securities, as if the new

money constitutes additional savings. The new money is compulsory savings and at best a method, and under planned economy, an unnecessary method of getting the necessary savings from the community. So far as internal finance is concerned savings whether got by voluntary methods or paying wages and other remuneration at rates lower than productivity rates or by various instruments of taxation or by creation of money are one and indivisible and the only source from which all capital can be secured. This should be conceded. But the fear of inflation is not legitimate. As long as there are unemployed resources in men and resources the use of credit to put them into work cannot bring about inflation, for corresponding income will have been created at the end of the production period. Further in a controlled economy the income allowed to consumption will not be allowed to exceed the goods produced within the period.

The favourable balance of trade estimated in the Plan to amount to Rs. 600 crores does not constitute capital in addition to internal finance. It simply reflects our ability to convert our rupee finance into foreign exchange, and therefore is not a supplement to the total capital finance either internally or in the form of external resources. The latter can increase only by foreign loans. Favourable balances are however very important for the success of the Plan for they provide the necessary foreign exchange necessary for the import of essential equipment. In other words we should have export and import control so as to secure as favourable a balance as possible.

But the case of the sterling balances which have been accumulated is different. Deducting the sum required for maintaining currency stability, the balance represents real resources available to the country. They are virtually like a foreign loan, and in so far as Government uses them directly for their own capital investment they can do so without raising internal loans and converting them into foreign exchange. We assume, as Prof. Vakil has pointed out "that the State will use the sterling assets on national account and replace them by equivalent amount of *ad hoc* securities"—a process fully set out in a previous issue of the *Eastern Economist*. If private industry wants the use of the sterling resources, it can also have it by entering into a lend-lease arrangement with the Government who will be the owner of the real capital goods imported into the country.

THE CASE OF HOARDED HEALTH

The Bombay Plan is justified not only in including Rs. 300 crores (we need not commit ourselves to the precise figure) as additional capital available but also in treating it as external finance. For the use of gold (except in its industrial aspect) has significance only when it is converted into an external asset enabling us to import capital goods. If it is used internally to buy a capital asset it only means the transfer of capital from one individual to another. Gold becomes additional capital to us only when it is converted into external purchasing power to buy assets from abroad. This is apparently the reason why the Bombay Plan has put it under external finance.

TEXTILE CONTROL

The cloth control scheme has been in operation for more than seven months now and has achieved

a distinct degree of success. Cloth famine has disappeared, and cloth prices which rose to five times the pre-war level in the first half of last year have been brought down by more than 25 per cent. Production has been stepped up, some degree of rationalization effected and prices of raw cotton and stores controlled. There is every prospect that the price of cloth will be stabilized at 300 per cent. of the pre-war level, although even this might represent a considerable increase over the 1939 prices. But relatively to the rise in the costs of production and the prices of other goods, stability of cloth prices at any thing from 250 to 300 per cent. of the pre-war level, if sustained for the rest of the war period, must give cause for satisfaction, and we hope that the stability will be attained.

But what explains this success? Not certainly the high pitch of efficiency and social conscience of the bureaucracy. If the bureaucracy with its customary air of omniscience had meddled with the technical matters of the cotton industry with which it is hardly competent to deal, cotton control would have come to much the same pitiable failure as other controls have done. It was because Mr. Hydari who went with a scheme to Bombay had the good sense and judgment from the very outset to consult and take into confidence the representatives of the industry and allowed the industry itself to operate the control within the limit of general aims and policies laid down for it that the present results have been possible. In fact, this experiment of voluntary control of industry by itself is of very great interest to the future of economic administration in this country. The remarkable smoothness with which extremely complex controls involving conflicting interests have functioned in Britain is not a little due to the installation of those in the know of things of the trade in charge of these controls. No doubt even in Britain, the still remaining business interests of the controllers and the possibility of their using their present position of vantage to their own profit after the war are increasingly coming to the fore as impediments to harmony. Further the danger of the Government losing an independent policy of its own in so delegating power to the trade itself is being more and more realized. Nonetheless they do not detract from the success of present methods there. If the democratically elected government in Britain with a Civil Service far better organized than in this country should find it socially desirable to entrust the tasks of economic administration to the accredited experts in the trades, how much more so should it be in this country where the Government is so completely divorced from popular will, the bureaucracy is notorious for its dilatoriness and lack of initiative and drive, and the economic controls are incomparably more complex, diffused and intractable. Even in the case of sugar where official control here boasts so much of its success, a black market has emerged, even though factory production is so compactly organized that such a leakage should never have occurred. But in the cloth trade there have sprung up no black markets. Even in its aspects of distribution in which cloth control has failed to achieve the full measure of expected success, if greater confidence were placed in the integrity of the top men of the dealers' organizations, matters might be eased. If without resiling from their aims Government delegate power to and fix responsibility for failure or success on the top men in the trade the social odium or kudos which would result might well serve to bring about excellent results.

U.N.R.R.A. AND REFUGEES

At its first session, the Council of the U.N.R.R.A. decided that the organization should assist in the re-

patriation of persons displaced as a result of the war from their own countries or from countries in which they had settled residence. If India ratifies the U.N.R.R.A. Agreement, the benefit will enure not only to Indian residents of Burma and the Far East, who are now refugees in India, but to Indian nationals who, before the war, normally had their residence in those areas to earn their livelihood. In the great trek which followed the reverses in the Far East and the debacle in Burma countless Indians lost their lives. Those refugees who managed to come back alive have lost all rights of citizenship and property. The repatriation of these refugees to the countries of their former residence will become a live issue when the war ends. But repatriation does not simply stop with re-transporting them to these areas, but just begins there. Its success will depend very much on how far these areas can conveniently re-absorb these men, and to what extent restitution of the rights of citizenship and property will be possible. It cannot be too easily assumed, whatever the justice of our case, that Indians will be quite welcome everywhere. Even before the war, the Indo-Burman immigration question was becoming more and more ticklish, and the growing nationalism of Burma as well as that of the rest of the Eastern regions, which may reasonably be expected to come in enjoyment of a high degree of autonomy, at the end of the war, is unlikely to favour any appreciable Indian emigration. The problem is difficult enough, but not more difficult than what racial intransigence has made it in South Africa or Australia.

DISPLACEMENT OF POPULATION IN EUROPE

Relatively to our population and its rapid growth, the repatriation of refugees may not be a major issue with us, even though in the wider setting of framing a freer world migration policy it might assume very great significance. But on the continent of Europe the displacement of population in the last four years has assumed gigantic and catastrophic proportions. It has been estimated that since the beginning of the war more than forty million persons have been uprooted from their homes. The evacuation of Russian civilian population to the east is alone said to have amounted to something like 12 million to 20 million. The Jewish exodus is roughly 4 million. In the Balkans, one and a half million men have been moved. A million and a half Poles are said to have been evacuated to Russia in 1939-41. About 6.5 million persons have been employed in Germany, either as transported civilian workers or prisoners. Roughly two million Germans have gone out to the occupied countries as a ruling class. In addition to all this, large-scale evacuation of coastal and other bombed areas has resulted in a considerable displacement of population. The repatriation of more than twenty million men (leaving out the Russians who will be resettled in an orderly manner by their Government) will present a problem of great magnitude and complexity. In Europe, the re-orientation of industrial and agricultural life to the needs of German war economy has been so far-reaching that the pre-war pattern of the distribution of the population will be found to be highly unsuitable at the end of the war. Much will depend on the political reorganization of the continent of Europe and the resulting reorganization of the industrial structure. Reconstruction of the war-devastated countries will call for a great amount of plant, raw materials and labour. If there is an insufficiency of plant and materials and if the war industries stop suddenly, the wartime trend of the movement of population from the countryside to the towns will be reversed and there will be, especially in the countries of Eastern Europe, a re-appearance of

the old phenomenon of rural over-population. Thus the problem of repatriation of war-displaced men is mixed up with larger issues of economic policy, such as the future industrial pattern of Europe, future of emigration, etc.

ROAD DEVELOPMENT

Since attention was focussed on post-war road development in India at the last session of the Indian Roads Congress in October, 1943, more light has been thrown on the projects contemplated and the cost involved. The Bombay Plan has pointed out the lopsided development of our present system of communications—the railways, and not the roads, having received more attention in the past despite our country being preponderantly rural. (Not that the Railways have been developed adequately either). In British India the proportion of road mileage to area works out at 35 miles per 100 square miles, while in the U.S.A. and the U.K. it is 100 miles and 200 miles respectively per 100 square miles. Only a quarter of British India's total mileage of 300,000 is metalled. The Bombay Plan wants the metalling of the remaining three-quarters and in addition a doubling of the present total mileage, i.e., the construction of another 300,000 miles of road, over a period of 15 years. The cost of the former would be about Rs. 113 crores at approximately Rs. 5,000 per mile. The new roads are to be mostly village and district roads about 18 feet wide and the plan suggests ordinary metalling for these at a cost of about Rs. 300 crores at Rs. 10,000 a mile for construction, and Rs. 35 crores for maintenance. But it is not clear why the Bombay Plan is satisfied with ordinary metalled roads after providing for the development of heavy industries which should be able to supply us with ample cement, tar and bitumen for the most modern and scientific road construction. There is not sufficient ground to assume, as the Plan does, that traffic on village and district roads will not be heavy and that the use of pneumatic tyres for bullock carts can be made universal. In any scheme of national planning which aims at causing a shrinkage in the present distances between rural and urban areas for economic intercourse, traffic, particularly automobile traffic, is bound to be heavy on village and district roads. And for a reduction of maintenance cost we should bank more on a higher first cost than on pneumatic tyres. A more precise and technical estimate of the costs involved in the construction of village roads with cement, tar, or bitumen, according to local need, is available in a Report (published elsewhere in this issue) of the Indian Roads and Transport Development Association. According to this the cost per mile over 20 years including culverts and maintenance for 20 years for village roads 15 feet wide will be about Rs. 15,000. If we remember that the latter figure is inclusive of maintenance for 20 years, while that of the Bombay Plan is exclusive of it and for 15 years, the difference in cost may get narrowed to a couple of thousands and may be well worth paying while building afresh.

The indispensability of all types of communications in any scheme of national economic planning for a sub-continent like India is obvious, though it required a recent Viceregal utterance for our Government planners to realize it. It is understood that an official blue-print on communications prepared recently proposes a vast network of national highways and within it a string of rural roads. It would also appear that a recent conference of Chief Engineers on roads calculated that India requires 400,000 miles of road to link up her villages, of which half should be all-

weather roads. The total bill is estimated at Rs. 450 crores. Thus from these official and un-official, technical and lay, estimates the salient notes that emerge are that our present road mileage should be doubled, most of it should be of tar or cement construction and the cost over a period may run up to nearly Rs. 500 crores.

FUTURE OF RUBBER

With the loss of the Far Eastern producing areas vast plants have been set in motion in U.S.A. for the manufacture of synthetic rubber. The British Government, which had all along been opposed to the setting up of a synthetic rubber factory in the U.K. on the ground that it would involve a needless diversion of men and machinery from war effort and that the U.S.A. synthetic output could meet all war needs, permitted a company to undertake the bulk manufacture of synthetic about the middle of November last. Though output is expected to be small, production is going to be commercial and not experimental. This decision is of the utmost significance to the future of rubber. It admits that synthetic rubber is going to be a serious rival to natural rubber and that prior production experience will be valuable for the future. Moreover, the manufacture of synthetic rubber is a branch of a new line of chemical processes, whose possibilities should not be neglected. America is certain to retain her synthetic plants for various reasons, viz., strategic importance of rubber, vast capital invested and pressure of groups. But it is difficult to say whether the different kinds of synthetics now produced will compare with natural rubber either from the point of view of cost or performance. Recently there have been numerous expressions of opinion on the subject. It is generally agreed that the immediate post-war years will give rise to a heightened demand for rubber and will not therefore have to face a glut of productive capacity. The long run prospects are however determined by other factors. It is stated that synthetic cannot be a complete substitute for raw rubber in a wide variety of uses, and that it cannot replace the latter to a greater extent than 70 per cent. For tyre manufacture, it can replace crude rubber only up to 40 per cent. in large tyres, though to as high a degree as 95 per cent. in small tyres. Synthetic rubber possesses special properties that are denied to raw rubber and thus serves many specialized uses. Mr. Eric Miller, in his recent address to the annual meeting of M/s. Harrison and Crossfield, took this view in saying that the probabilities were that natural rubber would prove to be economically the best material for a large group of rubber goods and that each different synthetic would have a particular field. Given a wide area of competition between the two and given also the large-scale production of synthetics, however, it is the costs that should decide their fortunes. Just at present raw rubber definitely is at an advantage. But technical developments in synthetics are as rapid as they are unexpected, and are likely to bring down costs before long. Moreover, the cheapness of natural rubber is derived not so much from superior technical efficiency as from cheap and low paid labour. Support for this view is to be found in a recent statement of Mr. Percival J. Burgess, Chairman of the Way-Hallim (Sumatra) Estates that natural rubber would be able to compete with substitutes in quality and prices, provided costs in the East were not forced too high by excessive wage demands. A generally desired rise in the present sub-human wages of Eastern plantation labour may perhaps tilt the balance of costs, one cannot say. If natural rubber can survive only by the exploitation of cheap labour, the prospect for synthetics would appear to be distinctly bright.

BAD LOGIC AND DANGEROUS REASONING

From the U.P. letter published in our last issue, it appears that Mr. D. H. Peel Kates, the Chairman of the Indian Sugar Producers' Association, made some rather startling suggestions regarding sugar-cane prices in the course of his presidential address to the Association's 33rd annual general meeting held recently in Cawnpore. The gist of the relevant passage, as reported by our correspondent, is that if the sugar industry is to do without protection in the post-war years, the cane yield per acre should improve materially and as the agriculturists' incentive to increase the yield per acre varies inversely with the price of cane, that price should be fixed at a level which would not allow the grower "to sit back." Now, this is not bad logic alone, but dangerous reasoning too. Mr. Peel Kates makes the rather original proposal that production should be increased by reducing price—a slap on the face both for commonsense and for economic theory. We wonder whether Mr. Peel Kates would view with complacency any attempt to apply his double-edged doctrine not only to the cane he buys but also to the sugar he sells. Suppose somebody were to suggest that sugar production could be stimulated if a part of the manufacturers' profits were taxed away by way of intensifying their incentive.

The truth is Mr. Peel Kates and others of his way of thinking have the naive belief that the peasants' demand for income is so inelastic that he will produce more when the price of his produce falls and less when it rises in order that his income may be stable in both events. Apart from such incursions of doubtful value into the field of peasant psychology, it is well to remember that the price of sugarcane is not an isolated factor to juggle with but one of the inter-related units that make up the pattern of agricultural prices. Land has a composite demand and if the price of cane is fixed artificially low, the cultivator may find it advantageous to substitute some other crop. Indeed, if past experience be any guide, Government intervention, in case it becomes necessary, may well turn out to be for the purpose of fixing a 'floor' rather than a 'ceiling' for cane price. Better farming, intensive cultivation and the development and propagation of high-yielding varieties, which may indeed on balance, lead to a rise in price of sugarcane, are clearly to be preferred as means of increasing the yield per acre, to speculative attempts at exploiting the peasant's supposedly inelastic demand for income by fixing the price of cane at artificially low levels. We would suggest in conclusion that the sugar industry should depend for its competitive strength not only on cheap and plentiful cane but also on greater manufacturing efficiency.

THE STALIN STROKE

Finding his military prospects growing more bleak and desperate than ever before, Hitler again took re-

versary of his seizure of power, Hitler once more raised the bogey of the "Bolshevik colossus." Hitler in effect, appealed to Great Britain and the United States course to his favourite but by now discredited device of splitting up the Allies. Broadcasting to his people on January 30th on the occasion of the eleventh anniversary to stop fighting and side with Germany to combat the Red menace, for, as he said, continued fighting can only secure the hegemony of Soviet Russia in the continent of Europe and so in the final analysis, in the entire world. Only two days later came Stalin's masterly counterstroke in the shape of granting of full political autonomy to the constituent Soviet Republics. By disbanding the Comintern, Stalin had already taken the worst sting out of the word "Bolshevik." By devolution of political power, Stalin now sought to fragment the "colossus." For it is quite evident that many people besides Field-Marshal Smuts, have been feeling very uneasy about the Russian colossus, not knowing what to do with it. Hitherto British hegemony had rested on a balance of power in Europe which could be upset by military aggression against which Great Britain could take up arms and feel herself virtuous for it. But Stalin upset the European balance of power not by aggression but by economic planning and growth of economic power at a spectacular rate. Great Britain feels very worried over this growing rupture of balance of power but she cannot obviously attack Russia for economic planning. After the last war, ostensibly in the interest of the principle of self-determination, but really in the interest of balance of power, Great Britain broke up the Austro-Hungarian empire and the Turkish empire. Today with the spectacular growth in the power of Russia, the same principle of balance of power demands a reversal of the policy; and so Great Britain is trying to build up East-European and Arab Federations. Stalin's recent masterly stroke is meant primarily to assuage the feelings of uneasiness of different countries about the Russian colossus. But it has also other ancillary advantages which are no less important. It will give the Soviet Union greater weightage in international conferences and organizations. It will enable the Soviet Union to assume highly convenient diplomatic postures of many-dimensional ambiguity. It will enable the various States like the Baltic States to get themselves annexed by the Soviet Union with greater grace and facility and the process of annexation can be completed by an imperceptible gradation of actions. Even Germany can now, as an alternative to annihilation seek federation under the relevant section of the Soviet constitution. It is interesting to note here that the London *Economist* in its issue of October 30, 1943, wrote: "The great problem which will confront the U.S.S.R. then all its lands are liberated is whether in the course of time it will be able to become as genuine a Commonwealth in the political sphere as it already is in the economic field." Stalin has replied,

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SPECIAL ARTICLES

Statutory Price Control of Foodgrains (Contributed)

AS a result of the *Khari* Grains Conference held by the Government of India in January, prices of *bajra* and Jowar have been fixed on an all-India basis, but no decision was taken with regard to rice. The intention of the Central Government to defer the fixation of regional or all-India prices for rice at present has been regretted by many, as newspaper reports indicated that a decision was imminent on this question. It has also to be recalled that one of the major decisions of the Gregory Committee, later endorsed by the Provinces and States at the Fourth Food Conference, was that "Statutory Price Control should be instituted for all foodgrains in all provinces." The natural inference therefore was that an all-India statutory maximum price for rice, the country's most important single foodgrain, would be fixed early. This was a consummation devoutly to be wished, but many factors have to be considered before effective price control can be enforced on an all-India basis.

A fact which is generally forgotten in discussions on price control is that statutory price control of foodgrains already exists in one form or another in Assam, Bengal, Bihar, Bombay, C.P., Madras, Orissa and Sind. Punjab and N.W.F.P. have not yet introduced statutory price control of their foodgrains (except millets) but declarations accepting the principle have already been made by the Governments of these two provinces. Statutory price control of wheat has been discussed with the main wheat producing provinces and it will come into force from the next *rabi* crop.

Ceiling, Statutory and Export Prices

In dealing with questions arising out of controlled prices, it is necessary to keep clear the distinctions between ceiling, statutory and export prices. The ceiling price is one above which a Government agency will not buy. The ceiling price may, therefore, vary from time to time, depending upon market conditions, and it only affects indirectly the private transaction, but a statutory price on the other hand is generally fixed for the whole crop season, and once a statutory price is fixed, it becomes an offence under the law for anybody to carry out transactions above such a price. An export price is a price charged by a surplus province to a recipient administration. An ideal export price would be the statutory price plus export incidentals and freight, but a "surcharge" has been levied by at least one exporting province in the past, and acquiesced in by the Government of India for economic or other considerations.

Regional Variations in Prices

Official reports regarding the *Khari* Grains Conference have been cryptic and uncommunicative, but after talks with non-officials who attended meetings of the Standing Food Advisory Committee of the Central Legislature one gets the impression that co-ordination of rice prices was deferred because the Conference was in a sense premature. Official statements regarding expected quantities of foodgrains from abroad have not been very definite because the full 1944 programme has not yet been finalized, nor at the time of the Conference were prospects of the wheat harvest very clear. The recommendations of the North Western Region (consisting of Punjab, U.P., Sind, N.W.F.P. and Punjab States) are reported to have been in favour of de-

ferring fixing rice prices until the *rabi* harvest. The decision of the Committee of the Eastern region (consisting of Bengal, Bihar, Orissa, Assam and Eastern States) was that statutory provincial controls in the region should continue to operate, but that price levels were still too high and variations too great for a regional maximum price to be fixed. Targets were however set towards which provincial control should continue to operate. In the Central region (consisting of Madras, Bombay, Hyderabad and C.P.), the possibility of fixing a regional price is reported to have been more feasible, as their prices approximated to what the future price levels should be. With such wide differences in the recommendations, it was not easy to come to a decision which could be enforced.

Lesson From Wheat Control

When at last a co-ordinated all-India food policy is gradually taking shape it would be a calamity if its success were to be endangered through a hasty step. A statutory price for wheat in the primary wholesale markets at Hapur and Lyallpur was fixed in December, 1941, but it had to be withdrawn in January, 1943. All the relevant factors had not been taken into consideration in the fixing of the statutory price. As a consequence the normal flow of grain dried up and scarcity conditions in wheat were reported even from surplus areas. It would be disastrous if that experience were repeated. Lack of confidence in the ability of the Government to enforce its policy has been responsible for much suffering in the past.

Rice Prices Will be Controlled

There is no reason to believe that the Government of India have reconciled themselves to this uncertainty about rice prices. The prices of the other principal foodgrains having been controlled, it is only a question of time for regional rice prices to be fixed and for the elimination of wide local variations which now exist. This belief is strengthened by Government's statement that "provincial administrations have been instructed to reduce current rice prices preparatory to fixing statutory maximum prices in parity with each other throughout India." It should be possible to fix a maximum price for coarse rice on a regional basis in the first instance, and later on for the whole country. Co-ordination is necessary though not easy, since under war conditions prices have tended to become more and more local.

Fair Prices

This brings us to the question of arriving at a price level which would be fair both to the producer and the consumer. From the view point of the producer, it is an undeniable fact that his cost of production has increased. This means there has been a rise, first in the cost of articles entering into his cost of production, i.e., manures and implements, secondly in the cost of consumer goods, and lastly in costs of cultivation of the "marginal" lands. Reliable material for a determination of the actual increase in the cultivators' cost of production and living is not available. It is known however, that these costs have risen substantially, though due regard should be paid to the recent fall in the price of textiles and drugs and medicines. In the determination of a maximum price therefore, refer-

ence should be made rather to the ratio between agricultural and other prices than to the ratio between past and present prices of foodstuffs. Yet a comparison between past and present prices is not altogether irrelevant. The harvest prices of rice per maund in the various producing provinces during 1939-40 were as follows:—

Assam	..	3 11 0	Bengal	..	4 7 0
Bihar	..	4 0 0	Bombay	..	5 3 0
C.P.	..	3 11 0	Madras	..	4 5 0
Orissa	..	3 10 0	Sind	..	4 5 0
U.P.	..	4 7 0			

Agricultural Marketing

(Contributed)

ALL the world over, marketing is more expensive in agriculture than in industry. The small scale of agricultural production, the wide dispersion of producers and the perishability of the products serve to add to the distribution costs. In the United States, marketing absorbs, on the average, over half the price consumers pay for foodstuffs and in Germany about two-fifths, while in England, the farmer generally receives about three-quarters of what the consumer pays for meat, about half for milk and a very variable proposition, sometimes falling so low as a third or even less, for fruit and vegetables. In India, official marketing surveys have estimated that the producer's share in every rupee paid by the consumer is, on the average, about ten annas for linseed, nine and a quarter annas for wheat, eight and a quarter annas for rice, eight annas for potatoes and seven and a half annas for groundnuts. These figures are low enough in all conscience and yet, they are only averages and are for a few of the more important commodities having, perhaps, more organized markets than what the general run of agricultural produce can boast of. It is, therefore, likely that reckoned over the whole range of agricultural production the peasant farmer, as distinct from the big land-lord who is in a better bargaining position *vis-a-vis* the marketing intermediaries, receives even a poorer return than what the above figures may lead one to believe. Roughly speaking, the Indian cultivator obtains seldom as much as and generally substantially less than half the amount which his produce fetches at retail sales.

But, even the inherent expensiveness of agricultural marketing cannot wholly explain such poor returns as the agriculturist in India receives. The ultimate explanation is to be sought in the fact that agriculture, as it is carried on today in India, is not organized for commerce. Although he has begun to farm for money, the peasant still remains ignorant of the business aspect of his industry. The part he plays in the marketing of his produce is negligible. In the end his interests suffer and he fails to secure an economic payment for his services as producer, while a host of intermediaries intercept a disproportionate share of the price which the consumer pays.

It should, however, be said that it is not all because of his unbusinesslike mentality that the farmer fails to secure a fair return. On the other hand, evidence is not wanting to show that, in recent times, the agriculturist has displayed a tendency to play an increasingly active part in the marketing of his produce. Still, he has not been able to do so to any appreciable

and wheat prices during the same period were:—

Bengal	..	3 14 0	Bihar	..	4 3 0
Bombay	..	5 0 0	C.P.	..	3 11 0
N.W.F.P.	..	3 1 0	Orissa	..	4 0 0
Punjab	..	2 10 0	Sind	..	2 10 0
U.P.	..	3 12 0			

Taking all factors into consideration a fair wholesale price for both rice (excluding luxury varieties) and wheat should be about Rs. 9 and Rs. 9-8 per maund respectively which are figures confirmed by present market tendencies. If higher prices are fixed, the Central Government would once again lay itself open to the charge of surrendering to powerful landlords, one of whom is recently reported to have advised the farmers of his province to continue to make money while the war lasted!

extent because of a number of very real difficulties in his path.

How far and to what extent can the cultivator participate in the marketing process. It may at once be said that the agriculturist, as an individual producer, cannot play any considerable part in wholesale buying and selling, which is the intermediate stage in marketing and in retail selling, which is the final stage. Both are essentially merchanting operations and are altogether outside the province of the grower as such, who is precluded from participating in them by lack of necessary training and the demands his calling make on his time and energy. Wholesaling is nearly always organized on a large scale and is best performed by merchants who have specialized in the study of market conditions. Retail selling, on the other hand, is usually organized on a small scale, but it necessitates continuous contact with and proximity to consumers and, as the consuming centres are generally at a distance from producing areas, it will take the farmer away from the scene of his main occupation. The scope for the farmer directly selling his produce to the consumers is strictly limited, is almost confined to the marketing of vegetables and, even there is not of any considerable importance. It follows, therefore, that the agriculturist can participate appreciably only in the initial stage of marketing, known as "assembling" which consists of the movement of the produce from the individual farms to a place where they are bulked prior to their distribution, through the various intermediaries, to the consumer.

He may, perhaps, in co-operation with his fellows, participate further in the marketing process and it has been said that agricultural marketing organized on co-operative federation lines can successfully tackle even the problems of wholesale distribution. But a discussion of the possibilities of co-operative marketing is outside the scope of this article which is concerned with what the peasant if the necessary facilities are provided for him, can individually do by taking thought and bestirring himself.

At present, the agriculturist himself, generally speaking, brings only a very small portion of the marketable surplus to the assembling markets. The rest is disposed of in the village itself to the various intermediaries, such as the village money-lender or grain-dealer, the itinerant traders or the agents of wholesale merchants and of exporting firms who scour the country-side during harvest-time. According to the official marketing surveys, the producers bring to the

assembling markets over half the marketable surplus of groundnuts, one fifth of linseed, a little over one-eighth of rice and a limited quantity of potatoes. Yet, it is undoubtedly more profitable for the agriculturist to take his crop to the assembling market as prices there are generally higher than what he can obtain in his village. In the district of Lucknow, a local survey is reported to have revealed that the village dealer has ordinarily a margin of at least 12 per cent, owing to the difference in rates between the village and the country *mandi*,* while the official report on the Marketing of Rice says: "Merely as a result of not marketing his produce direct the rice grower is losing at least nine rupees for every hundred rupees worth sold to the middleman in the village."

We may now inquire why the agriculturist is so slow to take advantage of the better price that is generally obtainable in the assembling markets. The answer may be summed up in the words "bad communications, chaotic conditions of marketing and the agriculturists' indebtedness to the village money-lender or merchant." These three factors encourage a superfluity of middlemen in primary marketing.

The rural areas are ill-served by the existing means of communication. The railway system, conceived mainly in the spirit of a profit-making private enterprise, hardly touches the fringe of rural transport. The main roads lie far away from the majority of the villages while the connecting links of village-roads are too few in number, ill-provided with bridges and generally in a state of disrepair. Bad roads hamper the movement of goods from the villages to the assembling markets and render primary marketing difficult and costly. "In extreme cases" the Royal Agricultural Commission say, "difficulty of communications may leave the cultivator entirely at the mercy of the local dealer who alone has at his command enough pack mules or cart bullocks to undertake the transport of produce to the nearest market." Better and more adequate transport facilities will certainly lead to better integration of marketing. The State should, therefore, undertake a comprehensive road programme with the primary object of linking the villages with the assembling markets through a net work of serviceable roads in order, as the Royal Commission put it, "in the first place, to cheapen and facilitate carriage by cart and, in the second, to render a great extension of motor services possible." As carriage by water is always cheaper than carriage by road or rail, special attention should be paid to the development of canal and coastal traffic. The railways do not play any considerable part in transporting produce from the villages to the assembling markets, but they do carry the bulk of the traffic on its subsequent movement to the consuming centres and ports. As railway freight is a substantial item in marketing costs—it was found that transport absorbed about one-fifth of the consumer's price of a consignment of potatoes sent from Mettupalayam to Mangalore, both in South-India† there is a good case for a thorough examination of existing rates with a view to their reduction and to the granting of liberal concessions for agricultural produce. The railways have a virtual monopoly for long-distance traffic and when they adopt the principle of charging what the traffic can bear, they are in fact charging monopoly prices; and agriculture is not a field where intermediaries can be allowed monopoly prices for their services, as there is so little in it for the primary producer.

If bad communications make it difficult and expensive to transport the produce to the assembling centres, the chaotic marketing conditions prevailing there add much to the trouble and expenses of disposal. The assembling markets are infested by a

* Economic Problems of Modern India—Ch. on Agricultural Marketing. Edited by Radhakamal Mukerji.
† Report on the marketing of Potatoes in India and Burma. P. 74.

host of middlemen whose expensive services cannot be refused by the agriculturist if he wants to contact the *pacca arhatya*, the commission agent-cum-wholesale-merchant, who often buys on his own account, but generally acts as buying agent for exporting firms and wholesalers in consuming centres. As the peasant, normally, has no knowledge of the prices ruling in other assembling markets, consuming centres or ports, he cannot bargain effectively and the price he gets depends largely on the integrity of his broker. As the latter, however, has more to gain by favouring the rich and powerful *pacca arhatya* with whom he is in daily contact than the casual client from the village, it is by no means certain that the seller's interests are always safe in his hands. Again, instances are not unknown of monopolistic practices among buyers such as agreements to buy by turn and not to bid against one another while unfair practices like the manipulation of weights and measures are fairly common. Another burden on the agriculturist is the heavy municipal tolls and the numerous market charges. The Royal Agricultural Commission, therefore, recommended "the establishment of a sufficient number of well-regulated markets, easy of access to the cultivator." In recent years, many such markets have been brought into being in the various provinces. These markets are under the control of market committees, on which the agricultural interests are represented. These committees are empowered to license brokers and weighmen, specify the charges for their services, inspect and control weights and measures and regulate market practices in order to ensure that prices are fixed in the open and that proper accounts are kept. The regulated markets are undoubtedly an improvement and they have become popular with cultivators. But, they are too few in number, by no means easy of access as communications still remain defective, and are limited to a few important commodities. The full benefit of market organization can reach the mass of the agriculturists only if there is a sufficient number of them in the producing areas well-served by good roads or other means of communication, for all the crops in which there are considerable marketable surpluses. The cultivator's bargaining position will be strengthened to a significant extent if cheap and adequate ware-housing facilities are provided in these markets while proper arrangements for storage and for "hedging" contracts will do much to relieve the seasonal depression in prices. Price differences between the various assembling markets and between assembling markets and consuming centres or posts, not warranted by economic factors, will be reduced if an efficient system of market intelligence is instituted and the sellers can bargain with confidence born of knowledge if current reports of those prices are displayed prominently within the market premises. Market News Service will gain in serviceability if weights and measures are standardized throughout the country. If facilities for grading can be provided in these markets, the consumer's preferences will be reflected in the prices received by the producer who will thus be enabled to obtain a premium for better quality.

Certain agricultural commodities need processing before they can be marketed most advantageously. Paddy, for instance, has to be hulled and groundnuts decorticated. This processing is generally done by special agencies such as the rice mills or the decortating factories which often buy the crude produce outright and sell it after processing. They generally manage to make a profit out of the transaction, which is in excess of the actual processing costs and is in the nature of middleman's margin. The grower, therefore, naturally receives an enhanced return for his produce, if he gets it processed on hire and markets the finished product himself. It has been estimated that by marketing his produce as paddy instead of as rice, the cultivator loses annually between three and four

crores of rupees. (Report on the Marketing of Rice in India and Burma—p. 406). The agriculturist's income will, therefore, be substantially increased if provision can be made in the regulated markets for the processing to be done at reasonable rates by agencies which should be licensed by the market committees.

Satisfactory means of communications and organized marketing facilities will benefit the cultivator only if he is free to avail himself of them. But, very often, Tantalus-like, he is restricted by the shackles of his financial bondage to the village money-lender or grain-dealer who is in a position of power and influence as the only ready source of finance in the village. In return for his loans, he often has an understanding, and sometimes a written agreement, with his peasant-debtor that the latter would sell his produce to him. Such understandings or agreements often cover periods up to ten years and the price at which the produce is to be sold, settled in advance, is considerably lower than the market rate. Even in the absence of such agreements, the indebted peasant is virtually compelled to sell his crop to his creditor for the sake of the latter's continued goodwill and future favours. Only the more well-to-do peasants and the big landlords are generally in a position to market their pro-

duce where they please. The average peasant is obliged by the fact of his indebtedness to dispose of his produce to the village sahukar or bania. The provision of cheap and adequate credit facilities to the agriculturist is, therefore, essential if he is to take a more active part in marketing. The problem of agricultural finance is, thus, seen to lie at the root of the problem of agricultural marketing and the latter cannot be wholly solved unless the former too has been tackled successfully.

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THE WORLD ABROAD

International Cartels

(From Our Washington Correspondent)

WASHINGTON, Feb. 8 (By Cable).

IF the United Nations' Monetary Stabilization Conference is held this spring as the treasury anticipates, delegates from forty-four countries will consider many other subjects including world Reconstruction Bank, foreign trade and raw materials production and distribution. There will be many opposing view-points but probably no issue contains more dynamite than the United States' attitude towards post-war cartels. Government spokesmen last week again revealed their adamant hostility towards all private international cartels and it is an open secret that the British representatives who have discussed the matter with the State Department are equally inflexible in refusal to relinquish the post-war device.

The Assistant Secretary of State, Dean Acheson, heads the inter-departmental committee which is preparing the anti-cartel negotiations with other countries. The United States' goal is international trade without privately erected barriers which restrict production and distribution and fix prices. But the

United States favours joint multi-Governmental action to provide equal access to basic raw materials by virtual pooling agreements.

The British attitude as revealed in the preliminary discussion with the State Department is that her economy depends on cartels due to her bad dependence on exports and her need for certain markets. Further cartel talks with the British are expected, perhaps during the international stabilization conference. The British Minister of Supply, Sir Andrew Rea Duncan, who also heads the British Iron and Steel Federation, is now United States' Representative for that purpose. At the time of writing it is difficult to anticipate either Britain or United States receding from position. The administration's beliefs have often been forcefully expressed by Vice-President Wallace and other new dealers who picture cartel as the sinisterest figure in world economy. Government's contentions are based on Department of Justice's recent international cartel prosecutions against aluminium company, General Electric, Allied Chemical, Dupont Bendix Aviation, National Lead and others all charged with the violation of Sherman anti-trust law enacted in 1890.

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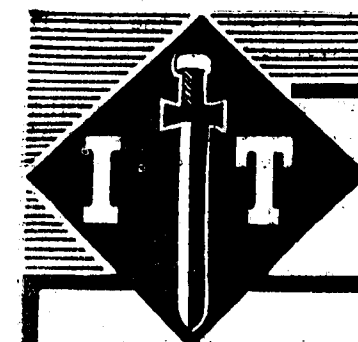
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Trend in Bank Profits

(From Our London Correspondent)

LONDON, Jan. 14. (By Airgraph).

THE accounts for 1943 of the London Banks came up to expectations. It was expected that their profits should be higher than last year although, as we have shown in last week's report, their liquid assets have grown out of proportion as compared with pre-war years only approximately 50 per cent. of their assets being, what is termed, earning assets. Of the Big Five only the Midland Bank registers a slight decrease in profits as compared with 1942. On the other hand, none of the five has been able to achieve the 1939 results. The net profits of the Big Five are as follows:—

	1944	1943	1939	Dividend 1939-43
	£	£	£	%
Barclays	1,584,114	1,529,744	1,784,880	14
Lloyds	1,515,002	1,364,082	1,589,464	12
Midland	1,984,396	1,997,132	2,181,350	16
Nat. Prov.	1,256,395	1,132,018	1,718,984*	15
Westminster	1,347,815	1,237,585	1,475,745	18

(*Profits computed before charging tax on dividend.) Allocations from profit account show only minor deviations from last year. It must be remarked, however, that the computation of net profit whilst of immediate interest to the shareholders, does not show the trend in bank profits since 1939 because the increase in taxation has naturally reduced the net return to the owners. Thus the *Financial News* computes the estimated profits before taxation on the 1929 basis as follows:—

	Peak Slump 1939	1940	1941	1942	1943
	1929 "low"	1929 = 100			
Barclays	100	77.1	99.3	95.8	97.7
Lloyds	100	60.3	81.0	79.8	84.2
Midland	100	80.8	106.3	106.6	124.2
Nat. Prov.	100	71.8	85.6	86.6	96.2
Westminster	100	72.5	88.5	89.0	92.5
"BIG FIVE"	100	71.3	92.7	91.6	99.6

These index figures cannot of course, be taken to be accurate but they do give a fair picture of the trend. Although, as pointed out above, the non-earning assets are practically 50 per cent. of the deposits, the latter have enormously increased. Total deposits for all clearing banks amounted to £m 2,248 (yearly average) in 1939, but £3,865 m. in November 1943 (yearly average approximate £m 3,655). And earning assets were about 20 per cent. more in 1943 than in 1939.

As one would expect in view of the increasing deposits total, the clearing turnover for 1943 beats all previous records. The total for 1943 was £m 57,107 as compared with £m 48,657 in 1942. On analysis these figures do not look so good however. At least they contain a very serious warning as to the future. On pre-war analysis it is found that the clearing house turnover is approximately 70 per cent. of the total banking turnover, 30 per cent. of the latter consisted in internal clearing. Thus the estimated total turnover is something in the neighbourhood of £m 2,386. These current account balances then, turned over only 24 times during the year. In fact the figure is too high because, as we have not the material on hand, we cannot make the necessary adjustment for "other banks" which of necessity have their turnover included in the above total. Yet the lowest pre-war rate of turnover was 65.6 (in 1938) when it represented 46.0 of the 1929 basis (100). Taking into account the current account balances which participated in the clearing turnover, the rate of turnover was probably no more than 22. This would give

us an index figure of 31.3 as compared with 65.6 in 1938 and 88.6 in 1931.

What are the implications? The straight answer is, that we have a media basis which would easily allow a three-fold increase in banking turnover. The results of such an increase would be inflation leading to an entire collapse of the monetary machine. Let it be remembered that the choice of hastening or slowing down the turnover rests entirely with the holders of the current account balances. Only rigid control of the markets by the Government can prevent them making more rapid use of their balances.

The present writer is not an alarmist, nor does he believe that the Government will let matters go if they can prevent it. But the longer this piling up of bank balances goes on and, of course, the pumping into circulation of new money which alone causes it, the greater will the difficulties become. It is clear from this figure that those who dream of early release of controls will have a bad awakening. It is more likely that post-war controls have to be even more rigid for a very long time unless by some means or other this balloon of monetary surrogate media can be deflated to a very large extent.

In view of this state of affairs it is more alarming that all discussion of inflation is conducted in vacuo on a theoretical level far removed from realities. It is almost a crime these days to refer to the quantity theory. But whilst the antiquated formula of the quantity theorists was certainly faulty in that they paid no heed to the qualitative aspect of the quantities involved, no juggling with lovely new terms will get us away from the fact that unless the freedom to use one's money and bank balances as one likes is taken away from us there must be monetary calamity coming some day.

At the risk of being censured as belonging to the past, it must be pointed out that if the managers of the nations currency had taken the old measure of the price level as their guide, this state of affairs would never have arisen. It is admitted that in war-time it is difficult to compute a reliable index of prices but, also, the country is not without the possible services of proved statisticians who, if left to the job, would have managed to overcome the technical difficulties of computation. The fact is, that new theories, not fully understood, have misled practitioners and theoreticians. Most of the new terms referred to above have their value and, as far as they refer to measurements, such as the employment multiplier and investment equilibrium, are indeed good tools for the economist. But all these measurements can only be applied post-hoc, i.e., after monetary action has taken place often only a considerable time afterwards.

If the captain of a ship had to calculate all the factors which concern his ship on a voyage, everyone of them of considerable importance, such as the force of the wind, the pressure of the water, the speed of his ship; and in the engine room the explosive forces of each explosion in the cylinders of the engines, and all their multifarious inter-relations, he would stay in port all his life. Yet with the help of compass, sextant, and gauges on his engine he somehow contrives to get his ship onto the sea and into the port of destination more often than not according to time table.

Let it be understood that the price level indicator is not and cannot replace those other measurements, but it is a reliable guide as to what happens on average by the impact of the working of the monetary machine on the body economic.

Money Market

Hardening in Money Conditions—Disparities in Central And Provincial Treasury Bill Rates—New U.S. Order For Jute

(From Our Correspondent)

CALCUTTA, Feb. 7.

The new year opened under the most affluent circumstances in the money market. With the large currency expansion and the demand for funds mainly from the Government, money rates were at a low level and there was no suggestion any time that there would be a hardening in rates. The developments in the latter half of January, however, have been such as to result in a slight tightening in money conditions. The increased demand for funds cannot possibly result in a rise in the lending rate. The improvement in advances and the slowing down in the rate of bank deposits have thus proved to be disadvantageous only to the Central and Provincial Governments and not to the general trading public. It is true that there has been more demand for money in connection with the movement of the cotton crop in the Western Presidency and that the increase in stock exchange activity has resulted in a rise in the bank overdrafts but these have provided an excuse for making an increase in the average discount rate on the Central and Provincial Government treasury bills.

Treasury Bills

At the auctions held this week the Government of India was able to get its requirements only at the higher rate of 11 annas and 4 pies per cent. per annum as against 10 as. 4 pies last week. Since the offer was increased from Rs. 6 crores to Rs. 8 crores there has thus been a rise in the rate of accepted tenders from 8 annas and 7 pies to 11 annas and 4 pies. There is no suggestion that the upward movement has been stopped. The Imperial Bank does not appear to have taken any large interest at the recent auctions though it would seem that in the week ended January 28 a good proportion of the treasury bills offer was to its credit. To prevent a further large increase in the average discount rate the Imperial Bank must appear as effective bidder. Against the U.P. Government's offer of Rs. 1 crore the applications received were for Rs. 1.75 crores and against the Bengal Government's offer, Rs. 4.49 crores. The average discount rate in respect of these two Provincial Governments was 13 annas, that is, one anna and eight pies per cent. above the Central rate. This disparity between Provincial and Central Government's treasury bills rates is not justifiable especially when the C.P. and Berar Government got its requirements recently at only one pie more than the Central Government's rate. A few days back the Bombay Government got even a lower rate of ten annas. The Bengal Government was not asking for new funds. There were maturing treasury bills for Rs. 4 crores on February 5, 1944. The demand by both the Provincial Governments was, therefore, not in excess of the Bengal Government's maturing treasury bills. Also, against the Central Government's offer of Rs. 8 crores treasury bills, there were maturities for a like amount. The total sales in respect of the Bombay, U.P. and Bengal Governments and the Central Government were, therefore, only Rs. 50 lakhs in excess of the total maturities. The increase in rates paid by the various Governments is, therefore, one-rous.

Reserve Bank

It is satisfactory to note that there has again been no expansion in currency in the week ended January

28, 1944, though in the eight weeks ended January 14, expansion of currency had been on a very large scale. The total of notes issued on January 28 was Rs. 862.9 crores as against Rs. 862.88 crores in the previous week while notes in circulation were lower at Rs. 863.68 crores against Rs. 654.33 crores. Notes held in the Banking Department are, as a result higher at Rs. 9.22 crores as against Rs. 8.55 crores. In the issue department there were no changes except for the small rise in the amount of rupee coin from Rs. 15.3 crores to Rs. 15.31 crores.

In the Banking Department, Central Government balances are Rs. 5.7 crores lower at Rs. 34.06 crores while other Government accounts have risen from Rs. 15.07 crores to Rs. 17.76 crores. The decline in Central Government balances is perhaps in connection with the provision of funds for the repatriation of the debentures of three railway companies, the notice for which was given early in 1943. Payment is to be made on February 4, 1944. The total nominal value of the stocks of the East Indian Railway, the Great India Peninsula Railway and the Bombay Baroda and Central India Railway amounted to £11.1 million. The changes as a result of the redemption of these debentures will be evident in the next statement of the Reserve Bank.

Bank deposits are slightly higher at Rs. 77.37 crores against Rs. 74.7 crores while the balances held abroad are nearly Rs. 3 crores lower at Rs. 132.98 crores.

Scheduled Banks

The statement of the Imperial Bank for the same week shows a slight increase in deposits to Rs. 214.54 crores from Rs. 212.09 crores. Investments are more than Rs. 6 crores higher at Rs. 137.48 crores while advances show an increase of about a crore, cash credits being Rs. 24.08 crores against Rs. 22.73 crores. Loans were Rs. 15.02 crores against Rs. 15 crores while bills discounted and purchased were Rs. 3.38 crores against Rs. 4.42 crores. Cash balances are more than Rs. 4 crores lower at Rs. 14.14 crores.

A study of the returns of scheduled banks for the four weeks ending January 21, 1944, is very interesting. Demand liabilities have increased only by Rs. 1.4 crores to Rs. 501.7 crores. Time liabilities are nearly Rs. 8 crores higher at Rs. 154.8 crores, against a total increase in deposits of Rs. 8.4 crores. The improvement in advances is as much as Rs. 13.2 crores. The net increase in demand for funds is thus over Rs. 3 crores and is met from large cash balances. But the decline in cash balances with the Reserve Bank of India is very much more than the net increase in advances. Balances with the Reserve Bank on December 24, 1943, were Rs. 92.31 crores. They declined to Rs. 74.55 crores on January 21, 1944.

Stock Exchange

The Calcutta Stock Exchange has not been very active during the past few days and no sharp improvement in prices is to be recorded. Business passing is on a fairly large scale and the undertone in almost all the sections is very steady.

Coal Shares

Coal shares encountered some selling at the higher levels and the appetite of both speculators and investors seems to have been satisfied at least for the time being. The announcement early in the period under review regarding the promulgation of an Ordinance providing for the levy of a cess of one anna to four annas per ton for labour welfare and allowing for relief under E.P.T. for those collieries which were able to effect raisings in excess of the minimum did not have any effect on the market, as the fact had been known already and quotations had discounted prospects ahead on this basis. The position in regard to the new Ordinance is not, however, very clear as the wording of the amendment to Section 4 (1) of the E.P.T. Act has not been correctly understood. It reads as follows: "Provided further that in case of any business which includes mining of any mineral, *any bonus paid or through the Central Government in respect of the increased output of mineral shall be totally exempt from E.P.T. under this Act.*" (Italics are ours).

It is pointed out that according to the new amendment collieries stand to gain considerably if raisings exceeded the standard output fixed by the Central Government. Apart from the relief under E.P.T. in respect of excess raisings there is mention of the possibility of compensation being paid for a rapid wastage of mining assets, with intensified mining operations. How this is proposed to be done is not clear.

Jute

Jute shares experienced a mild flutter in mid-week and an all round rise in prices was recorded. The general improvement in quotations was not due to any new favourable developments. But the placing of a new order for canvas, the reports that mills will have to increase production shortly and that the improvement in the coal situation might assist them encouraged both speculators and investors to buy jute shares. In this connection the report that the United States Government might negotiate with the Indian Jute Mills' Association for the placing of a further large

order for hessian is not without significance. It is pointed out that the U.S. representative will be arriving shortly to negotiate a new order. How it is proposed to execute the new orders cannot be anticipated especially as mills are considerably behind deliveries against the large order for 70 crores yards hessian placed in May last. More than the prospect of a new order from the United States Government the report that the trade in burlap will again be reverted to private hands in the U.S. is a bullish factor for the jute industry. At the present moment there is no import on private account and the United States Government is the sole purchasing authority in respect of jute goods.

There is nothing of importance in the other sections. The leading speculative counters, Indian Iron and Steel Corporation, have been fluctuating in narrow limits. In the sugar section very little interest has been evinced though it could have been expected that speculators would be busy following the publication of a very satisfactory earnings report by the Purtabpore Company Limited for the year ended October, 1943. The ordinary dividend for the year is 15 per cent. against nil for the previous year.

Tea

Tea shares have been firm though there was no further rise in prices. The scope for further improvement in values should be said to be appreciable as it was only recently announced that the tea planters might be compensated further for the increased costs of production. In relation to other shares the return on tea issues should be considered very satisfactory.

The behaviour of the Calcutta Stock Exchange in the next three weeks will be determined by the hopes and fears of the Central Budget though it should be said that at the present moment there is very little speculation about the budget proposals. The Bombay market also is inclined to take a hopeful view of the prospects for the next financial year. It is confidently expected that the budget will not have any nasty surprise for the market.

Rise in Treasury Bill Rate—Gold Sales of Reserve Bank—Cotton Mill Results—Time-Limit For Bullion Contracts

(From Our Correspondent)

BOMBAY, Feb. 7.

THE continued upward trend in the Treasury Bill rate has been the only feature in an otherwise dull money market. The week under review has seen further accretion to deposits of banks and the market continues to suffer from plethoric conditions. One quarter per cent. per annum has been the ruling rate not only for inter-bank call money but also for one and two months deposits. Three to five months funds are quoted at 1½ per cent. per annum, six to nine months at ¾ per cent., 10 to 11 months at 1 per cent. and one year deposits at 1¼ per cent. Excepting the last mentioned, the rates for others are more or less nominal as hardly any business has been reported in them. Some of the Indian Banks especially the new entrants, however, are reported to be keen in taking one year's deposits even at as high a rate as 1½ per cent.

Treasury Bills

The rise in Treasury Bill rate is in distinct contrast with the general easy tone of the market. As against Rs. 0.10-4 per cent. per annum in the previous week the Central Government have had to pay Rs.

0.11-4 per cent. per annum during the week under review. It may be mentioned in this connection that the Banks themselves pay only 1½ per cent. on three months deposits. As against the tenders for Rs. 8 crores invited, the total amount offered was Rs. 11.71 crores which discloses a rise of nearly a crore of rupees over last week's. A rise in the total amount offered often takes place when some of the usual large-scale supporters of Treasury Bills desire to obtain a higher rate as well as a larger allotment. This has been so during the week under review. In this connection it is significant that the total amount allotted at As. 12 per cent. formed 56 per cent. of the offerings whereas in the previous week the maximum rate at which allotments were made was only As. 11 per cent. and such allotment formed 65 per cent. of the offerings. Among the bidders those who want a progressively higher return have continued to predominate. The Central Government's cash position continues to be more than comfortable and the maturities from next week onwards will be only Rs. 6 crores. In these circumstances, why should the Government agree to pay higher and higher rates for its short

term borrowings? It is because the low rate on Treasury Bills is hardly compatible with the steep rise that has taken place in the establishment charges of banks occasioned by the rise in the living costs.

The latest statement of affairs of the Reserve Bank of India, namely that for 28th January, 1944, shows no outstanding features except that there has been a small decline of Rs. 65.11 lakhs in notes in circulation. This fall is not surprising and need not be taken as a fore-runner of further reductions in the coming weeks. If the past experience is any criterion, the next statement may disclose a substantial rise in note circulation as it covers the first week of the month when it is that the Government unusually make large disbursements.

Gold Sales

For the second time since the war started the weekly statement of the Reserve Bank has recorded a drop in the sterling balances. Balances held abroad in the Banking Department have declined by Rs. 3 crores during the week and now stand at Rs. 132 crores. Continued gold sales and the payment for these sales in sterling mainly account for this reduction. Payment for gold sales must be far higher as the figure shows a net reduction in sterling balances after taking into consideration sterling receipts acquired against British Government's disbursements in India. The effect of gold sales is thus to check further increases in our sterling balances. It is estimated by the London Economist that since August 17th when official sale of gold was started 3½ million tolas have been sold at prices ranging from Rs. 87 to Rs. 71 and the proceeds of these sales roughly amount to £20 millions.

The rupee sterling exchange market has been dull with rates remaining unchanged, the rates quoted by the Exchange Bankers' Association for merchant business being as follows:

T.T. on London sellers 1s. 5-31/32d.; T.T. on London buyers 1s. 6-1/32d.; Banks buying 90 days sight bills 1s. 6-9/32d one to two months; Banks buying 90 days sight bills 1s. 6-15/16d. three to four months. New York on Bombay 30.37.

Stock Exchange

Cautious trading gave place to hectic buying on the stock exchange. During the week sentiment continued to be bullish, main interest centred round the leading scrips such as Bombay Dyeing, Century, Kohinoor, Tata Deferred and Tata Ordinary. Dyeings have improved from Rs. 2,130 to Rs. 2,205, Century from Rs. 1,068 to Rs. 1,244 after having touched Rs. 1,305 and Kohinoor from Rs. 717 to Rs. 762 after touching Rs. 775. The rise in Century was largely due to short covering. It is common knowledge that out of 27,000 shares of Rs. 100 each nearly 2/3 are in the hands of leading industrialists who are holding them as investment. The floating stock of these shares in the market is very small. Jobbers were mostly oversold and only a favourable moment was necessary to squeeze the short sellers. Nervous bears were responsible for raising the price to Rs. 1,300 on Monday, while bulls dictated their price even though trading was very thin. Interest in Century has now subsided. While Centuries ruled so firm, interest began to be diverted

to Kohinoors as the two go hand-in-hand. The market is however forgetful of the fact that while Centuries in active circulation are very few, recent increase in the capital of Kohinoor from Rs. 30 to Rs. 45 lakhs has very largely added to Kohinoors in active circulation. Overtrading has no doubt given a spurt to Kohinoors but with such a large capital the possibility of a high dividend in future must be a very difficult matter. The market expectation is of a final dividend of over Rs. 25 on the total capital. It must, however, be remembered that in future a good dividend would necessitate large distributable profits. The comparative merit of Century against Kohinoor is, therefore, a very difficult proposition today on account of large increase in the capital of the latter. Sooner or later the weight of new shares must influence the price of the share. The balance-sheet position of the Bombay Dyeing is much better than of Century and Kohinoor. Like Century, the number of shares of Dyeing is also limited namely 25,000 of Rs. 250 each though the aggregate capital is Rs. 62½ lakhs. The fact that the share is of large denomination makes it comparatively less attractive as an active counter on the market. On merit the share appears comparatively cheap and yet because of its size the share moves more sluggishly than the other two. Interest in Tata Deferreds was revived on strong rumours that the Company is considering conversion of deferreds into ordinary shares in the ratio of 5½ ordinary shares for one deferred, Tata Deferred being comparatively undervalued improved on this report. The feeling is gaining ground in the market that no fresh burden in the form of additional taxation will be levied on industry. In the gilt-edged section a firm undertone was displayed by 3½ per cent Government rupee paper which recorded a rise of As. 4 to Rs. 99-20. This rise is ascribed by some to the rumour that in the coming Budget there may be an increase only in the corporation tax and not in the individual tax in which case the yield from Government securities will not be affected.

Cotton Mill Results

The next few weeks will witness the announcement of the results of many of the leading Bombay Cotton Mills for the year ended 1943. All the Mills will show record profits. With the possible exception of the Century Mills, none, however, is expected to pay a dividend which will be in excess of that declared for 1942. The Brady Group Cotton Mills consisting Colaba Land Mill, New City Mill and New Great Eastern Mills will be publishing their results early next week. Advance information available discloses that each one of these Mills has been able to make more than twice as much profit as they were able to do in 1942. The Directors, however have decided not to increase the dividends owing firstly to the very heavy incidence of taxation and secondly, to the need for depositing with the Government large sums under the E.P.T. ordinance of 1943, which, although not a charge on the profits, will not leave enough cash with the companies to meet a higher dividend. This then means that the Colaba Land Mill will pay a dividend of Rs. 10 per share, New City Rs. 25 per share and New Great Eastern Rs. 25 per share. With the exception of a handful of companies which are fortunate enough to have comfortable E.P.T. standard basis, the position of the majority of Cotton Mills in Bom-

bay is more or less similar to that of the Brady Group cotton mills which seem to have been the first to decide upon their dividend for 1943. In the space of the next two weeks, the Kohinoor Mill, the Century Mill and the Bombay Dyeing Mill, the three outstanding leaders among the Bombay Cotton Mills, are expected to announce their results officially.

Bullion Exchange

On the advice of the Reserve Bank of India, the Central Government has relaxed the restriction on the time-limit for settling ready contracts in Bullion by extending the number of days from two to seven. It will be recalled that when the Government first banned forward trading and options in bullion in June last, it gave twelve days' time to square up ready contracts. Later on, when it was found that this facility was being misused by the speculators by adopting twelve days settlement system, the Government reduced it to four and then again a few weeks later to two days. It is stated that the Reserve Bank itself at times found it impossible to give delivery of gold which it is now selling within this restricted time-limit of two days. Consequently, when the Bullion Exchange recently approached the Bank to recommend to the Government on its behalf to extend the time-limit to seven days as is the case on the Stock Exchange, the Bank seems to have readily consented to do so. This action on the part of the Government has not so far affected the nature of trading on the floors of the Bullion Exchange. This is not surprising in view of the fact that considerable speculation in Bullion had been going on outside the Exchange on the basis of a fifteen-day *Vaida*, even when the time-limit was only two days. This unofficial trading, which is illegal, still continues. The authorities must be fully aware of this but the fact that they have so far taken no serious notice of it is an admission of their inability to check speculation by means of ordinances alone.

(From Our Correspondent)

MADRAS, February 4, 1944.

The share market was active during the current week and sprightly advances were seen in the leading shares. In the local market, textile shares were in good form and the leading shares have been marked up substantially. The Planting section was neglected except for some selective buying as for example in Cochin Malabars, O. Valleys and Thirumbadis. The budget rumour regard-

ing the possibility of the imposition of agricultural income-tax is said to be the cause of this apathy. With a slight fall in the price of coffee, a slightly easier tendency prevailed for this type of shares. Bank shares continued to meet with good demand, particularly local shares like Indians, Indo-Commercial, Indian Overseas and Bank of Hindustans. Fractional rises in these shares were recorded. There was a broadening of enquiry for Fixed Interest Securities, but business was limited, due to paucity of good class shares. With the recent increase in the sugar prices, sugar shares came in for a good deal of attention with a rise in the quotations. East India Distilleries were in strong demand, on rumours that the capital of the company was going to be converted from a sterling basis to a rupee basis. On the publication of the news that the Madras Government have sanctioned a scheme for the extension of the Pykara Electric Power to the West Coast and that the scheme the approval of the Government of India was obtained, West Coast Electrics which were last marked at Rs. 7.4 improved sharply to Rs. 8. In view of the coal situation in the country and the immediate outlook, Singareni Collieries, long neglected, were suddenly lifted up from Rs. 15.4 to Rs. 19.4 and closed four annas lower. In the Miscellaneous section, the Mysore group of industrial shares were active as also chemical shares, particularly Mettur Chemicals, Mysore Chemicals and Fertilizers and Mysore Chemical Manufactures.



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many more urgently wanted
GOODS TRAINS
if we all travel
**ONLY WHEN
WE MUST.**
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FROM THE PROVINCIAL ANGLE

Madras Letter

PROBLEMS OF THE TOBACCO TRADE—HIGHER PRICE FOR EXPORTS—SUBSIDY TO FOOD PRODUCTION—RATIONING OF FIREWOOD IN MADRAS CITY

(From Our Correspondent)

MADRAS, Feb. 5.

THE working of the Agmark grading scheme for tobacco since its inception in 1937, the proposals for exercising control on the quality of tobacco exported and the proposals for exporting the surplus virginia tobacco of the 1944 season were some of the subjects discussed at the Tobacco Conference held last month-end at Guntur, the centre of cigarette-tobacco industry. Mr. D. R. Sethi, Agricultural Marketing Adviser to the Government of India, presided over the conference which was attended also by Mr K. G. Menon, Deputy Chief Controller of Exports, and Mr Bhargava, Senior Marketing Adviser to the Government of India. All the representatives connected with the tobacco industry, namely, growers, merchants, exporters and manufacturers, participated in the discussions of the conference, as a result of which it has been decided that all flue-cured tobacco of the virginia variety to be exported on consignment account should be subjected to control of quality. But it has been resolved that any tobacco may be exported against firm offers under a permit from the Government of India. The following Agmark grades have been fixed for export: 1, 2, 3 and 4 of the yellow group, grade 5 light green, grade 6 light brownish yellow and grade 7 bright bits. The conference estimated the exportable surplus for the 1944 season at five million lbs. and requested the Deputy Chief Controller of Exports to arrange for the disposal of this surplus by the grant of export licences to various shippers.

Tobacco Prices

The officers of the Government of India attending the conference seem to have intervened successfully, to some extent, in the matter of prices for the existing 1943 stocks. Consequent on the banning of exports of flue-cured tobacco to United Kingdom by the Government of India since August last, it has been a grievance of the Indian tobacco interests that the Indian Leaf Tobacco Development Company, who are the only available buyers, were paying unduly low prices as they were in a position to dictate their own terms. It is stated that the officers were successful in arranging for a price slightly higher than that being paid for just now. But the position of the growers being reduced to dependence upon the tender mercies of one solitary buyer is certainly deplorable, particularly as the grower has been depending upon the United Kingdom market for marketing the high grades of tobacco which he has been cultivating in recent years at great expense. If Indian tobacco interests have to be shut out of the London market, probably to accommodate the American Tobacco Corporation, at least the Middle East countries could be left open for the high grade Indian cigarette tobacco as otherwise, the consumption of Indian factories being limited, the cultivation of high-class tobacco is bound to suffer serious damage.

The tobacco industry in this province is also suffering a severe handicap in being subject to double taxation, one by the Central Government and the other by the Provincial Government. At the time when the Tobacco Central Excise Duty was discussed in the

Central Legislative Assembly, the Finance Member promised to negotiate with the Bombay and Madras Governments for the withdrawal of the tobacco-tax subject to reasonable compensation. Since then, the tax in Bombay has been withdrawn but in Madras it still remains, and it is stated that negotiations are still going on between the two Governments.

Aid To Agriculture

The Madras Government have already taken several measures designed to promote the extension of agriculture in Madras Presidency. But, in the past, the question of manures has not received sufficient attention, in spite of its being urged in several quarters. But the steps recently taken by the Government will be widely welcomed and would answer the several criticisms. With a view to assisting agriculturists in the increased production of foodcrops, they have now placed a permanent advance of Rs. 90 lakhs at the disposal of the Director of Agriculture for the purchase and sale of improved paddy and other seeds and manures to agriculturists. With this advance, seeds worth about Rs. 46 lakhs and manures worth about Rs. 75 lakhs will be distributed in a year by the Agricultural Department. The sale of manures and seeds will be subsidized by the Government by not including the establishment and overhead charges in the sale price. The subsidy during 1944-45 will amount to Rs. 13.25 lakhs and half the subsidy is to be met by the Government of India. Other measures to assist the agriculturists have also been undertaken. District agricultural officers are now empowered to grant loans to ryots for the purchase of agricultural machinery or plant not exceeding Rs. 75 in each individual case. The cultivation of summer crop is also being encouraged on a wide-scale in certain areas by allowing water for irrigation free of all charges.

Firewood

The Government have now announced their intention to introduce rationing of firewood in Madras, the first in the whole of India, but not until the situation in the City had become intolerable owing to the extreme scarcity, the existence of the black-market and patronage in the distribution of the dribble stocks that arrived in the city. Even now the situation is very far from satisfactory. The Commissioner of Civil Supplies hopes to be able to build up the necessary stocks for the introduction of rationing on a reduced scale from February 14 and on a full scale a few weeks later. The usual distribution of cards and registration with the dealers has begun. The rationing has been based on the income of the family and the number of rice units allotted to it but this system has been found to be most irrational and already public agitation has commenced. The lower class of people earning Rs. 30 and below have been allotted a maximum of 2 *gundus* (1 *gundu* = 56 lbs.) per month for 125 rice units, i.e., about 19½ Madras measures. The firewood allotted is not even sufficient to cook the rice all at one time. The Government are being charged of unduly favouring the higher classes. It would be necessary for the Government to effect suitable modifications so that rationing may be a success.

Bombay Letter

DEFECTS IN FOOD PURCHASE PLANS—SCARCITY IN DHARWAR AND EAST KHANDESH DISTRICTS —INCREASED ACREAGE UNDER FOOD CROPS (From Our Correspondent)

BOMBAY, Feb. 5, '44.

THE recent visit of H.E. the Governor of Bombay to certain places in Gujarat and to Nasik has drawn public attention to the defects in the Government's food purchase plans. In his speeches the Governor repeatedly assured the people that the food purchase plans of the Government would not be executed in a manner unfair to any particular district or section of people. He explained that the Government's buying operations were on a province-wide scale for the purpose of safeguarding the food supplies of the whole Province.

Scarcity In Dharwar and East Khandesh

While all these assurances are very welcome, one cannot at the same time ignore the reports which come filtering in from time to time expressing dissatisfaction at the execution of the food purchase plans. Not many weeks ago we had occasion to refer to the excessive zeal displayed by some of the local officials in Ratnagiri which called forth a wall of protest from the people of that district. This week another such report has come from the district of Dharwar. This is indeed surprising because Dharwar is a surplus district so far as food is concerned, and its chief city Hubli is a rationed city. The citizens of the district allege that the cause of the scarcity of grains is that almost all the officers in the district have been displaying an exuberance of energy in purchasing the quota of grains allotted to each taluka. Hubli city has become rice-dry since the last two weeks. Similarly, other towns like Dharwar, Gadag, Ranabennur, etc., in the district find their ration shops almost empty. The repercussions of the Government's food purchasing operations are also reflected in the acute food shortage in Jamner, East Khandesh. Hundreds of citizens have signed a declaration recording their extreme helplessness in the matter of procuring food supply. It appears that the people of the taluka of Jamner are almost on the verge of starvation as the Government is buying up all available grains without making proper arrangements for distribution. Utter helplessness has driven the people to survive on groundnut seeds which are hardly fit for human consumption. Some people are also believed to have left the place. It is feared that unless urgent action is taken, the situation may become as bad as in Bengal. All these reports of scarcity go to show that while we continue to receive official assurances which verge on the complacent, the ill-effects of the Government's execution of its plans seem to be slowly spreading all

Bengal Letter

BUDGET SESSION OF BENGAL ASSEMBLY— OPPOSITION TO DOUBLING OF SALES TAX —BUNGLING IN PROCUREMENT— MR. LAWSON ON EUROPEANS' STATUS IN INDIA (From Our Correspondent)

CALCUTTA, Feb. 5.

THE Budget session of the Bengal Assembly commenced on 1st February. The session has evoked more than the usual interest because it is expected to be marked by discussion of certain matters that

over the Province. This state of affairs however must be prevented at any cost and it is up to the Government to learn from these early experiences

'Grow More Food'

An increase of 14.3 per cent. in the acreage under wheat in Bombay Province is estimated this season by the Director of Agriculture. The crop is progressing satisfactorily and free from pest or disease, despite some damage caused to it by rats in the Surat, and Khandesh districts and rust attacks in parts of the Deccan and Karnatak. The barley crop covers 10,000 acres, being lower by 36.8 per cent. than last year's acreage. This is due to the diversion of the area to other food crops.

Bullion

Lively trading characterized the business in the silver section of the Bombay bullion market this week. The firm grip of some bull chokseys who command the bulk of local stocks, the disappointment felt by bears over the absence of any signs of Government sales of silver and the bullish up-country advices were all responsible for the aggressive attitude adopted by the bulls. It is rumoured that Government are considering the prevailing irregularity in respect of the period of delivery and a proposal for extending the duration to 8 days was gazetted. This however did not affect the market. In spite of the squeezing tactics adopted by the bulls the rise in prices was not substantial because the open short position in silver has now been considerably reduced due to continued short covering for the past few weeks. Though there were some vague talks in the latter part of the week regarding some Government measures to check the orgy of speculation in silver, the bullish tone of silver was still maintained mainly due to the tense position in the ready where the stocks are held largely by one or two parties. A decline in silver seems unlikely until larger supplies are available. Local stocks are estimated at 500 bars while the offtake of silver is about 60 bars a day. The latest quotation for ready silver is Rs. 123.

In the gold section, conditions are stagnant as, on the one hand, the Reserve Bank is not lowering its price-limit for selling gold below Rs. 71 while on the other, it is prepared to give as much quantity as is demanded at its limit. The latest quotation for ready gold is Rs. 71-0-3.

vitaly affect the well-being of the people of Bengal. In the first place, interest centres upon the coming Budget which, it is feared, would reveal Bengal's finances in a deplorable state. A Press report already indicates that the expenditure that the Bengal Gov-

ernment have incurred so far in connection with the famine comes to about Rs. 11-1/2 crores. On the floor of the Assembly the Finance Minister has already thrown out hints that the prospective deficit will be a huge one far exceeding the current year's deficit of Rs. 7-1/2 crores. He also indicated that the Bengal Government will have to borrow very largely from the Central Government to tide over the financial difficulties. The borrowing figure when revealed would be found to be staggering—he added. Altogether this presents a very gloomy picture about Bengal's financial position in the days ahead. But this financial problem, important as it is, is overshadowed by a bigger problem, viz., that of food. Assembly discussions that have already taken place have centred largely round the food situation. Inside the Assembly and outside the thought that haunts the minds of men is, how to avoid a repetition of last year's crisis? Will the Government be able to achieve this objective? If no, what is to be done?

Sales Tax Bills

The Sales Tax Amendment Bill has already been introduced in the Assembly. The proposal of the Bill is to increase the rate of the sales tax from one pice in the rupee to two pice in the rupee. There is strong and vehement public opposition to the enhancement of the rate of the sales tax. Even the present rate of 1 pice in the rupee or 1.56 p.c. is considered to be too high; in Madras (which gave the lead in the introduction of sales tax) the rate is 1/4 per cent. In that view to increase the rate now to 3 p.c. is considered to be an attempt to impose too big a burden on people when they are already much affected by high prices. Much has been made by the Finance Minister of the "tax-free" goods which in his view protect the poor against the burden of the tax. In the new Bill "poor man's cloth" has been included in the list of tax-free goods which, the Finance Minister thinks, ensures complete relief for the poor! It is not known what the Finance Minister's idea is about the connotation of the term "poor," but it can be said definitely that an acute economic distress has so affected the large majority of the people in the province that the category of "poor man" has expanded considerably to include in its scope a vast number of middle-class people. These latter will feel the pinch severely because of the imposition of the additional taxation burden. On the other hand, the expected yield of the increased tax is not such as to justify its imposition for dealing with the budget deficit. It would yield about a crore of rupees—an insignificant figure by the side of the

U.P. Letter

GOVERNMENT SHOPS FOR CONTROLLED ARTICLES —CLOTH TRADE AND THE NEW AMENDMENT— IRRIGATION SURVEYS

(From Our Correspondent)

CAWNPORE, Feb. 7.

THE implications of the Hoarding and Profiteering Ordinance were discussed at a conference of the representatives of the U.P.'s three Chambers of Commerce and others convened by Mr. C. A. Herbert, Cawnpore's Town Rationing Officer, this week. In the course of discussion it was learnt that the Provincial Government have decided to open one shop in each of the five principal cities of the Province where goods for which prices have been gazetted will be available for sale at the "controlled" rates. This is complaint against the Civil Supplies Department that a welcome measure and would remove the general

colossal statistics of expenditure.

Food Muddle in Making?

Prices of rice have been showing rising trends in various places. Dr. Syama Prasad Mukherjee has shown this by reference to weekly crop reports published by the Agriculture Department of the Bengal Government in the Calcutta Gazette. Analysing the figures of districts and sub-divisions, he has pointed out that with regard to 26 of them the prices were static. With regard to 13 no official information was available but information from other sources showed that prices were rising in those areas. In regard to 13 others the prices showed a steady tendency to rise. What is the cause of rising prices? The view has been strongly expressed that the prices of foodgrains which were ruling now at the beginning of the season began to rise as soon as the Government's *Aman* procurement scheme based on the appointment of a limited number of big Calcutta merchants as the chief agents for procurement was announced and the sub-agents of the chief agents began their operations in the market. The Government's only reply to such criticisms is the repetition *ad nauseam* that rising price-trends are an outcome of panic created by political propaganda. One would only wish that the Government attempted to refute such criticisms by showing some positive achievements in the amelioration of the food situation.

Europeans in India

At the annual general meeting of the Calcutta branch of the European Association, Mr. C. P. Lawson, the President of the Calcutta Branch, dwelt on the rights and duties of the Europeans in India. While the political problem loomed large in Mr. Lawson's speech, the very omission of the usual insistence on safeguards for the European business community was welcome. Referring to the Cripps proposal, regarding the post-war developments, Mr. Lawson said that the European Association accepted the machinery outlined therein. This may be presumed to imply an acquiescence in the fundamental assumption of the Cripps proposals that there should not be statutory safeguards for British commercial interests in the constitution of future India. As is well-known Europeans in India had for a time sought to bring about a change in this basic standpoint of Cripps proposals by a revived talk of safeguards. If Mr. Lawson has given the view of the Association on the proposals with full knowledge of what they imply, this should give a quietus to the old clamour for safeguards.

it is easier to fix prices but difficult to make articles available at those prices.

The representatives of the Chambers of Commerce and the newly formed trade associations revealed that when the Deputy Controller-General of Supplies, Mr. Fazle Elahi was in Lucknow last he had agreed to the traders fixing reasonable prices for those goods whose prices have not yet been gazetted. This "reasonable price" was to be arrived at by adding the present and the pre-war prices of the same goods and dividing the total by two. However, no instructions from the Centre had been received so far incor-

porating the above. Mr. Fazle Ilahi is visiting Cawnpore this week and this as well as other points, including the difficulties of inland dealers who are not direct importers and who depend for their supplies on the importers in coastal towns, are likely to be raised in the talks that are to take place.

Profit Percentages

Many loopholes have been found in the Notification of January 22, amending the Cotton Cloth and Yarn Control Order whereby dealers cannot charge more than 4 per cent. over the ex-mill prices in regard to the goods sold ex-godown or f.o.r. (which are the only permitted modes of sales) dispatching station where these happen to be within a hundred-mile radius of the manufacturers' premises. For example a dealer at Lucknow buying goods from Cawnpore dealers in case the goods are manufactured at Cawnpore will have to sell these goods at a loss for the seller at Cawnpore would have already charged him the price at which he can sell these goods to anyone at Lucknow. The Lucknow dealer will have to pay freight, etc., from his own pocket. The result of the amendment will be that inter-dealer trade (and this cannot be cut out without causing serious hardship and trade dislocation) within 100 miles radius of the manufacturers' premises would come to an end. It appears that the notification which has been published is slightly different from the one originally approved by the Textile Board's organization appointed to deal with the subject. In fact one Cawnpore mill this week relying upon the Bombay deliberations and the intention of the Textile Board offered goods in retail sale at 6¼ per cent. plus the ex-mill prices. Objection to it was taken by the Civil Supplies authorities and the matter has been referred to the Textile Commissioner for clarification. According to the Civil Supplies Authorities no goods manufactured in Cawnpore can be sold at Cawnpore or within 100 miles from Cawnpore at prices which are above the ex-mill prices plus 4 per cent. thereof, except in the case of consumers who can be sold at ex-mill prices plus 20 per cent.

Rotary And Big Business

Opening the 88th District Rotary Conference in Cawnpore on Saturday, Sir Maurice Hallett, the Governor of the U.P., emphasized that aims of rotarians should be to make the working population of

the industrial cities free from want. **Rotary, he said,** should not remain the preserve of rich, the big business, and of professional man and Government servants who have big incomes and big salaries. **It must** include others whom they were at present apt to regard as holding humble positions.

It was a matter of regret to Sir Maurice Hallett that trade unions were not firmly established in India. Some trade unions were run by professional agitators, not by workers themselves, and hence were more harmful than useful. But they hoped that Bevin Boys who had been to England for training and had seen the working of trade unions there would be able to establish trade unions on those lines. Rotarians could help in their establishment.

High Dam For U.P.

Sir William Stampe, Irrigation Adviser to the Government of India, and Mr. Savage, the U.S. Geologist, have recently been exploring the possibility of constructing a high dam at Tons, a tributary of the Jamuna river. The U.P. and the Punjab Governments are interested in making a joint power project at this site. Other sites will also be inspected and the project will form part of the post-war plans for producing power. Sir William Stampe has also carried out aerial surveys followed by ground inspection of various parts of Bihar, Bengal and Orissa for possible irrigation projects both for short term utility in connection with the Grow-More-Food campaign and for long term purposes of post-war industrial and agricultural development on a larger scale. In the U.P., areas seen by him included the Sarda Valley, the Ken Valley, and a tributary called the Richand which offers attractive prospects for generation of large-scale power. This might be utilized in the south-east of the U.P. and the western districts of Bihar.

In a Press interview, Sir William Stampe said that it was obvious that if the supplies of the river water which were at present subject to seasonal fluctuations could be stabilized in a systematic manner by the creation of large storage reservoirs in upper valleys, not only could electric power be produced on a large scale and at very cheap rates, but more water would be available in the dry season for extending the benefits of irrigation to lands at present uncommanded by canals—both existing and to be projected.

REOPENING OF THE MARKET IN COTTON FUTURES—PRICES OF FOODGRAINS FIXED —“A SCHEME FOR THE REGENERATION OF SIND”—MORE HOSPITALS AND SCHOOLS

(From Our Correspondent)

KARACHI, Feb. 4.

THE ring of the Karachi Cotton Association, which had remained closed for nearly nine months on account of the ban imposed by the Government of India in May last on forward contracts, reopened on February 1, with the lifting of the ban. The market continues to show signs of jubilation. Attendance was full and trading was brisk during the opening session. It is estimated that on the first day, there was a turnover of about 5,000 bales. Karachi normally has a market for one and half to two million bales of cotton. The Karachi Cotton Association met during the week-end for the necessary arrangements for reopening of the ring. A circular was also issued to all members

to abide by all the bye-laws and stop speculation and strictly conform to the stipulations laid down by the Government as conditions accompanying removal of the ban. According to the Government notification, trading is to be permitted only in a fine MG-4F hedge contract, subject to a ceiling of Rs. 61 and a floor of Rs. 46 per maund (1943-44 crop). Government also retain the right of buying cotton at the floor rate from any person who offers to sell at Rs. 46 per maund at any time when either this rate is quoted in the Karachi market or the Indian cotton contract in the Bombay market is quoted at Rs. 400 per candy. It has further been impressed on the trade that in order to effectively maintain the floor level, Government may actually be-

gin to purchase when the prices quoted in the market are three per cent. or five per cent. above the floors fixed.

Sugar Controller's Visit

The conviction that confidence and absence of mistrust between Government and merchants were essential for the successful working of the price control system was expressed by Mr. N. C. Mehta, I.C.S., Sugar Controller to the Government of India, replying to an address of welcome presented to him by the Karachi Sugar dealers Syndicate on the occasion of his visit here last week. Referring specifically to the sugar industry, Mr. Mehta said that it was the second biggest industry in India, and Rs. 25 crores had been invested in it. The object of the Government was to secure economic distribution of sugar on the basis of past requirements less 25 per cent. Mr. Mehta complimented the Government of Sind for the successful working of the control system. He thought that in order that the controls should work successfully, it was also necessary that business should be entrusted to persons or syndicates solely on grounds of business integrity and not for personal or philanthropic considerations. He pointed out the unsalutary effects of entrusting the work of sugar distribution to people as a reward for raising and subscribing to war funds or helping the A.-R.P. services.

Foodgrains Prices Fixed

In accordance with the decision of the Government of India to have a uniform statutory maximum price for millets throughout British India, Government of Sind have notified fixation of maximum prices for *bajra* and *juar*. The former has been fixed at Rs. 7-8 a maund and the latter Rs. 7. So far, there has been no indication that the price for rice will be revised from the prevailing rate of Rs. 9. It is, therefore, taken for granted that the local Government have, after all, been forced to bend before the firm attitude of the Centre. In the meantime, protest against the intention of Sind Government to fix a higher rate for rice

has been expressed, among other bodies, by the Hyderabad Municipality. The whole question is expected to be hotly debated during the forthcoming session of the Assembly. It is interesting to note that the reconstruction fund set up by the Government, composed of the profits accumulating as a result of trading in surplus foodgrains, has now reached a total of Rs. 6 crores, and a large part of this sum is to be utilized for several beneficial schemes to be announced in the Budget, and to enable the Government to launch on the new financial year with a surplus of at least Rs. 1 crore.

A comprehensive and ambitious plan, described as "a scheme for the regeneration of Sind," estimated to cost the provincial exchequer about Rs. 60 lakhs, has been finally adopted by the education and medical relief committee appointed by the Government. The scheme envisages the provision of 120 new dispensaries over a ten-year period, 40 during the first five and 60 during the next quinquennium. Co-related with the scheme of rural medical relief is the scheme for expansion and improvement of headquarter hospitals, medical education, training in nursing and treatment of special diseases like tuberculosis and leprosy. The health measures include the appointment of district medical officers and subordinate staff, who will form district health units, better maternity services and medical inspection of school children. In the sphere of education, some adjustment of taxation on the basis of joint provincial and local financial responsibility has been advocated by the Educational Cess Committee in order to enable better attention being paid by local boards towards elementary and secondary education. The committee suggests that a fair and specific portion of the cess received by the local boards must be earmarked by statutory obligation for expenditure on primary education. The additional expenditure, it is proposed, can be defrayed from the revenue arising out of enhanced revenue assessment, and by new taxation, like property tax on urban areas and sales tax, and utilization of *wakf* funds.

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YODHRAJ,
General Manager.

A DELHI DIARY

NEW DELHI, Feb. 10.

IT is now practically certain that the Railway Budget statement next week will contain proposals for the increase of railway fares of all classes. The twenty-five per cent. surcharge, which is now proposed, is expected to yield an additional twelve crores. The only sop that is offered to the public is that the amount will be utilized for building up a reconstruction fund for the special purpose of improving third-class travel. According to lobby anticipations the Railway Budget for the current year will, in spite of the big increase in working expenses, show a surplus of about Rs. 45 crores—an unprecedented figure. This will mean a windfall of over Rs. 30 crores for general revenues. There is already a good deal of stir in Assembly circles, however over the proposed increase in fares. There is little doubt that all the three elected groups will combine to oppose the proposal—particularly the increase in third class charges—but the Government appear to have made up their mind to proceed with their plans. There are also reports that the Government are contemplating an increase in postal and telegraph rates—more or less for the same reasons, viz., partly to relieve the strain on these Departments and partly as an anti-inflationary measure. According to lobby reports the benefit to general revenues from the combined source of Posts, Telegraphs and Telephones will be nearly Rs. 10 crores.

Earlier anticipations that the Finance Member may not think of any additional taxation on any large scale do not now find support in Assembly talks. It is said that Sir Jeremy Ralsman, who, by the way, is to continue for another term as Finance Member, has some unpleasant surprises in store for the country,—both as regards compulsory savings and new taxation. The revenue and expenditure figures for November, which were published by the Finance Department this week, show startling changes. The cost of Defence Services (net) has jumped up to Rs. 24-1/2 crores during the month—an increase of Rs. 6 crores compared with November of the previous year. If this jump means anything the country will have to be prepared for very heavy Defence expenditure during the remaining part of the year, and, probably even more, in the following year. According to the Budget for the current year, the estimated Defence expenditure is about Rs. 183 crores, but as the eight months ending with November have already cost Rs. 148 crores, the total for the year may be easily over Rs. 250 crores. Fortunately both debt charges and civil expenditure have more or less remained stationary—an increase of less than Rs. 3 crores in these eight months. It is expected that the total expenditure for the year—revised—will be between Rs. 350 and Rs. 400 crores as against the Budget estimate of Rs. 293 crores. Luckily revenue returns have also been brightening up, for in November alone the increase has been over Rs. 6 crores as compared with the preceding year. Thanks to the favourable shipping position customs receipts have already doubled themselves. The return from excise is now more than three-fold. Under the three remaining major heads—corporation tax, income tax and "other heads"—the increase during these eight months is more than Rs. 25 crores. The only "head" which is still unsatisfactory is salt which shows a drop of over Rs. 2-1/4 crores. In any case it is certain these revenue heads will bring at least Rs. 200 crores during the current year and that the Finance Member will be entitled to budget for more in the coming year.

The Government's policy is still largely one of borrowing for the purpose of financing the war, but new measures, designed to be anti-inflationary, are said to be in contemplation. It is likely that income-

tax and supertax will not go untouched. Increased excise duties on a number of commodities, including an excise duty on cement are being mentioned. There is also some talk of a central sales tax but as there are many practical difficulties it may take some time before the Government are in a position to take a decision. It has to be remembered that central revenues which amounted to just over Rs. 130 crores in 1941—almost entirely due to increased taxation—has now practically doubled itself. The scope for additional taxation is therefore small, for as the Government are now in a position to see for themselves, any further strain on industries will only have the effect of crippling production.

No statement of importance was made in the Assembly this week excepting the War Secretary's announcement that it has been decided to remove Italian prisoners of war from India. This will relieve the country of the obligation to feed some lakhs of prisoners. In answer to an interpellation, the Supply Member stated that inquiries have been made from America and the United Kingdom as to the possibility of obtaining plant to manufacture synthetic ammonia and as to the size, cost, time of delivery etc. of units which might be fabricated in India, but apparently no reply has been received. When asked whether any assistance has been given to local firms for putting up factories he answered in the negative. There is a good deal of dissatisfaction that though the matter is of immediate urgency nothing has yet been done to stimulate the manufacture of synthetic ammonia in India. In the course of a statement about gold sales the Finance Member said the sales were made under arrangements between the Reserve Bank of India and the Bank of England on account of His Majesty's Government and the United States Government, that the gold was provided by those Governments from their own resources and that the proceeds were utilized by these Governments in meeting their war expenditure in this country. He was, however not prepared to disclose the quantities sold nor state the amount of profit. As regards the food position the Government Member stated that about 360,000 tons of grains were imported during 1943-44. Non-official members pointed out to the Government that this was too small a figure compared with the total of 1-1/2 millions recommended by the Foodgrains Policy Committee.

The Bill introduced to amend the Indian Companies Act seeks to remedy, according to the statement of objects and reasons, three undesirable features in the structure and management of banking companies which have of late come to notice. They are, (1) the appointment of managing directors or managers on long term contracts on payment of remuneration by commission or a share in the profits, (2) the fixation of the authorized capital at a very high figure as compared with the subscribed and paid up capital, and (3) the possession of large voting rights by an individual or a small group of individuals, usually partly paid ordinary or deferred shares. In order to give sufficient time to existing banking companies to adjust themselves to the new requirements a period of two years from the commencement of the amending Act is allowed.

It is considered likely that Sir Ramaswami Mudaliar may be offered the Home Membership in the place of Sir Reginald Maxwell as soon as the Budget session is over. For the Supply Membership, the name of Mr K. C. Mahindra who is now the Government's representative in the United States is mentioned.

ARGUS.

NEWS PAGE

The 1943 famine has so far cost the Government of Bengal not less than 11.5 crores according to figures released by Government from time to time.

A delegation from East Africa and the Sudan is now on a visit to Delhi to discuss with the Government of India the question of India buying cotton from East Africa and the Sudan and terms and conditions relating thereto. The leader of the delegation is Sir Charles Lockhart, Controller-General of Supplies, East Africa.

Sind's new bumper rice crop is now on the market. Rice is actually being sold at less than the controlled price. The new crop is estimated at nearly 4,500,000 bags. More than half of it is surplus and so earmarked for export to deficit provinces. It is learnt that the Government of Sind have reduced all round their selling price of rice for outside provinces by Rs. 2 per maund.

The U.S. Food Administrator, Mr Marvin Jones, disclosed in a broadcast that there will be a carry-over on August 1, of 10,000,000 bales of cotton in the U.S.A. This is almost double the normal carry-over.

Two thousand labourers, recruited from the United Provinces under a scheme to provide labour under Government control for the collieries, will shortly begin work on a quarrying project in the Bihar coal-fields. This is the first instalment of a labour force of 10,000 workers to be recruited from the United Provinces and other areas for underground or surface work in mines and for quarrying coal.

Dealers in bicycle and bicycle parts and in wines and liquors, wholesalers and retailers, are directed, according to Notifications issued under the Hoarding and Profiteering Prevention Ordinance to exhibit prominently a price list in their shops showing clearly the retail selling prices of their articles as already fixed by the Central Government.

Social security for South Africa at an annual cost of 98 million sterling by 1955 is envisaged in a scheme recommended by the Social Security Committee appointed in January 1943, details of which were laid on the table of the Union House of Assembly on January 31. The scheme contains practically all the provisions of the Beveridge Plan.

The latest advice received from the United Kingdom indicates that a big plant for generating hydro-electric power is now being manufactured and it is expected that shipments will begin in the near future.

An Advisory Committee, with an Officer of the Central Government as Chairman, will be constituted to advise on matters relating to the administration of the recently promulgated Labour Welfare Fund Ordinance. It has been laid down that there will be an equal number of members on the Committee representing colliery owners and workmen employed in the coal mining industry, and in the interest of women workers in the collieries, it has also been laid down that at least one member of the Committee shall be a woman.

Two manuscripts by Prof. Albert Einstein, one of them a copy in his own handwriting of his famed theory of relativity, brought 11-1/2 million dollars in war bonds when they were auctioned off at a rally held in Kansas City.

An increase of 14.3 per cent. in the acreage under wheat in Bombay Province is estimated this season by the Director of Agriculture who attributes it to the "Grow More Food" campaign. The barley crop covers 10,000 acres, being lower by 36.8 per cent. than last year's acreage. This is traced to diversion of the area to other food crops.

Compared with a broad gauge railway wagon which can carry 30 tons, a lorry can only carry 4. To replace a goods train of 35 wagons would need 175 lorries, and if these were spaced only 25 yards apart, the equivalent road convoy would be about a mile long. But the greater speed and quicker turn-round of the lorry gives it, if properly used, a far greater relative transport capacity, said Sir Kenneth Mitchell in a recent radio talk.

The production of synthetic rubber in the United States in January totalled nearly 50,000 tons and is expected to reach 75,000 tons monthly by the second half of 1944 according to an announcement in Washington by Mr Bradley Dewey, the U.S. Rubber Director. The United States rubber industry has already increased its production of synthetic rubber to some 50 per cent. more than its rate in 1943.

The Central Government's monthly accounts for November 1943 show that, excluding periodical adjustments and the transactions of Railways and Posts and Telegraphs, expenditure in the first eight months of the financial year 1943-44 exceeded revenue by Rs. 83-1/4 crores against Rs. 91-1/3 crores in the corresponding period of the previous year. Defence expenditure increased by about Rs. 27-1/4 crores to Rs. 148 crores and Civil expenditure by about Rs. 1% crores but Revenue was better by about Rs. 37-1/4 crores. Net receipts from Railways and Posts and Telegraphs were better by Rs. 3-2/3 crores and Rs. 2-2/3 crores respectively. There has been an increase of Rs. 143-2/3 crores under Permanent Debt during the period.

TRANSPORT

A Model Survey for Rural Roads

An evaluation of the economic benefits conferred by an adequate system of rural roads and their relation to the cost of constructing and maintaining the roads required was the main object of the two "Pilot" road surveys conducted at the request of the Government of India by the Council of the Indian Roads and Transport Development Association, Bombay, whose report on the surveys has just been issued. A Pilot Survey may be defined as a full-scale model from which to measure primarily, (a) the cost of equipping the area with roads, (b) the economic advantages accruing from these roads, and (c) the cost and method of investigating the road scheme.

Two areas in Bombay Presidency with different characteristics, one wet and one dry, were chosen for the survey. A representative wet or rice growing area (Scheme A) was selected in District Kolaba between Kalyan and the Ghats embracing the talukas of Panvel and Karjat and a dry area in District Satara (Scheme B) was selected, namely, the taluka of Khatav, the eastern side of which could practically be classed as a famine area. In Scheme A, there are about 500 villages many of which are situated almost a mile apart, the population of most of them being approximately 300. In Scheme B there are only 87 villages, the population in most of them being over 1,000. They are situated at a considerable distance from each other.

The investigations have shown that by result of the facilities afforded by more and improved roads, not only would more lands be put under cultivation and fairer prices ensured to the agriculturist, but far-reaching changes could be expected in the type of agriculture. For instance, the extension of vegetable, fruit and other truck crops, the expansion of the dairy industry and the increase in irrigated fodder production are contingent upon adequate road facilities in order that perishable produce can be marketed without delay and in good condition. Such systems of agriculture are more profitable to the farmer than the cultivation of ordinary main crops and their extension over wider areas would naturally result in greater financial prosperity to the tract in which such extension takes place. A third and very important factor is the actual saving to the community in the costs of transport because in transporting material whether the transport is done by lorry or by bullock cart there is a definite saving to the lorry or cart owner if the transport is over good roads instead of *kutchra* roads or tracks. In the case of lorries it is easy to work out the actual saving in money and though the saving by carts is not so obvious there actually is a saving which can be translated into money value. On good roads the carts can carry heavier loads and thus the number of carts required will be less, with the result that less bullocks are used and the balance remain available for village uses. On good roads there is less wear and tear on the cart and less exertion is required by the bullocks. Further, on good roads there is considerable saving of time as compared with the *kutchra* roads which also leaves more bullocks available for village work.

The cost involved in such road development falls under two heads, first, cost and maintenance. First cost depends upon the type of road chosen for construction. This in turn should be determined in relation to the type, loading and intensity of the present traffic, the expected increase of traffic and changes of type, the geo-physical conditions of the area, the nature of construction materials readily available and finally the strength of the existing sub-grade. Maintenance will

vary with the cost of the construction adopted, and it may be said in general terms that where the first cost is high the maintenance will be low, and where the former is lower the latter will be higher. The following cost schedule has been drawn up with the co-operation of the principal organizations concerned with the supply of cement, tar and bitumen. The average figure of cost taken for each category will not cover any and every specification that might be used but it is a fair average. It is cost over 20 years and includes provision both for the construction of culverts and for the maintenance of the road for the full period of 20 years. In the lower categories of road, viz., Classes IV and V, one consideration has been allowed for the use of such forms of construction as soil stabilization. Class I roads will be all-India highways and are not considered:

SCHEDULE OF APPROXIMATE COST

Class.	Description.	Width Ft. in.	Cost per mile
V	Village roads	10 0	Rs. 7,000
IV	Village roads	15 0	Rs. 15,000
III	District and inter-district roads	17 6	Rs. 25,000
II	Provincial main roads	20 0	Rs. 30,000

Working on these lines the report shows that the financial benefits to the community through road development in the areas concerned will amount to roughly Rs. 11.97 lakhs per year whereas the roads required, including satisfactory maintenance for 20 years, will cost no more than Rs. 4.32 lakhs annually, assuming that a loan is raised for the initial cost, redeemable with 3½ per cent. interest in 20 years. Thus for every 100 rupees spent on roads the return through increased earnings to the community amounts to 277 rupees, apart from the inevitable rise in the revenues to Government through the increased use of road transport the taxation of which even at present yields a revenue of approximately double the total road expenditure in the country. Roads also help the fuller utilization of forest produce so that nature's fertilizers now used for fuel could be saved for agricultural purposes, apart from the fact that increased national production and consumption fosters an improvement in the standard of living. In addition, a road construction scheme drawn up at present will, when the war is over, (a) offer means of employment to the returning soldiers, and possibly open up new areas for economic land settlement by demobilized soldiers; (b) offer work for the surplus road-making machinery and trade personnel; and (c) bring into being the roads without which effective use cannot be made of the thousands of war transport vehicles which will become available on the cessation of hostilities. In the absence of roads, the probable loss due to (1) the deterioration of these vehicles and (2) the maintenance of their drivers in military service, may amount to several crores of rupees, which amount can be turned to the country's everlasting benefit if used for road construction.

The report in conclusion urges immediate attention to the preparation of plans for post-war development through the formation of a Central Road Board and suggests that every village of 300 inhabitants and over should have a road within one mile of the village.

FINANCE AND TAXATION

Central Finances for 1942-43

A statement has been published in the *Gazette of India* dated January 29, 1944, showing provisional figures of the Central Government's receipts and disbursements during the year 1942-43. Some minor adjustments have yet to be made before the accounts are finalized but these are not likely to cause any large variations from the present figures. The total revenue during the year amounted to 177¼ crores, after taking into account the contribution from Railways (20 crores), the net surplus of the Posts and Telegraphs Department (4¼ crores) and payments to Provinces of their share of Income-tax (11 crores), while the total expenditure amounted to 289 crores of which 214¼ crores was on Defence Services. The net revenue deficit is thus 111¼ crores against 94.2½ crores shown in the revised estimates. As compared with the revised estimates, revenue was worse by 1½ crores mainly under Customs (6 crores), Receipts on account of War Risks Insurance Premia (3¼ crores) and net surplus from the Posts and Telegraphs Department (1 crore) offset by increased revenue under Corporation tax (1½ crores), income-tax (6¼ crores) and Salt tax (½ crore). The decrease in Customs revenue is due to certain refunds found necessary subsequent to the framing of the revised estimates and the decrease under the Posts and Telegraphs Department surplus is due to a transfer of 1½ crores to the Renewals Reserve Fund. Defence expenditure increased about 25 crores but there was a reduction of 9¼ crores in Civil expenditure (including 3¼ crores representing less transfer of War Risks Insurance Premia to the respective funds following the decrease in the premia receipts, and 3¼ crores on account of an unexpected saving in expenditure on Stationary Stores) and the net deterioration in expenditure was only 15.2½ crores.

Permanent Debt shows a net increase of 16.1½ crores during the year but as this includes about 35.1½ crores of counterparts created during the year but kept with Government, there was a real reduction of 19 crores. This is due to the repayment of sterling loans under the various Debt Repatriation Schemes aggregating 118 crores and net Debt discharge 3.1½ crores set off by proceeds to regular loans (56 crores) and of counterparts (46¼ crores). There was an increase of 127¼ crores under Floating Debt which was mainly to fill the gap caused by the revenue deficit and the Defence Capital Outlay.

Borrowing has played and is playing a vital part in the war finance of India. Despite increased taxation and growth in tax revenue and increased contributions from the Railways and P. & T. to the general revenue, there has been an ever widening gap between revenue and expenditure which has been closed through borrowing. In the five war years 1939-40 to 1943-44 this gap amounted to Rs. 154 crores, which sum represents war finance through borrowings. Commencing from June 1940, there have been four successive Defence Loans, on tap during different periods, the fourth one being current now. All these loans have been on a three per cent. basis. There are, besides, interest-free bonds, intended for such of those who are willing to lend to Government without interest. An avenue of investment for the poorer sections of

the community was provided for in the shape of Defence Savings Certificates, which have been replaced by National Savings Certificates, carrying a slightly higher rate of yield, as from October 1, 1943. The aggregate of all these realizations up to the end of July 1943 came to Rs. 218 crores. This represents only a part lent by the public to Government. In addition to subscribing to the Defence Loans, the public have purchased up to the end of July 1943 Rs. 157 crores worth of rupee counterparts of repatriated sterling loans. Taking this figure also into account, during the war period (up to the end of July 1943) the total borrowings of the Government of India amount to Rs. 375 crores.

Government of India's ways and means position has been further strengthened by increased borrowings in the short-term market. Treasury Bill outstandings with the public amounted to Rs. 126 crores on July 31, 1943, as against Rs. 34 crores on the eve of the war. This difference of Rs. 92 crores represents money borrowed in the short-term market as a part of war financing arrangements. The rates of interest paid for these borrowings compare favourably with the pre-war rates. As against an average discount rate of Rs. 1.10 per cent. per annum for 1938-39, the average rate was less than a rupee in 1940-41, 1941-42 and 1942-43. The average was slightly higher than the pre-war rate in 1939-40 and that for 1943-44 (six months, April-September) is about a rupee.

As a result of the policy of sterling debt repatriation adopted by the Government of India, the sterling debt of India, including "other obligations" has become reduced from Rs. 469 crores on March 31, 1939, to Rs. 57 crores on March 31, 1943 (preliminary). This reduction has been effected through the compulsory repayment of the dated and undated sterling loans and open market purchases by the Reserve Bank. The rupee finance required for these operations has been secured partly by the sale of rupee counterparts and partly by temporary financing by the Reserve Bank against rupee securities. As a result of this practical wiping out of the sterling debt, interest charge payable by India in England has been substantially reduced. As against Rs. 17 crores paid as interest on sterling debt in 1938-39, it is expected that only Rs. 3 crores will have to be paid in 1934-44. The balance of sterling stock outstanding at the end of March, 1943, amounted to only £13 million. The value of rupee counterparts created amounted to Rs. 235 crores as against £307 million (face value) worth of sterling stocks acquired since 1937-38 under the various schemes.

The total rupee debt of India, including funded debt, Treasury Bill outstandings, Post Office Savings Bank Deposits and Cash Certificates and "other obligations," has increased from Rs. 710 crores at the end of 1938-39 to Rs. 1,208 crores at the end of 1942-43 (preliminary). During the same period, as pointed out above, the sterling debt (including "other obligations") has decreased from Rs. 469 crores to Rs. 57 crores. Thus there has been an increase of Rs. 498 crores under rupee debt and a decrease of Rs. 412 crores under sterling debt. The net increase in the total public debt of India is only Rs. 86 crores up to March 31, 1943.

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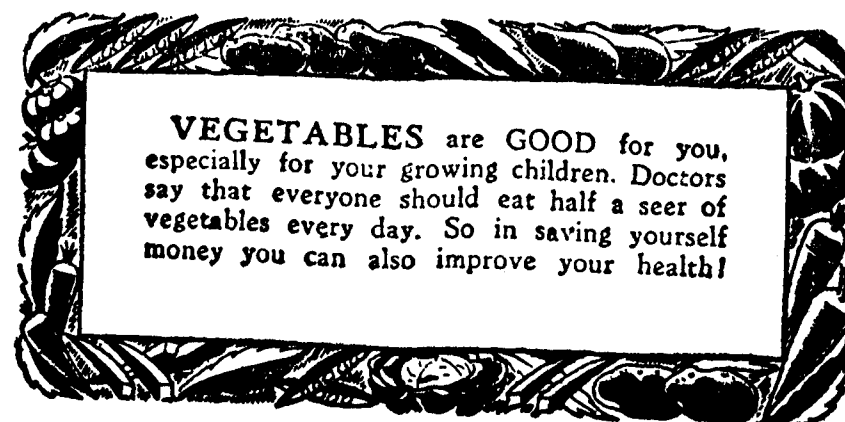
The Provincial Organiser,
 NATIONAL WAR FRONT,
 25, Rajpur Road,
 Delhi.

Or

The Provincial Organiser,
 NATIONAL WAR FRONT,
 Ajmer-Merwara,
 Ajmer.

Or

The Department of Agriculture, Punjab, LAHORE.



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AAA-543-GA

LETTERS TO THE EDITOR

Sir,—Permit me to make a few observations on Sir C. B. Mehta's suggestion of "consumer-subsidies" as a solution of inflation in India. Whatever may be the measure of success achieved by Government's anti-inflationary measures, it shows a bucolic way of thinking to aver that the introduction of "consumer-subsidies" in India will alone do the trick which the entire armoury of anti-inflationary measures as operating in India has not been able to do. Subsidies to the consumer may be better classified in the category of relief measures rather in that of the curatives of the malady of inflation in the country.

On a small scale "consumer-subsidies" are in operation in our country. The railways in India provide rations to their employees at concession rates which are lower than the prevailing market rates for these commodities. Some banks in the Punjab are also giving their employees grain at rates lower than the market rate. An experiment in "consumer-subsidies" can certainly be tried in our country if the Government makes it obligatory on public-utility concerns and joint stock companies above a given size to adopt it. If "consumer-subsidies" are given with respect to most of the essentials of life, then these may be adopted as alternative to dearness allowances. The advantage of consumer-subsidy over dearness allowance is that the employees get the basic needs of life and in rationed quantities. The fear of additional incomes helping the inflationary spiral is thereby ruled out. It is the salaried or wage receiving sections of the community that has been hit hardest by inflation and "consumer-subsidy" will give them the much needed relief.

There are innumerable practical difficulties in the adoption of "consumer-subsidy" on a national basis. These have been pointed out in your issue of 14th January, 1944. All control measures require reliable statistical information, public-spirited administrative machinery, consumer's self-restraint and public co-operation—desiderata which have yet to be obtained in our country.—Yours, etc.

P. C. Malhotra.

Lahore.

Sir,—In reply to Mr. Harekrishna Misra's questions in his letter addressed to you regarding my article on "A Scheme of Post-War Compensation" I beg to say: Firstly, that we need to classify income-receivers because in computing cost of living index numbers for the people different sets of commodities have to be taken into consideration for people with different standards of living. Secondly, regarding the objection that redemption of certificates from general revenues—in case Sterling Balances are not available—would hit production very hard, we have to note that the redemption of these certificates can be spread over a convenient period of time so as to lighten the burden on the economy of the country. Further, we have to remember that redemption constitutes a readjustment of purchasing power between people and no actual withdrawal. It will have the effect of transferring wealth from the (relatively richer) tax-payers

to the (relatively hard-hit) fixed-income receivers. There will, therefore, be on the whole no reduction of demand for the products of our industries. Lastly, regarding deflation which Mr. Misra maintains would in itself be a kind of compensation to fixed-income receivers, we have to note that the price level must fall to one-sixteenth of its present height in order that the victims of inflation may get adequate compensation. It is hard to conceive of such a great drop in prices. Nor would it be an advisable mode of compensating the fixed-income receivers. If the prices were to fall to the pre-war level or a little below it, the fixed-income receivers would find themselves freed from the effect of inflation but would still be left without any compensation. The industrialists are bound to suffer during the process of whatever deflation may ensue; but they would simply be paying out a part of what they have earned now at the expense of fixed income receivers. A good part of what they lose will come back to them through increased velocity of circulation of money. Just as during inflation velocity falls so during the process of compensation the velocity will increase.—Yours, etc.,

J. K. MEHTA,

Allahabad.

Sir,—With reference to your comments in the issue of the 4th instant on my views regarding the 15-year Plan, may I say that I have not denied the need for expansion of currency to meet genuine requirements when there is more production. In this connection, I may refer to an article on the Plan by Prof. Anjaria and myself in the *Commerce* of the 5th instant for a fuller statement of my views. The real question is whether using additional currency as capital to the extent of one-third of the estimated finance for the Plan is sound. I shall be glad to be enlightened as to the conditions under which in your opinion capital can be created by the issue of fresh money, and if this is done, the possible economic consequences of the process. If this easy method of financing economic development was available, I should like to know whether independent countries who have embarked upon economic plans have adopted similar methods of finance, and if so, what is their experience. Again, if the proposed method to the extent of one-third the estimated total is sound, why should the country be asked to undergo the difficulties of obtaining the other two-thirds by more difficult methods as suggested in the Plan, and why don't you recommend that the entire finance be obtained by issuing more currency? You are satisfied with the suggestion in the Plan for efficient rationing and economic controls. Do you think that you can have a system of "efficient rationing and economic controls" under a democratic national government for 15 years in peace-time. It is in the cool examination of these and other relevant issues that we may find suggestions to improve the Plan and make it workable and not in enthusiastic outbursts of praise. It will be good if you can devote some space to the elucidation of these issues so that the authors of the Plan may get the suggestions that they have asked for and I may have the opportunity to learn.—Yours, etc.,

C. N. VAKIL.

Bombay,
7-2-1944.

[Most of Prof. Vakil's points are covered in our Leading Article and Notes. We shall, however, specifically deal with the letter in our next issue.—Ed.]

GLEANINGS

COMMODITY PRICE INDICES IN 1943

The index numbers of wholesale commodity prices, of the Economic Adviser to the Government of India and of Calcutta, after reaching peak levels in the middle of 1943, declined thereafter, moving somewhat erratically but closing the year at lower levels. The trend in the latter half of the year indicates a tendency towards war-time stabilization of prices operating under controls.

The Economic Adviser's number for all commodities (August 1939=100) shot up from 190 in January to 242 in June, declined to 236 in August and ended the year at that level. A similar phenomenon was seen in the food and manufactures groups. The former, after advancing from 191 in January to 303 in June, receded to 294 in July, again advanced to 300 in September and October and receded again to 292 in December. In the latter group, which includes cloth prices, the index number advanced from 224 in January to 259 in July, declined to 251 in September and closed the year at that level. The other group index numbers of the Economic Adviser relate to "other agricultural commodities," raw materials and primary commodities. "Other agricultural commodities" advanced from 183 in January to 253 in May and then declined. In December the number was 197, a decline of 56 points from the peak level and only 14 points above January. The raw materials group alone shows almost a steady advance throughout the year, but the rise was never spectacular. The year began with 171 and closed with 189. Primary commodities reached their peak level of 237 in June and again in October. The year closed lower at 231.

The Calcutta numbers show a similar trend. The index number of all commodities (July 1914=100), after advancing from 250 to 325 between January and May, 1943, receded to 319 in June, advanced again to 349 in September and declined to 301 in December. The highest levels touched in 1943 in cereals and pulses were 572 and 484 respectively and the year ended at the lower levels of 262 and 395 respectively, largely as a result of officially controlled prices for cereals enforced in Bengal.

STANDARD CLOTH

Orders to the extent of 786 million yards of Standard Cloth have been booked with the mills up to the end of December, 1943. Of this quantity, 408 million yards have been manufactured and dispatched to the several provinces and States. Details of provinces and States which have received more than 10 million yards are as follows (in millions of yards): Assam, 11.83; Bengal, 45.03; Bihar, 38.96; Bombay, 26.74; C. P. and Berar, 24.28; Madras, 56.15; Orissa, 11.75; Punjab, 39.8; Sind, 11.59; U.P., 67.93; Hyderabad State, 14.84; Rajputana States Agency, 14.58.

Some provinces have appointed wholesale distributors; but in others distribution is done to the retailers direct by official machinery, i.e., by the office of the Provincial or State Textile Commissioner or the like. The retailing agency is allowed to keep for itself the 3 per cent. margin allowed for retail sale under the standard cloth scheme, the Provincial Government retaining 1-1/2 per cent. for their expenses. Arrangements have been made to sell Standard Cloth in retail shops kept by official agencies, large employers of

labour, co-operative societies, municipal and local bodies, trade unions, reputable charitable and philanthropic organizations and retail dealers selected by Collectors. Steps have been taken in all cases to make Standard Cloth available to the rural population and specially to agriculturists. Where necessary, the services of the village revenue officials are being utilized to sell Standard Cloth to the latter class. In Ajmer, for instance, the quota for the rural areas has been fixed at 1 1/2 times the urban, on the basis of population.

NATURAL AND SYNTHETIC RUBBERS

Friendly co-operation between the natural rubber and synthetic rubber industries after the war was foreseen by Mr. H. Eric Miller, Chairman of Harrisons and Crosfield, in his annual review, reports *The Financial News*. Giving a personal opinion, Mr. Miller said that it was probable that natural rubber would prove to be economically the best material for a large group of rubber goods and that each different synthetic would have a particular field for which it was best adapted. Rebutting those who foresaw the eclipse of the natural rubber industry, Mr. Miller emphasized that natural rubber was both tough and resilient and that, although the industry was hamstrung for the moment, the time was not far distant when it would make a determined come-back. Among the rubber manufacturers of the world, said Mr. Miller, the plantation industry had many friends, and he felt entitled to assume that, as between the Allied nations, the post-war era should be governed by ready friendly co-operation for the common good rather than by nationalistic rivalries.

INDIGENOUS METHODS OF STORAGE

For reasons of climate, the damage caused by insects to foodstuffs in India is much more than in cooler countries and even if the loss is estimated as low as 3 per cent. about 10 crores worth of wheat and roughly the same amount of other grains are being lost to the country on account of the activity of insects. Information regarding these pests in India, the indigenous methods of storage and their efficacy in preventing insect infestation is contained in Bulletin No. 57 (by Dr. Hem Singh Pruthi and Mr. Mohan Singh) issued by the Imperial Council of Agricultural Research. Insects damaging both the cereal grains and pulses have been listed and a brief account of those most common in various parts of India is given in the Bulletin to enable the layman to recognize them. As regards methods of control, among the most effective precautions indicated are: (1) structure of the stores. (2) cleanliness of the store and storing receptacles, e.g. bags before storage. (3) occasional sunning of the grain when there is no fear of its getting wet. From middle of April up to end of May is considered safe and useful period for this purpose.

Processes of heating or fumigation with poison gases are recommended in cases of grain—particularly large quantities of grains—getting infested for lack of proper precautions or in spite of precautions. It is emphasized that the quantity of moisture which grains contain at the time of storage is responsible to a great extent for the degree of infestation by insect pests and fungal diseases.

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COMMODITY MARKETS

(From Our Correspondent)

BOMBAY, Feb. 5.

Cotton

The local futures market registered a slight increase this week due to the reopening of the Futures market in Karachi which opened firm. The tone of this market is barely steady. Looking to the discounts at which Jarilla cotton, is selling, it is not likely that the market may move up. The latest quotation of I.C.C. March is Rs. 472½.

In the spot market, there was no appreciable change in prices. SSnd NT continues to be quoted from Rs. 625/30, Punjab 289F between Rs. 665/70 and LSS at Rs. 625/27. In the Surat district, cotton has begun to move and the quotation for Rajpipla Jagadia line is about Rs. 625.

In the foreign section, prices continue to be steady. The quotation of AR Kampala is Rs. 1,060 and AR Mwanza Rs. 895. There was no export enquiry from Liverpool this week.

Cloth

From February 1st "standard cloth" will be sold in Bombay Province at reduced rates. The reduction varies from 11 to 12 per cent. from previous prices. In the local piecegoods market, there was increased activity for the last few weeks. The market has received a setback this week due to the restriction of profits to 4 per cent. and 10 per cent. under certain conditions and also due to the reduction in "standard cloth" prices. Consuming centres which were beginning to look up are now slow to purchase. Regarding exports, trade has been restricted due to a paucity of fresh offers as the overseas buyers are awaiting lower prices. In grey goods, prices are quoted 4 per cent. above ceiling rates. Leopard cloth hardly finds any buyers.

Seeds

Some small business in groundnuts with the Ministry of Food was reported at £32-12-6 as against their last purchase of £32-17-6. In the local market business in Khandesh quality for Bombay February-March was done earlier at Rs. 13-14-0 and later on there were sellers at Rs. 14-12-0, while March-April was quoted at an anna less. Business in Bombay Bold for February was done at Rs. 13-15-0 and for Madras-Mormugao February-March between Rs. 15 and Rs. 14-4-0 while some business in ready receipts for Mormugao was done at Rs. 15-11-0.

Castorseed

There were sellers at £32-5. The Ministry of Food have not accepted any offer. Business for Madras-Mormugao delivery was done at Rs. 14-10-0 earlier; later on there were sellers at Rs. 14-7-0.

Linseed

No business with the Ministry has so far been reported for Australia. In the local market no business was reported in ready.

Oil Quotations

Groundnut oil ready Feb.	Rs. 8 7 0	per qr.
" Mar.	" 8 9 0	"
Cocoonut oil	" 10 6 0	"
Linseed oil	" 9 10 0	"
Castor oil	" 11 4 0	"

(From Our Correspondent)

Groundnuts

The confusion and uncertainties that prevailed in the groundnuts market still continued during the week under report. The Government of India have been apprised of the situation here and in the best interests of the trade, it is necessary that the uncertainties as regards exports are cleared as soon as possible. The British Ministry of Food have again purchased about 10,000 tons during the week at £32-12-6 and £32-17-6 for export for West Coast. In the local market, exporters were covering against earlier sales to the Ministry. Oil millers were also interested in the market and were good buyers. But sellers were few and seemed to be awaiting further developments. Trade circles estimate that only 50 per cent. of the crop has been marketed so far and that the other half still remains with the holders. There was no local buying for Calcutta as the quota was exhausted for Madras but there was active buying in Guntur from where export permits were being given. The market there, according to reports received, is slightly higher than in the city. There was good demand for oil from Bengal and a fair volume of business has been done. The quotation was very firm with a fractional rise at the close. With continued crushing for oil, cake was slightly easier and the quotation was ruling round about Rs. 120.

Yarns

The yarn market ruled easier during the period under report. The speculative business referred to in the last report has subsided and sales by certain holders added to the weakness during the early part of the period. Towards the close, there was a broadening of enquiry but prices failed to react to any substantial extent, due to uncertainties caused by the notification issued by the Textile Commissioner fixing margins of profit in the several stages of transactions, as to whether this would apply to yarn also or to piecegoods alone. Mills are reported to be fully booked both for ready and forward and dealers' enquiries meet with stereotyped replies from mills to the effect that "present rates are ceiling prices. We have neither ready stocks nor are we in a position to sell for forward delivery." There were no enquiries from Calcutta.

Skins and Hides

The hides market was ruling well over the control rates and business was still difficult to negotiate. Information has been received that prices of Madras and Bombay tanned skins have been raised by 6d. per lb. to take effect from February 1. These prices are to apply to all outstanding unshipped contracts. It is understood that Mr. Wright Henderson, Controller of Leather for the Ministry of Supply in the United Kingdom will be visiting Madras by about the middle of next week for important consultations.

A PLAN OF ECONOMIC DEVELOPMENT
FOR INDIA

By

Sir Purshotamdas Thakurdas and Others

A few copies of the Plan are available for sale at Re. 1 per copy (postage extra).

The Manager, Eastern Economist,
P.B. 34, New Delhi.

CURRENT STATISTICS

BANK OF ENGLAND					
(000's omitted)					
	£	£	£	£	£
	Feb. 2, 1944	Jan. 26, 1944	Feb. 4, 1943	Aug. 30, 1939	
Total Bullion	904	879	1,197	263,700	
Public Deposits	10,800	8,500	8,100	31,100	
Other Deposits	223,000	240,500	197,600	129,000	
Of which Bankers' Deposits	169,600	187,800	139,500	90,100	
Govt. Securities	204,500	215,100	158,200	113,100	
Other Securities	15,800	13,800	21,200	31,000	
Of which Discounts and Advances	4,300	4,400	4,400	6,400	
Notes and coins	27,400	33,600	39,900	34,200	
Notes in Circulation	1,073,500	1,087,300	911,300	529,500	
Ratio of Reserve to Liabilities	11.72%	13.49%	19.40%	21.88%	

U.S. FEDERAL RESERVE BOARD					
(000's omitted)					
	Feb. 2, 1944	Jan. 26, 1944	Feb. 4, 1943	Aug. 31, 1939	
Resources:					
Total Reserves	20,103,000	20,123,000	20,896,000	14,660,610	
Total Bills Discounted	24,000	24,000	9,000	6,190	
Bill bought in open market	..	..	..	550	
Total U.S. Government Securities	11,781,000	2,026,000	5,475,000	2,424,190	
Liabilities:					
Federal Reserve Notes in actual Circulation	17,040,000	16,907,000	12,302,000	4,809,280	
Deposits — Member Bank Reserve Account	12,847,000	13,002,000	12,302,000	10,951,000	
Ratio of total Reserve to Deposit and Federal Reserve Note Liabilities combined	62.9%	62.4%	79.6%	66.9%	

RESERVE BANK OF INDIA			
Weekly Statement of Accounts as on January 28, 1944.			
ISSUE DEPARTMENT			
	Rs.	Rs.	
Liabilities			
Notes held in the Banking Department	9,21,37,000		
Notes in circulation	853,68,20,000		
Total Notes issued		862,89,57,000	
Total Liabilities		862,89,57,000	
Assets			
A. Gold Coin and Bullion:—			
(a) Held in India	44,41,43,000		
(b) Held outside India	744,83,96,000		
Total of A		789,25,39,000	
B. Rupee Coin		15,31,48,000	
Government of India Rupee Securities		56,32,70,000	
Internal Bills of Exchange and other commercial Paper		..	
Total Assets		862,89,57,000	
Ratio of total of A to Liabilities	91.466 per cent.		

BANKING DEPARTMENT			
	Rs.	Rs.	
Liabilities			
Capital paid-up	5,00,00,000		
Reserve Fund	5,00,00,000		
Deposits:—			
(a) Government	34,05,92,000		
(1) Central Government of India	..	67,94,000	
(2) Government of Burma	..	17,76,10,000	
(3) Other Government Accounts	..	77,37,49,000	
(b) Banks	..	5,38,45,000	
(c) Others	..	3,53,70,000	
Bills Payable	..	8,64,01,000	
Other Liabilities	..	..	
Total Assets	Rs. 157,41,61,000		

Assets		Rs.
Notes	..	9,21,37,000
Rupee Coin	..	28,00,000
Subsidiary Coin	..	1,21,000
Bills Purchased and Discounted:—		
(a) Internal	..	..
(b) External	..	..
(c) Government Treasury Bills	..	3,43,71,000
Balances held abroad*	..	132,98,15,000
Loans and Advances to Governments	..	23,00,000
Other Loans and Advances	..	..
Investments	..	8,04,97,000
Other Assets	..	3,21,20,000
Assets Rs.	..	157,41,61,000

* Includes Cash and Short term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	Jan. 28, 1944	Jan. 21, 1944	Jan. 29, 1943	Sept. 1, 1939
Held in the Banking Dept.	9,21.37	8,54.75	10,83.94	35,04.49
In Circulation	8,53,68.20	8,54,33.31	5,93,24.72	1,82,13.17
Total Notes	8,62,89.57	8,62,88.06	6,04,18.56	2,17,17.66
A. Gold Coin and Bullion	44,41.43	44,41.43	44,41.43	44,41.46
Sterling securities	7,44,83.96	7,44,83.96	3,55,83.39	59,50.11
Total of A	7,89,25.39	7,89,25.39	4,00,24.82	1,03,91.57
B. Silver Coin	15,31.48	15,29.94	14,57.93	75,87.11
Rupee securities	56,32.70	56,32.73	1,99,35.81	37,38.98
Silver bullion under Coinage	..	..	..	..
Percentage of Reserve to Liabilities	91.466	91.467	66.246	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	Jan. 23, 1944	Jan. 21, 1944	Jan. 29, 1943	Sept. 1, 1939
Cash	9,50.58	8,90.15	11,08.87	35,15.27
Balances held abroad	1,32,98.15	1,35,98.51	85,17.76	10,08.33
Investments	8,04.97	7,81.81	6,37.87	6,81.34
Bills discounted:—				
(a) Internal	..	..	..	..
(b) External	..	..	..	..
(c) Government of India Treasury Bills	3,43.71	3,43.71	1,93.44	1,15.67
Loans and Advances to the Government	23.00	1,07.00	30.00	31.00
Deposits:—				
(a) Government	52,40.96	55,61.24	40,00.20	14,85.43
(b) Banks	77,37.49	74,70.34	44,49.88	26,91.43
(c) Others	5,36.45	4,82.35	4,54.96	1,24.37

STERLING PURCHASES

(000's of £)			
	Total Amount Purchased.	Average rate.	
1943:—			
January	8,182	1sh. 6d.	
February	11,070	1sh. 6d.	
March	17,779	1sh. 6d.	
April	9,219	1sh. 6d.	
May	8,721	1sh. 6d.	
June	6,238	1sh. 6d.	
July	7,008	1sh. 6d.	
August	8,546	1sh. 6d.	
September	8,371	1sh. 6d.	
October	8,947	1sh. 6d.	
November	..	..	1sh. 6d.
December	9,878	1sh. 6d.	

IMPERIAL BANK
(In 000's of Rupees)

	Jan. 14, 1944	Jan. 7, 1944	Jan. 15, 1943
Liabilities—			
Subscribed Capital ..	11,25.00	11,25.00	11,25.00
Capital paid-up ..	5,62.50	5,62.50	5,25.50
Reserve Fund ..	5,85.00	5,85.00	5,75.00
Fixed Deposits, Savings Bank, Current and other Accounts ..	212,09.06	213,26.78	168,16.82
Loans against securities per contra ..	..	..	..
Acceptances for Constituents ..	..	..	..
Sundries ..	69.32	69.91	67.20
Total ..	224,25.88	225,44.19	178,21.52
Assets—			
Government securities ..	131,39.75	133,69.60	118,00.56
Other authorised invest- ments ..	2,90.85	2,90.85	1,30.95
Loans ..	15,00.78	15,32.40	9,14.71
Cash credits ..	22,73.24	21,05.04	15,18.03
Bills Discounted and Pur- chased ..	4,21.78	4,36.20	2,88.68
Liabilities of Constituents for Acceptances per contra ..	..	..	..
Dead stock ..	1,69.60	1,69.40	1,74.01
Sundries ..	1,09.71	1,14.79	83.99
Bullion ..	..	..	..
Balances with other Banks ..	2,06.23	2,67.22	3,25.36
Cash in hand and with the Reserve Bank of India ..	43,13.94	42,53.60	25,85.23
Total ..	224,25.88	225,44.19	178,21.52

SCHEDULED BANKS
(Comparative Statement)

	21-1-44	14-1-44	22-1-43	1-9-39
Demand Liabilities				
in India ..	501,71.14	505,38.61	350,02.98	134,36.49
Time Liabilities				
in India ..	162,78.03	161,47.19	114,76.23	102,24.34
Cash in India ..	83,72.86	23,46.64	14,89.65	6,69.92
Balances with Re- serve Bank ..	74,55.13	71,82.28	50,96.97	25,17.19
Advances in In- dia ..	174,49.11	170,44.85	100,71.08	101,52.16
Bills discounted in India ..	7,33.28	7,39.87	2,82.42	3,57.29

TENDERS FOR TREASURY BILLS
(In thousands of rupees)

Week Ending	Amount Tendered	Amount Accepted	Average Rate	Inter- mediates	Sold in favour of Issue Dept.
Sept. 7	18.85.5	8.00.00	0 13 9	..	3,72.75
10	14.91.25	8.00.00	0 13 4	..	3,54.00
21	15.84.25	8.00.00	0 13 5	..	3,48.00
28	20.10.75	8.00.00	0 13 6	..	4,79.50
Oct. 4	15.86.50	8.00.00	0 12 0	..	2,08.50
12	12.28.00	8.00.00	0 12 0	..	5,22.00
19	14.57.00	8.00.00	0 12 1	..	5,40.75
25	12.89.00	8.00.00	0 12 9	..	3,18.00
Nov. 2	10.70.50	8.00.00	0 13 8	..	3,19.00
9	9.14.50	6.00.00	0 13 8	..	1,68.00
16	13.20.50	6.00.00	0 13 8	..	18.00
23	10.71.25	6.00.00	0 13 0	..	3,47.25
30	11.13.50	6.00.00	0 12 11	..	1,45.00
Dec. 7	13.73.75	6.00.00	0 12 3	..	1,40.50
14	14.02.50	6.00.00	0 11 11	..	1,34.00
21	14.28.25	6.00.00	0 11 0	..	1,79.50
Jan. 4, '44	10.77.75	6.00.00	0 9 0	..	60.625
11	8.55.50	6.00.00	0 8 7	..	59.400
18	12.11.25	8.00.00	0 8 8	..	39.400
25	10.76.75	8.00.00	0 14 4	..	1,10.00

CROP FORECASTS.
(1943-44)

Crop and Forecast	Estimated Area	Per cent of preceding year (100= figure of same date preceding year)	Final figure 1942-43	Estimated Outturn	Per cent of preceding year (100= figure of same date preceding year)	Final figure 1942-43
Jute— Final	Acres 2,602,000	78	Acres 3,333,000	6,949,000 bales	77	9,062,000 bales
Sugarcane— Second.	3,938,000	107	3,590,000	(a)	..	5,692,000 (tons)
Groundnut— Second.	6,851,000	108	7,431,000	(a)	..	2,774,000 (tons)
Rice— Second.	76,075,000	106	74,919,000	(a)	..	24,533,000 (tons)
Cotton— Third.	17,839,000	98	18,812,000	4,682,000 bales	106	4,554,000 bales
Sesamum— Final	4,167,000	99	4,328,000	441,000 tons	104	463,000 (tons)
Rape and Mustard— First.	3,038,000	88	5,764,000	(a)	..	1,043,000 (tons)
Linseed— First.	2,370,000	92	3,408,000	(a)	..	411,000 (tons)
Wheat— First	32,361,000	96	34,298,000	(a)	..	10,971,000 (tons)

MATURITY OF TREASURY BILLS OUT-
STANDING ON 31ST DECEMBER, 1943.

Date of Maturity	Amount (000's of rupees)
Bills maturing on or before 31st December 1943 but not paid upto that date ..	..
2nd January 1944 ..	50
7th ..	8,00.00
15th ..	7,59.00
16th ..	41.00
22nd ..	7,38.50
23rd ..	61.50
27th ..	7,92.00
30th ..	8.00
5th February 1944 ..	7,83.75
6th ..	16.25
12th ..	5,52.25
13th February 1944 ..	47.75
19th ..	5,43.25
20th ..	56.75
26th ..	6,00.00
2nd March 1944 ..	25
3rd ..	5,99.75
8th ..	35.50
10th ..	5,19.75
11th ..	44.75
17th ..	5,99.00
18th ..	1.00
23rd ..	6,00.00
Total ..	82,00.50

SUGAR POSITION
(1913-44)
(Figures in tons)

Producing areas	Production up to 15-1-1944	Progressive total of despatches up to 15-1-1944	Percentage of progressive despatches to production	Physical stock as on 15-1-44
U.P. ..	2,12,808	42,597	20.0	1,70,211
Bihar ..	68,201	14,882	21.8	53,319
Bombay ..	18,395	5,735	31.2	12,660
Madras ..	7,250	814	11.2	6,436
Punjab ..	2,651	10	0.4	2,641
Bengal ..	1,662	44	2.6	1,618
N.W.F.P. ..	1,333	316	23.9	1,007
Orissa ..	517	..	..	547
Indian States ..	41,727	14,172	34.0	27,555
Total ..	3,54,584	78,570	22.2	2,75,994

N.B. Balance physical stock of 1941-42 and 1942-43 sugar
as on 15-1-44 was 17,365 tons.

CONTROL OF CAPITAL ISSUES

TABLE I

Applications for consent under D.I. Rule 94-A to the issue of Capital by Industrial companies (17th May to 15th Nov. 1943).

Classification of industry	No. of ap- plications	T O T A L Capital asked for	CONSENT Number	ORDERS Capital allowed	REFUSALS Number	Capital asked for
Cotton textile industry ..	73	493.75	68	406.28	5	41.75
Iron, steel and engineering ..	67	282.14	57	170.24	10	103.33
Chemicals, drugs and medicines ..	72	220.85	63	149.51	9	59.21
Film production and distribution ..	36	138.82	15	12.27	21	122.15
Other industries (see Table II) ..	316	849.86	295	720.55	21	107.45
Total* ..	564	1,985.52	498	1,458.85	66	433.88
*of which: Initial issues ..	258	1,042.64	210	689.00	48	322.74
Further issues ..	306	942.88	288	769.85	18	111.14

N.B.—Where a company has several objects, the classification has been according to the nature of the most important of these.

TABLE II
DETAILS OF OTHER INDUSTRIES

Classification of industry	Number of ap- plications	Capital asked for (Rs. lakhs)	CONSENT Number of ap- plications	ORDERS Capital allowed (Rs. lakhs)	REFUSALS Number of ap- plications	Amounts asked for (Rs. lakhs)
Printing, publishing and stationery ..	40	29.36	39	28.46	1	0.40
Soap, candles and 'vanaspathi' ghl ..	13	18.37	11	16.04	2	2.33
Shipbuilding ..	2	22.25	2	22.25	..	..
Tanneries and leather goods ..	14	19.35	14	19.35	..	..
Canvas and rubber articles ..	4	7.00	3	6.00	1	1.00
Public service companies: railways, tram- ways and electric companies etc. ..	23	33.21	23	30.08	..	..
Clay, stone and other construction materials ..	9	22.86	9	20.86	..	..
Glass and pottery ..	4	13.12	4	13.12	..	..
Ice and aerated water ..	2	1.27	2	1.27	..	..
Saw, timber, plywood and other wooden articles ..	13	58.03	11	42.43	2	15.60
Tobacco, cigarettes, etc. ..	1	54.85	1	54.85	..	..
Non-ferrous metalware ..	15	68.40	13	60.17	2	7.50
Match industry ..	5	28.52	4	19.04	1	9.48
Jute textiles industry ..	8	27.17	8	23.17	..	..
Other textiles: silk, wool, etc. ..	4	43.17	4	38.43	..	..
Paper and strawboard ..	11	34.65	10	18.16	1	12.50
Rice and flour mills ..	8	3.25	8	3.25	..	..
Oil mills ..	11	35.02	10	22.27	1	10.00
Mining and quarrying ..	14	72.92	13	60.92	1	12.00
Breweries and distilleries ..	1	5.00	1	5.00	..	..
Sugar and gur ..	13	90.09	12	83.59	1	6.50
Hotels, theatres and entertainments ..	9	23.30	3	1.95	6	21.35
Food preserving industry, including dehy- dration ..	16	18.82	16	18.82	..	..
Transport companies ..	56	57.67	56	57.67	..	..
Other industries ..	20	62.10	18	53.30	2	8.70
Total ..	316	849.86	295	720.55	21	107.45

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939†

(Base: August 1939=100)

	Bombay	Ahmedabad	Sholapur	Cawnpore	Nagpur	Jubbulpore	Lahore	Madras
	1940-41	1941-42	1942-43	1943-40	1940-41	1941-42	1942-43	1943-40
Nov.	104	108	120	170	111	111	129	188
Dec.	108	110	123	179	115	108	136	204
Jan.	109	111	130	193	111	108	130	237
Feb.	107	113	129	195	108	108	129	226
Mar.	105	113	130	198	107	108	132	237
April	105	118	131	214	107	111	136	256
May	106	116	135	214	105	112	141	271
June	106	116	145	224a	110	114	152	289
July	108	120	150	225	108	121	160	288
Aug.	109	125	160	227	107	126	168	293
Sept.	107	123	162	233	108	126	160	312
Oct.	108	119	164	236	108	128	166	310

Nagpur and Jubbulpore do not include housing.

(a) Figures from June onwards relate to the calendar month and not to the month ended 15th June as before.

(b) Fall in index is due to the taking into account controlled cereal prices instead of market prices

(x) Revised figure.

† Indian Labour Gazette.

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Grade & Quality	Market	Unit	This Week. Rs. a. p.	Last Week Rs. a. p.	A Year ago. Rs. a. p.	Pre-war (1939) Rs. a. p.
Rice (not in husk)	New Crop	Calcutta	per md.	16 0 0	16 0 0	14 0 0	4 14 0
Wheat	Bismati Sela	Amritsar	"	17 0 0	18 0 0	"	"
	Average quality	Karachi	"	8 0 5	8 0 5	5 15 0	"
		Hapur	"	11 0 6	11 0 6	"	5 15 0
		Lyallpur	"	8 13 0	9 15 0	5 1 0	2 5 0
Sugar	Marhowan Crystall No. 1	Cawnpore	"	15 5 6	15 5 6	12 3 0	9 15 0
Sugar (Gur)	Chikna best quality	"	"	8 8 0	8 8 0	"	"
Tea	For home market	Calcutta	"	0 11 2	0 10 11	1 5 4	0 4 4
Potatoes	Desi	Cawnpore	"	4 8 0	5 0 0	"	"
Groundnuts	Bold	Bombay	per md.	10 5 3	10 10 6	"	"
Groundnut Oil	Expeller	Madras	per 500 lbs.	167 0 0	164 0 0	"	"
Castor Oil	Spl. Refined Average	Bombay	per md.	38 9 2	38 9 2	170 0 0	"
Castor seeds	Average	Bombay	per candy	15 8 0	15 12 0	16 8 0	7 2 6
Linseed	Bold	"	per cwt.	14 0 0	14 4 0	13 8 0	6 12 6
Mustard	Toria 90 admixture	Karachi	per 656 lbs.	100 4 0	100 0 0	71 0 0	26 12 0
Cotton (raw)	Pine M.G. 4-F (Punjab) R.G.	"	per 784 lbs.	517 0 0	524 0 0	"	"
"	Janilla 3/4"	Bombay	per candy	468 0 0	470 12 0	"	"
Cotton Piece-goods	Grey Dhoti	"	44" x 10 yds.	3 5 9	3 5 9	"	"
	Markin 11 lbs.	"	43" x 38 yds.	26 6 2	26 6 2	"	"
Cotton Yarn	No. 10s.	"	per 10 lbs.	13 10 6	13 10 6	"	"
Jute	Raw Firsts	Calcutta	"	17 8 7	17 8 7	68 0 0	41 0 0
Jute Bags	B. Twills 2 1/4 lbs.	"	per 400 lbs.	80 0 0	81 0 0	66 0 0	41 0 0
Wool (raw)	Kandhar (cleaned)	Karachi	per 100 bags.	67 4 0	67 4 0	61 0 0	28 13 0
Cow hides	Best quality (Agras)	Calcutta	per md.	60 0 0	60 0 0	52 0 0	32 0 0
Goat skins	Best quality	"	per 20 lbs.	10 8 0	10 8 0	10 8 0	10 8 0
Tanned Hides	Best quality (cow)	Madras	per 100 pieces.	150 0 0	150 0 0	145 0 0	115 0 0
"	"	"	per lb.	1 6 4	1 6 4	1 3 6	0 12 0
"	Best quality (goat)	"	"	2 6 6	2 6 6	2 2 0	1 12 0
Shells	T. N. Superior	Calcutta	per B. md.	71 0 0	71 0 0	64 0 0	14 0 0
Kerosene oil	"	"	per 4 gals. in tin.	5 4 9	5 4 9	5 5 3	3 13 3
Coal	Selected Jharia (best)	"	per ton into wagon	12 8 0	10 8 0	7 8 0	4 12 0
Pig Iron	Foundry No. 1	Coch'in	per ton f.o.r.	104 0 0	104 0 0	94 0 0	89 0 0
Copra	Fair average quality	"	per 684 lbs.	200 0 0	190 0 0	"	"

* March 1944

RURAL RETAIL PRICE INDEX NUMBERS

Base: January 1943=100

Name of Centre	Cereals			Pulses			Other articles of food			All articles of food			Fuel	Lighting	Clothing	Miscellaneous		
	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.
EASTERN ZONE																		
1. Bamra	157	146	133	185	191	195	142	149	160	151	155	161	129	132	129	129	136	151
2. Mal'bang	232	235	230	163	164	164	163	164	165	168	169	170	105	114	132	143	143	163
3. Rajapur	380	434	180*	189	228	213	166	173	207	190	195	204	128	131	138	125	124	118
4. Shanbargarh	179	...	...	180	...	...	...	...	...	...	...	...	...	...	...	...	...	...
5. Sonali	314	283	246	185	182	181	193	207	218	212	216	216	105	105	105	...	...	...
NORTHERN ZONE																		
6. Multapl	130	131	138	123	119	118	123	131	133	119	122	129	71	69	69	94	92	99
7. Nana	110	110	124f	108	117	127	104	106	113	106	108	117	125	128	134	119	124	125
8. Salamatpur	150†	150†	141	118	119	119	101	104	107	109	111	114	100||	111||	100||	127h	127h	138h
9. Shujabad	139	142	142	113	120	118	120	121	115	125	128	123	112	121	124	124	128	152
10. Gujrat Khan	152	148	...	148	150	...	126	113	...	135	127	...	136	140	...	113	113	...
SOUTHERN ZONE																		
11. Krishna	152	163	157	103	103	103	122	120	123	126	127	128	90	90	100†	88	87	87
12. Lakh	138†	140†	128†	127	153	155	101	117	117	109	127	125	a	a	a	91	91	102†
13. Malur	144	144	144	137	144	152	123	127c	129	130	133	137	88||	88||	89||	110	108	107
14. Muniguda	138	143	125k	128b	131	121	111	109	108	115	117	112	86||	86||	86||	90	85	89
15. Kudchi	150	150	†	138	143	161	120	127	124	125	132	129	100||	100||	100||	112	110	111

* The abnormal fall is due to the fall in the price of 'rice' the only item included in the group.

† On the basis of price quotations for "rice" only.

‡ Price quotations are not available.

§ The fall in Index No. is due to the fall in the prices of tobacco and Soap the only items included in the group.

|| On the basis of the controlled prices for Kerosene oil.

†† On the basis of price quotations for "bajri" only.

a Figures for January 1943 are not available.

b Prices for only one item out of the three included in the group are available.

c Revised figure.

d Rise is due to increase in the prices of milk, oil and salt.

e Due to an abnormal rise in the price of onions.

f Due to rise in the prices of wheat and chola.

g Due to rise in prices of tobacco and b.d.s.

h On the basis of prices for shoes only.

i On the basis of prices for one quality of matches.

j Rise in the prices of sarees.

k Due to fall in the prices of Ragl and boiled rice.

l Due to rise in the price of gram dal.

STOCKS AND SHARES

	This week. Rs. a. p.	Previous week. Rs. a. p.	Calcutta (Feb. 1)			
BOMBAY (Feb. 8).			JUTES—			
GOVT. SECURITIES			Anglo-India	..	..	430 0 0
2 3/4% (1948-52)	..	..	Barnagore	..	..	427 8 0
3% (1946)	..	..	Dalhousie	..	..	189 8 0
3% (1949-52)	..	..	Champdany	..	..	185 8 0
3% (1951-54)	..	..	Budge Budge	..	..	312 0 0
3% (1953-55)	..	..	Howrah	..	..	230 0 0
3% (1963-65)	..	..	National	..	..	237 0 0
3% (1960-68)	..	..	Kamarhatti	..	..	470 0 0
3 1/2% (1947-50)	..	..	Ganges	..	..	70 10 0
3 1/2% G.P. Notes	..	..	Presidency	..	..	31 9 0
4% (1960-70)	..	..	Nuddea	..	..	622 0 0
4 1/2% (1955-60)	..	..	Agarpara	..	..	628 0 0
5% (1945-55)	..	..				470 8 0
TEXTILES			MINING—			
Poddar	..	..	Bisra	..	..	147 0 0
Ahmedabad	..	..	Consolidated Tin	..	..	2 7 0
Bombay Dyeing	..	..	Indian Copper	..	..	3 0 0
Central India	..	..				3 1 0
Indian Bleaching	..	..	STEEL & ENGINEERING—			
Kohinoor	..	..	Indian Iron	..	..	38 10 0
Century	..	..	Marshall's	..	..	5 1 0
Colaba Land	..	..	Steel Corporation	..	..	28 8 0
Phoenix	..	..				38 8 0
Simplex	..	..	TEXTILES—			
Swadeshi	..	..	Benares	..	..	14 9 0
Pinlay	..	..	Kesoram	..	..	20 9 0
Morarji	..	..	Cawnpore Textile	..	..	15 5 0
New Great	..	..	New Victoria Pref.	..	..	14 4 0
Swan	..	..				10 5 0
Apollo	..	..	COALS—			
Sassoon	..	..	Equitable	..	..	52 8 0
Sassoon Defd.	..	..	Raneegunge	..	..	52 8 0
Model	..	..	West Jamuria	..	..	41 12 0
MISCELLANEOUS			Nazira	..	..	37 14 0
B.I.C.	..	..	Bhagora	..	..	45 12 0
Bombay Burma	..	..	East Indian	..	..	14 12 0
Alcock	..	..				16 8 0
Belapur Sugar	..	..	MISCELLANEOUS—			
Bombay Tramway	..	..	Burma Corporation	..	..	4 3 0
Bombay Steam	..	..	Dunlop Rubber	..	..	61 8 0
British Burma Petrol	..	..	British Ceylon Corporation	..	..	19 8 0
Andhra Valley	..	..				19 7 0
Shivrajpur	..	..	SUGAR—			
Tata Oil	..	..	Partabpore	..	..	27 12 0
Tata Chemical	..	..	Balrampur	..	..	18 8 0
Tata Power	..	..	Raza	..	..	18 8 0
Tata Steel Ord.	..	..	Beisund	..	..	40 6 0
Tata Steel Defd.	..	..	Carew	..	..	12 14 0
Premier Construction	..	..	Champaran	..	..	12 8 0
Associated Cement	..	..	U.P. Sugar	..	..	31 10 0
Indian Iron	..	..				41 13 0
Indian Copper	..	..	TEA—			
Tata Steel 1st Pref.	..	..	Bishnauth	..	..	42 0 0
Tata Steel 2nd Pref.	..	..	Chamong	..	..	42 4 0
Bombay Burma New	..	..	New Taral	..	..	27 4 0
BANKS—			Lobah	..	..	32 8 0
Central	..	..	Sarugaon	..	..	29 0 0
Imperial (Fully Paid)	..	..	Jatlibari	..	..	16 14 0
Imperial (Partly Paid)	..	..	Baghmari	..	..	40 8 0
Reserve	..	..	Texpore	..	..	23 0 0
India	..	..	Naga Hills	..	..	19 8 0
New India	..	..				25 6 0

INDEX NUMBER OF WHOLESALE PRICES BY GROUPS OF ARTICLES

ALL-INDIA
(Base: Week Ending 19th August, 1939=100)

CALCUTTA

(Prices in July 1914=100)

Groups	Average for	Average for	Average for					
	May 1943	April 1943	May 1942.	Commodities.	Dec. 43.	Nov. 43.	Dec. 42.	Sept. 39
Food and Tobacco	294.8	283.7	144.7	Cereals	262	317	250	80
Other Agricultural Commodities	253.1	225.1	120.7	Pulses	395	433	241	99
Raw Materials	173.4	174.2	158.1	Tea	120	120	283	142
Manufactured Articles	246.8	235.6	160.0	Other Food Articles	578	588	411.	125
Primary Commodities	233.8	225.9	145.3	Oilseeds	295	310	199	100
All Commodities	236.7	227.9	148.4	Mustard Oil	237	229	..	81
Chief Articles of Export	241.1	229.9	139.3	Jute Raw	110	114	98	80
				Cotton, Raw	161	197	142	75
				Jute Manufactures	198	162	159	102
				Other Textiles (Wool				
				and Silk)	202	202	171	110
Commodities	Sept. '43.	Aug. '43	Aug. '42	Hides and Skins	101	101	..	67
Foodgrains	236	218	..	Metals	301	303	302	147
Cereals	216	200	183	Other Raw and Manu-				
Pulses	307	281	157	factured Articles	240	240	159	95
Sugar	258	248	196	All Commodities	301	314	208	106
Other Food	297	279	165	Officially controlled prices of rice taken into account.				
All Food	252	235	178					
Oilseeds	175	170	118					
Cotton, Raw	94	94	94					
Cotton, Manu-								
factures	282	282	205					
Other Textiles	83	83	83					
Hides & Skins	99	99	99					
Metals	566	735	747					
Other Raw & Manufactur-								
ed Articles	288	228	230					
Non-food	239	271	257					
General Index	244	258	229					

***RETAIL PRICE INDEX NUMBERS (BY GROUPS) AT 15 SELECTED RURAL CENTRES
DURING THE MONTHS FEB. TO MAY 1947**

Name of Centre	Cereals				Pulses				Other articles of food				All Food				Fuel & Lighting				Clothing				Miscellaneous			
	Feb.	Mar.	Apr.	May	Feb.	Mar.	Apr.	May	Feb.	Mar.	Apr.	May	Feb.	Mar.	Apr.	May	Feb.	Mar.	Apr.	May	Feb.	Mar.	Apr.	May	Feb.	Mar.	Apr.	May
Eastern Zone																												
Bamra (Orissa) ..	89	89	111	132	99	96	106	129	97	104	109	118	96	100	108	122	100	110	129	129	99	108	121	142	98	95	100	105
Majbing (Assam) ..	100	111	138	184	110	115	120	120	98	101	108	118	100	104	112	123	105	105	105	107	119	134	144	150	107	109	119	138
Rajapur (Bengal) ..	122	200	270	324	93	91	94	127	94	87	97	107	95	94	108	121	97	99	98	98	99	112	124	143	106	110	119	145
Shankargarh (U.P.) ..	98	99	107	139	101	104	120	141	88	86	98	99	94	95	106	123	100	100	100	100	108	129	133	143	99	97	112	106
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Northern Zone																												
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Kudch (Bombay) ..	100	109	120	130	97	9	105	128	103	101	116	122	102	108	115	124	100	100	100	100	103	123	129	136	103	112	121	140

* Provisional Figures.

† Figures for January not available.

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The Railway Budget

THE railway budget presented in the Legislaturé on Wednesday last affords a striking instance of a theory-ridden Government playing with the welfare of the masses of the population in the name of anti-inflation. For there is not a shred of justification for the proposal to raise railway fares by as much as 25 per cent. Despite their notorious inefficiency and corruption admitted on all hands, the railways have from the mere financial point of view been doing extremely well since the war. The raid made on depreciation fund to the extent of Rs. 30 crores up to 1935-36 and the arrear contribution to the tune of Rs. 36 crores were not only fully paid off; but during the last five years the railways besides accumulating a depreciation fund which on March 31, 1944 will stand at Rs. 87.93 crores, have made a contribution to general revenues amounting to nearly Rs. 89 crores and built up a reserve to the extent of nearly Rs. 21 crores. The prospects of large earnings for the year 1944-45 are equally bright. Without any further increase in rates and fares railways could have met all the demands made on them and yet have sufficient surplus left for all their legitimate requirements now as well as in the post-war.

In the circumstances no concern which pretends to lay claim on its being run on a commercial basis would have chosen to put up the fares; and yet the railways using their monopolistic position have not only resorted to increased taxation but found ingenious explanations for their proposal, none of which can stand close scrutiny. Three "good" reasons as the War Transport Member puts them have been offered:—
(1) the effect which it will have on reducing passenger

travel, (2) its deflationary effect, and (3) the desirability of creating a fund for post-war amenities. Now one of those myths to which the railway officials find it convenient to cling is that people travel for pleasure. The demand for railway travel today under the present exceedingly uncomfortable conditions is almost inelastic. The third and inter-class passengers travel because they must. When there is so much of activity of one kind or another, when large movements of population have taken place as a result of the war and when the country has moved from a state of heavy under-employment to a state of nearly full employment, it is absurd for the railway administration to complain that travel has not diminished. Indeed, the fact that during the year one million passengers less have travelled than in the last year must be counted as a very hopeful sign. If further restrictions on travel are essential, the way to impose them is not through raising fares which will injure all equally but to find out ways and means of securing more directly reductions in travel. In the case of upper class travel there is undoubtedly room for reduction on the part of the Government both in the civil and military side. The cancellation of all free passes coupled with full compensation payable after the war to all railway officials would go some way to limit travel. We have yet to know what precisely were the measures taken to ensure a reduction in travel. That there are practicable measures which could be taken effectively by the Government to reduce passenger traffic admits of no doubt. Until these are adopted it is wrong to seek to penalize the necessitous traveller by putting up fares.

The argument that increased fares are necessary for post-war purposes cannot deceive anybody. It is clearly an after-thought, though a welcome concession to public opinion in so far as the proceeds are definitely allocated to a fund. But no one would desire to have future benefits at the expense of too heavy a sacrifice in the present. The benefits are uncertain, but the suffering is immediate and out of all proportion to the promised heaven after the war. The callousness of the railway administration to the comforts of lower class passengers is so well known that we may be forgiven if we do not take these assurances for the future at their face value. If they are sincere about it, they can press for a slightly bigger proportion to themselves of the surplus. "Rail transport and travel are among the cheapest things in India today" says the Transport Member and adds that they are cheap compared to the rest of the world. There is a lot of muddled thinking in these kinds of arguments. The service which the railways render is not physical unit; it has to be judged in the light of its quality like comfort, speed and in the case of goods, careful handling, delivery in proper condition and so on. Judged by these tests which are the only relevant ones, railway service in India is notoriously expensive. So far as passenger travel is concerned it admits of no argument. The conditions of third and inter-class travel disgraceful even in peacetime have become unspeakably bad now. To argue that it is "unquestionably good value for present day money" as the Transport Member alleges is to betray both ignorance and indifference. As regards rates on goods they were inequitable and unfair intended deliberately to favour some class of traffic at the expense of more nationally desirable traffic. Thanks to corruption, delays and other causes, the charges were in reality too high and one of the reasons for the difficulty of marketing agricultural commodities is the heavy transport cost. How woefully inadequate and inefficient is railway transport even now may be seen from the fact that in Bengal stocks of foodgrains have been decaying while people are starving for want of food in the neighbourhood. It may be conceded, however, that now that the general level of prices has gone up so high, a slight increase in railway freights may be justified on commercial grounds. If a careful selection is made of the articles on which higher rates may be imposed, it may not do much harm. Perhaps the railways might have, if left to themselves, adopted this course rather than impose a 25 per cent. increase on fares. But they have to reckon with their host, the Finance Member.

For it is common knowledge that though it is the voice of Sir Edward Benthall that speaks, it is the hand of Sir Jeremy Raisman that has written the railway budget. An increase in railway freight would be inflationary, but an increase in fares would be anti-inflationary! This is wrong economics. Even an increase in fares can be inflationary for it all depends upon how much part of the travel is for business purposes and adds to the cost of production. In any case to ride any theory to death is dangerous in the extreme. It was Lord Keynes who once warned the public against the sins of innocent pseudo-theorists and statisticians, for in a subject like economics there is a whole body of unstated premises which a trained economist always carries in mind and which therefore restrains him from falling into the pitfalls of his own logic. We would like to present this to our Finance Member. Unless he restrains his new-fangled enthusiasm to fight inflation by any and every ill-conceived measure, he would land the country in a pitiful economic condition.

The railway budget is a pure gamble. No reliance can be placed upon its estimates either of earnings or working expenses. Apart from the uncertain and difficult conditions arising out of the war, faulty budgeting is responsible for

the wide gap between estimates and actuals. No excuse can be given for such disparities as are found to exist between the revised estimates and actuals as the period that separates the two is less than seven weeks. To illustrate our point. The revised estimates of surpluses presented in mid-February each year were Rs. 3.61 crores in 1939-40, Rs. 14.59 crores in 1940-41 Rs. 26.20 crores in 1941-42, Rs. 36.28 in 1942-43. The actuals were Rs. 4.33, Rs. 18.46, Rs. 28.08 and Rs. 45.07 crores respectively. Or again take the ordinary working expenses. Can any one place the slightest credence on budget figures when within a few months after they are presented the differences amount to as much as Rs. 21 crores as in the current year. On grain shops alone variation in expenditure on the wrong side has been of the order of Rs. 10 crores. The truth is that the large surpluses accruing each year lead to uncontrolled expenditure and extravagance. Leaving aside the financial aspect, when we come to the question of getting the necessary rolling stock we find the budget to be again meaningless. In the current year the railways expected to get 6,207 broadgauge wagons and 736 metre gauge wagons. But they actually have got or hope to get before the end of March this year 1,900 broadgauge wagons and 2,950 metre gauge wagons—a serious deficiency in the one case and an unbudgeted surplus in the other.

The programme of construction of locomotive engines in India is still as uncertain as ever. Between this year and next as many as 900 engines are expected and however necessary these may be, the legislature must get an assurance that the import of such a large number will not be used as a pretext against home manufacture after the war. The Transport Member has stated that among the subjects on which the Railway Board are concentrating their attention the implementing of the decision to construct locomotives and boilers in India is one. But there is the danger that after the war the country may be presented with the argument that there are far too many of these locomotive engines and that therefore the railways do not need any more of them for at least some years. The past record of the Government justifies grave suspicion of their policy.

It is satisfactory to note that increased allowance has been provided against depreciation of the capital assets and an additional appropriation of Rs. 4 crores has been made to the Depreciation Fund in the current year and a similar provision has been made for the next year. The danger of railways finding themselves with no financial resources to replace their assets—which has the case at the end of the last war—has been averted. The Railway Reserve Fund which together with the special amenities fund constituted out of the proceeds of the proposed increased fares and amounting to Rs. 10 crores is expected to reach the considerable total of about Rs. 41.69 crores at the end of March 1945. Though this represents only about 5 per cent. of the capital at charge, it reveals some margin of financial strength.

The budget for 1944-45 provides for an earnings estimate of Rs. 192 crores (a record figure) as against the revised estimates for the current year of Rs. 178.5 crores. The working expenses plus interest have been put down at Rs. 139.79 crores as against Rs. 134.8 crores last year leaving a surplus of Rs. 52.21 crores. After deducting Rs. 10 crores set aside for the amenities fund, the surplus of Rs. 42.21 crores under the arrangement entered into last February is divisible between the General Revenues and the Railway Reserve in the proportion of 3 to 1, the share of the former being Rs. 31.7 and that of the latter Rs. 10.84. Such a record of result which must be considered to be otherwise gratifying has been marred by the callous indifference to the public's welfare and by the unwarranted increase in the taxation of transport.

Review of War Finance

INDIA's budget for the fifth year of war is going to be presented towards the end of this month. The air is thick with rumours of further intensification of anti-inflationary measures for which the Finance Member has developed a sudden love since May last. Defence has dominated central expenditure in these four years of war; and the scale of expenditure and the character of fresh proposals must inevitably depend on war strategy. If the great far eastern offensive is to be launched this year from India as the base, the scale of expenditure which India will have to meet on the spot will be simply astounding, whatever the allocation of the expenditure as between India and Britain and whatever the prospects and effects of ultimate recovery. This is the most important single fact which is going to dominate India's economy and finances for the rest of the war period. No economic policy or budgetary proposal which fails to provide for this inevitable contingency can be considered adequate or sound. The far eastern offensive must come some time; it must come next year, if not now, and its economic repercussions have to be accepted and faced.

Yet there is not the smallest sign that the controllers of India's war finances have realized the full importance of this fact. Even in the last two years when India had only to take care of the supplies to the Middle Eastern area, the economic system proved absolutely unequal to the strain, and on the financial front, controls went out of hand. If on this weakened economic structure is superimposed an immense demand for the far eastern offensive, a complete breakdown is inevitable. No amount of fiscal ingenuity and anti-inflationary ardour can offer an escape from the realities of the economic situation.

Indeed if we look back and see how our finances have been managed in the last four years, we cannot but see the lamentable failure of a policy which goes against every criterion of social welfare and scientific war finance. In judging of the success of war finance we should consider (1) whether relatively to other countries the burden on India is one which she can bear or reasonably be enabled to bear and (2) whether it assures to every one a minimum standard of living and efficiency. By both tests, war finance in India must be pronounced a failure.

There are considerable difficulties in arriving at any scientific estimate of the burden which a country can bear. Differences in accounting methods and in the scope of the national budgets limit the comparability of figures from country to country. The percentage of war expenditure to national income varies from country to country. In the U.S.A. war costs in 1942 constituted 42 per cent. of the national income and were expected to go up to 66 per cent. in 1943. In U.K. Government expenditure rose from 17 per cent. in 1938 to 52 per cent. in 1941 of total expenditure, and expressed as percentages of the national income in 1938, Government expenditure rose from 17 to 70 in 1941. In Canada war expenditure absorbed about 50 per cent. of national income while in Germany an even greater proportion was so used up. In India we may roughly estimate that anything from 15 to 20 per cent., probably nearer 20 per cent. has been devoted to war effort. Apart from the incomparability of national income figures due to different methods of computation, the remarkable changes in costs, prices and monetary conditions must affect the weight of any inferences drawn from them. On the face of it, the figures might suggest that India's share of the burden is smaller than that of others, and is not at any rate excessive. Nothing is

farther from the truth. In the first place the capacity of a country to stint depends upon the excess of its national income over the margin of subsistence, and in India a 20 per cent. reduction in consumption under given (or static?) conditions of output has trenched upon the minimum for survival, as may be seen from a mortality of 2 million in Bengal and from the general fall in consumption and increased incidence of disease. As the London *Economist* puts it, "India is a land of very small margins indeed; and the war, by wiping out the margins from which the cities and landless labourers were fed, has transformed grievous poverty into the gravest distress."

In the second place, the "national income" in the discussions of war finance in other countries is not a static thing, but a rapidly growing economic magnitude, so that a higher percentage of the national income devoted to war does not involve a diminished supply for civilian consumption. In point of fact, in the U.S.A., at one stage, viz. in 1940-41, the production drive was so vigorous that an increase of military expenditure from 3 billion dollars to over 13 billion dollars, far from being associated with a reduction in civilian consumption, was actually accompanied by the highest level of consumption in their history. Subsequently, however, restriction of consumption was called for and imposed, but the severest austerities provide a decent civilian standard. In Canada, there has been an astonishing growth of industrialization, as seen from the fact that the share of manufacturing rose from 33 per cent. before the war to 50 per cent. of the national income in 1941, whereas steel production alone rose by 248 per cent. on the basis of 1935-39. Similar striking progress has been recorded in Australia too. But in India national output has remained stagnant, thanks to the short-sighted and ostrich-like attitude of the present Government. Even very rough estimates of national income during the war are not available. But we may reasonably hazard that industrial production has increased at the outside by 30 to 40 per cent., while agricultural production has not increased by more than 10 per cent., while without doubt, it fell considerably last year owing to the failure of the monsoons.

While relatively to our untapped productive possibilities, judged either by a long-term economic policy, or a mid-war mobilization programme, or (at this stage of the hostilities) a near-peace production drive, the burden imposed on the national economy is not excessive, it undoubtedly has been so, when no effort worth the name has been made to develop them. The result, as we see around us today, is an economic and social crisis of the gravest proportions.

Judging by other, but superficial and subordinate criteria such as the size of the budget deficit, the proportion of taxation to total revenue and the increase in public debt, India no doubt makes a good showing. But the present Government's budgetary rectitude is rooted in its do-nothing tradition and means nothing. The increases in direct taxation have been carried to the utmost limit, and the business man is now left only with 6-2/3 per cent. of his excess profit as free balance. Out of a total revenue of Rs. 167 crores in 1943-44 (Budget) the tax on incomes and profits alone accounts for Rs. 102 crores, and its share has risen from 24 per cent. in 1939-40 to 61 per cent. in 1943-44. This compares favourably with the increase in the share of direct to total tax revenue from 56 to 64 per cent. in U.K., from 37 per cent. to 64 per cent. in Canada, and from 50 per cent. to 73 per cent. in U.S.A. While in a progressive economy this increased share of direct to total tax revenue must rightly

satisfy a standard of social justice, its effects in India, especially in its incidence on business profits in relation to future provision for depreciation, obsolescence and extension of industry, have not been as carefully examined as they deserve to be.

Nor have indirect taxes been avoided as being regressive. The central excise duties which yielded just Rs. 652 lakhs in 1939-40 are estimated to yield as much as Rs. 25.42 crores in 1943-44. The growth of this category of taxation to a major head of revenue is a new and growing element of regression. The excise duty on sugar has been raised by Re. 1 to Rs. 3 per cwt., that on matches doubled and on petrol raised and new excise duties have been levied on tyres and tubes, tobacco and *Vanaspathi*. There has been a general increase of 20 per cent. in the customs duties, and though their yield has progressively fallen from Rs. 45.9 crores in 1939-40 to Rs. 30 crores in 1943-44, the yield from luxury goods such as finer textiles, silk etc. has almost disappeared, and that from the raw materials of industry (the tax on which forms part of the ultimate cost to the consumer) has gone up. The contribution of the commercial departments, viz., the railways and posts and telegraphs was estimated in the last budget to be Rs. 35 crores, i.e. nearly 17 per cent. of the whole revenue, though later figures point even to a higher proportion. Thus even in the distribution of the tax burden between direct and indirect taxation, new and growing elements of regression are seen alongside of the rise to the first place of income and profit taxes. Even apart from these factors, there is the most important source of regression in war finance, viz., inflation which has been disguised by the exclusion of the expenditure in India on behalf of Allied Governments from the Indian budget, and therefore the progressiveness suggested by the high proportion of direct taxation is simply illusory.

No where has it been possible to cover the ever widening gap between revenue and expenditure by increased taxation alone, and increased borrowings have been universally found necessary, even though the degree of reliance on loan finance differs from country to country. In India the total borrowings of the Government of India from the beginning of the war up to the end of July, 1943, amounted to Rs. 375 crores, accounted for by Rs. 218 crores from the various defence loans and Rs. 157 crores from the sale of rupee counterparts, not to speak of the increase in treasury bill loans of Rs. 92 crores. The scale of borrowing averages nearly Rs. 100 crores per year, though it is hardly equal to the rate at which increas-

ed purchasing power has been pumped into the system. The rate has accelerated of late, and in the coming year it is expected to draw off nearly Rs. 320 crores in this way. But in view of the limitations to borrowing in the peculiar fiscal conditions of India, it would always be impossible to draw off by loans the bulk of the fresh money which is issued, unless the pace of monetary expansion itself is cut down by some such trick as the sale of gold as is done at present.

We are thus driven from the above brief survey of India's war finance to the depressing conclusion that while from the narrow point of view of attaining budgetary equilibrium by means of increased taxation and borrowing the Government of India have had some measure of success, their record in the matter of so harnessing the productive resources of the country as to cause a maximum increase of production and minimum social distress has been one of unqualified failure. The results of the wrong methods and measures have been disastrous in the last four years. If the same methods and measures are adopted for the coming far eastern offensive, the resulting strain on our resources is certain to develop into an unmitigated national calamity. The reconquest of Burma, Malaya, Dutch East Indies and the rest of the Japanese empire from India as the main base is so gigantic a task that nothing short of a mammoth mobilization programme on the economic front can sustain it. That is the job which confronts the budget-makers of this country. Has not Lt.-General W. Lindsell, Principal Administrative Officer, India Command, recently drawn pointed attention to the glaring deficiencies in India's industrial and transport systems, if she is to serve as the arsenal of the east? Will the Finance Member take heed of these warnings, or will he stop with congratulating himself on his Pyrrhic victory in the ultimately self-defeating anti-inflationary measures which are now the rage?

CORRECTIONS

The Tempo in the Bombay Plan

On Page 203, paragraph 3,

for Rs. 132 crores please read
Rs. 152 crores

and for Rs. 200 crores please
read Rs. 220 crores.

The Week's Notes

PROF. VAKIL'S CRITICISM OF THE PLAN

Prof. Vakil in his letter published in these columns last week has raised two or three questions the importance of which no one can deny. In the first place he asks if it will be possible to find Rs. 10,000 crores in fifteen years out of savings; secondly, whether the financing of capital expenditure to the extent of a third by the creation of money is sound and if so, why this simple device cannot be used for financing all kinds of capital investment and whether other countries have followed this practice and thirdly, whether we are satisfied that we can have a system of rationing and economic controls under a democratic national Government for 15 years in peace time.

Our reply is that the provision of Rs. 10,000 crores of capital expenditure of which about a Rs. 1,000 crores will be by borrowing abroad and use of our gold hoards is well within the capacity of the country to save in a period of rising incomes without any diminution of its consumption. The plan definitely provides even in the first five-year period "a comparatively large amount of capital for the development of consumption goods industries" and indeed frankly recognizes that "it should be our aim simultaneously to develop consumption goods industries so as to meet at least our essential requirements." If this aim is fulfilled, it should be possible to appropriate collectively for capital investment of all kinds, without imposing too heavy a burden, the savings of the community which, in our view, should amply suffice for the financing of the entire plan. On the question of financing by created money, we suggest to Prof. Vakil that it is a method widely adopted even under the present system. The financing by bank credits differs but little from the financing by created money. Inflation is, of course, less likely to occur in the former case because the fear that the Government and the Central Bank might tighten the reins of credit is a healthy check upon the activities of the banks and there are also other checks; whereas when Government itself embarks upon the method there is no external authority to curb its activities. But in either case it is only a question of preventing the emergence of inflationary prices, and under free economy this is supposed to be done by the normal operations of the currency authority, whereas under controlled economy of one kind or other, economic controls including price and wage control are necessary instruments.

But in the circumstances of India the fear entertained by Prof. Vakil has still less justification. In our state of under-employment equilibrium the large volume of unemployed human and material resources is itself of the character of a capital fund; the function of "created money" is merely to channel the resources and put them to work, and investment would create its equivalent amount of savings. This was more or less what was done by Dr. Schacht in Germany, and has now come to be recognized as quite sound in itself, although in Germany it was directed along wrong lines. But a Government that can control domestic consumption, costs of production and investment can always find the financial resources for its purpose, the only limit being the full employment of its resources in men and material. If after reaching full employment Government resorts to the "creation of money" no degree of economic controls will save the country of its trials and tribulations caused by inflation. These principles are also implicit in the Russian plans and in the New Deal of

America. The third question of Prof. Vakil is, of course, the crux of the matter. If we assume that we cannot have the system of controls required during the period of such vast capital outlay envisaged under the Plan, then, of course, the effects of such uncontrolled investment and expenditure will be injurious. But why assume away what has to be provided? The planners recognize the need for controls; nor need the nature of the control be all embracing. What is required is to ensure that all who work for remuneration get in physical terms an ever increasing supply of real goods and services. To devise controls operating on wages, prices, costs and investments is, of course, not an easy or smooth process, but it is surely not too difficult or beyond the nation's capacity. The tempo of the Bombay Plan has been kept at such a low level that the Plan can be put through with the minimum intrusion of the State apparatus. Even with a much higher tempo, there need be no control to the point of detailed regimentation provided we understand the elemental dynamic equations implicit in the Plan and know how to organize them. For example we need not have, as Prof. Vakil apprehends, rationing of consumers' goods for 15 years provided we institute an over-all monetary rationing through a formulated wages and fiscal policy which is in consonance with the essential relationships in the system, so that the necessary saving is done by the entire system and not dependent upon that of the individual. We may also add that "freedom" should also connote "freedom from want" and that some controls to secure freedom from want are not an invasion of this freedom. However, Prof. Vakil has rendered a distinct service to planners by posing some of the real issues and emphasizing the necessity of further concretizing the Plan and thinking out in terms of the technical problems of organizing the Plan, for, as he says, "Too long have we restrained our ambitions, too long have we plodded along, too long have we shunned 'targets'."

COAL RATIONING

Some fresh light was shed on the coal situation when the War Transport Member replied a question on the subject in the Central Assembly the other day. Though the coal rationing scheme was mooted in November last it could not be implemented till the end of January and Sir Edward Benthall lost no time in repeating, as the cause for this, the stock plea of "the serious fall in production," though one would have thought that such a cause should hasten, and not hold up, any rationing scheme. Even now, after four months of irresponsible lethargy, the scheme is to be given effect to only "gradually." Sir Edward said that the scheme was based on the estimated average daily supply of 2,700 wagons in the Bengal and Bihar fields. To achieve this it would be necessary, he continued, to carry 60,000 tons of coal to Madras and 30,000 tons to Bombay by sea, or in the alternative run two trains a day to Madras and one a day to Bombay. He held the latter not possible without disproportionate effect on other traffic. When seventy odd passenger train services were curtailed at one stroke on one railway system alone for want of coal, did nobody suggest to the railway administration that such a course would inevitably have a "disproportionate effect" on one kind of traffic? It is surprising that Sir Edward should put forward this plea for not running a couple of more trains when the end in view is the distribution of coal. We are not blind to the rolling stock difficulties. But there should be no hesitation

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9. SHANTI NARAYAN, Esqr.
10. MAHARAJ KRISHNA, Esqr., M.A.

Regd. Office,
Sunlight Insurance
Buildings, The Mall,
LAHORE.

M. R. KOHLI,
M.A., F.I.B., (LOND.),
Managing Director.

to prejudice some other traffic for a temporary period until a difficult situation in coal supplies is tided over, as the result is likely to repay, in another direction, the transport sacrifice involved. It is a question of not losing one's sense of proportion.

The arrangement actually arrived at however is that His Majesty's Government will now provide the shipping tonnage required for transporting the above-mentioned quantities to Madras and Bombay by sea, in return for our stepping up the quantity of export coal we have been giving by at least 20,000 tons. Sir Edward calls this a "pooling of resources between India and the United Kingdom," thinks that this is "obviously to India's advantage" and hopes that it will result in the allotment of greater quantities of coal for essential Indian consumption. Though the last may be reasonably expected of the new transport facilities made available, the advantages of buying these at the expense of 20,000 tons of coal are not so obvious to us. The pooling of resources has already been there in that India's output is shared for the allied war effort in the Middle East in return for which the present help might be considered justifiably due without our parting with an additional quantity of coal.

The other assumptions in the War Transport Member's elucidation are also open to question. The rationing scheme after making necessary provision for essential consumption in India, contemplates the provision of 110,000 tons a month for bunkers at Indian ports and 100,000 tons a month for export to Ceylon and the Middle East. Sir Edward says that "it has always been recognized that India should meet Ceylon's requirements of 30,000 tons a month." By whom? Are many other things which have "always been recognized" being done now? Why call it an emergency if things always being done cannot be changed? He also added that in future supplies to the Middle East they would take into account the easing of the transport position as a result of the shipping assistance. It is to be fervently hoped that this will not mean actually an increase in exports to the Middle East.

WANTED MORE FACTS

That the war has undoubtedly increased the money income of the agriculturists and, in the case of a considerable section has also brought about an improvement in their economic condition and standard of living cannot be denied. But before hasty inferences are drawn, it would be necessary to make a sample survey of the farmers' conditions in some representative tracts so as to throw light on the various aspects of the question. Which classes of farmers have benefited most from the high prices now prevalent? How far and in what manner have they used their increased incomes to improve their standard of living and to free themselves from debt? What about the smaller agriculturists? Have the increased agricultural prices been fully or more than fully neutralized by the increased cost of living? Again what is the disparity in the prosperity between growers of one crop and another? Have the jute and cotton cultivators shared the prosperity equally with the growers of rice and wheat? What about the large class of agricultural labourers? Not until we get answers based on carefully collected data for these and other questions can one venture upon categorical statements. We faintly hope that the Agricultural Departments in some provinces and some universities will soon undertake a study on these lines and publish the results.

Other countries, amidst their greater pre-occupations, have not stood still. The Department of Agri-

culture in U.S. has recently brought out the results of a study on the impact of the war on "farm living standards" on the basis of which President Roosevelt framed his Message to the Congress on Food subsidies. They reveal that the income of the farmers has not only increased rapidly in war years but has risen more than the average income of other groups in the population. Cash income is higher than ever before. "In 1941 half the families operating farms received less than \$760 cash income from all sources. In 1942 the corresponding mid-point was \$1,320 and in 1943 it may reach \$1,500." But the prosperity was shared unequally by the different sections of the farming community. While the upper 10 per cent. of the farm families received 37 per cent. of the farm income, the lower 10 per cent. received only 1 per cent. The increase in income was partly offset by higher prices and increased taxes but as income went up faster than retail prices even the lower-income farmers were able to increase their consumption. Many farmers have used their increased income to reduce debt. It has been calculated that the farm mortgage debt declined in 1941 by 1.6 per cent., in 1942 by 5.4 per cent. and in 1943 by about 10 per cent. The results are just what we should have expected. But what we want in India are facts not generalizations based on mere wishful thinking.

JUTE CULTIVATION AND PRICES

The Government of Bengal and the Government of India have jointly produced a scheme for the restriction of the acreage under jute this year and the maintenance of prices of raw jute at levels remunerative to the cultivator. The co-operation extended by the Centre in the effort to ensure a fair deal to the jute grower is welcome, though as the problem of jute prices, which is even normally especial, is now aggravated by the war and the famine the scheme leaves much to be desired. The area to be sown with jute this year has been fixed at 50 per cent. of the basic acreage of 1940. That will be about 27 lakhs of acres as against last year's acreage of 25½ lakhs. Thus, as was also declared by the Commerce Minister in the Bengal Assembly, the scheme proposes to maintain last year's acreage more or less. But it was alleged during the Assembly discussion that this area of cultivation was excessive in view of the urgent need to grow as much of food as possible. It was estimated that not more than 27 lakhs of bales would be required for war purposes in 1944-45, of which about 15 lakhs of bales would come from the other provinces, leaving a balance of 12 lakhs of bales to be grown by Bengal, and to produce this quantity only 4 lakhs of acres need be sown with jute. These figures were not contradicted by the Government spokesman, and even allowing for some underestimates it is apparent that a further restriction on last year's extent would have been justified, consistent with the war effort and to erase famine scars with the least waste of productive resources. The statistics quoted by the Commerce Minister that 266 lakhs of acres were under paddy cultivation go against him as the extent under jute will be a substantial 10 per cent. of this and cannot certainly be dismissed lightly for purposes of increasing food production.

The maximum and minimum prices fixed for raw jute (Rs. 17 per maund and Rs. 15 per maund respectively) do not seem to reflect the reality behind the present market condition and so cannot pretend to have done full justice to the cultivators. Mill turnover in recent months has got reduced. The total output during July-December, 1943, was only 401,543 as against 594,226 tons and 610,258 tons during the corresponding periods in 1942 and 1941 respectively. Exports have fallen and in December were only 82,000 bales as against 1,70,000 bales in December, 1942. Yet the business in raw jute was being done above the minimum

price now fixed as clearances continued to be satisfactory, rather inexplicably. The decision to allow all crop offering at Calcutta and up-country to maintain this level of prices and the right reserved by the Government to requisition on the basis of the maximum price appear to be their own justification of the fixed. In fact, it was argued in the Bengal Assembly that jute being the province's only money crop, no ceiling should be imposed under present conditions of scarcity and high prices of foodstuffs there. Furthermore there has not been evidence of heavy and erratic fluctuations in the case of jute as there was in that of cotton. The nature of the crop's marketing organization itself prevented this in the past. Indeed it is the handicaps from which the cultivators suffer, Government appear to have yielded to the buyers' interests, and it is to be hoped that they will revise prices in due course.

COCOANUT CESS

The constitution of the Indian Central Coconut Committee with an independent source of income derived by the levy of a cess at the rate of Rs. 1 per ton of copra consumed by any mill in India, marks an important stage in the campaign for increased production of coconuts and coconut products. Even before the outbreak of the war the supply of coconuts and coconut products was insufficient to meet India's growing requirements, and a large balance had to be imported. With the enemy occupation of some of the principal coconut growing countries an acute shortage has developed abroad and it has become necessary to increase the supply from indigenous sources both for military and civilian purposes. The Government of India have therefore been busy in constituting the Central Coconut Committee whose duty will be to promote the improvement of the cultivation and marketing of coconuts and utilization in the production of various products. The Committee sets about its task with vigour and it certainly brings about a substantial increase in production in a comparatively short time by the introduction of better cultural and manurial practices, and improving the process of extracting oil.

While therefore the constitution of a Coconut Committee is good so far as it goes and should be welcomed, it does not go far enough, for coconut is only one of the various oil seeds, the product of which must be viewed as a whole. Coconut oil and other products serve the same purposes which are served by other oils and by-products of their superiority in the edible contents of coconut oil is out as an argument because of the increasing production of hydrogenated oils which process brings vegetable products into one level. It may be that glycerine so essential for war purposes is a by-product which may be derived only from coconut. This is not an effective argument because coconut by-product of soap in which any kind of oil or fat can be used, it can be secured not only from coconut oil but from any other oil. The prices of coconut and coconut products cannot be dissociated from those of other oil seeds and hence the Government of India if they really want to bring about permanent improvement in the conditions of production and marketing of copra, should constitute a committee not for coconut alone but for all oil seeds; for the problem is a common and unified whole and does not admit of piecemeal solution.

SAVINGS AND CONSUMPTION

How does one country come to a standard of living higher than another? Various factors go to explain it—wealth of natural resources,

former President of the Bank of New York (Mr. Morgenthau), and concluded that gold standard with processes of "free trade" fixed, though subject to "various" are wholly incompatible with the world has determined policy." This reflects gold standard and British economic thought. to make concessions in currency planning and gold credit to Britain. post-war monetary policy be mutual understanding. satisfactory and trend of respect of the dollar-stake is in favour of regaining the according to the American in the field of international themselves to it as being economic policies after the

to organize not only international trade and also regional trade and in auspices. The London

Questioned in the Finance Member's speech on December 18, 1943 pleaded, the Finance Member's free traders. But this does tion on gold sales to multilateral trading on a week he stated that the Reserve Bank of India will be possible; we Government and the U. In practice, regional the gold from their ; and controls on imports proceeds in meeting unavoidable, if only be country. But he was quantities sold or profits that we and other We are not aware that in obtaining United ture in the Indian moras a significant enunciation justified the refusal of a policy which Great Britain which has disappeared after the war. closure now. Perhaps formation will be given in the service of economic C. E. NSPORT MENT.

What little information imported motor cars was hardly calculated in 1937, 1938 and 1939 lic, whose interest he statement in the form based the widely held opinion of those years. In a trick to deprive the share of profit and den price of his produce. by them during those transaction? In the between the price in ket and the official rights are still held. arising solely from the vate trade in bullion, nation should be sent in by U.K. and U.S.A., with the 8th March 1944. Government of India Minister of Road Transport. buying the gold at world 1938 1939

or have refused to accept Government of India is country to be exploited profits. It augurs ill for economic policies that play a constructive part a co-partner in exploitation The ultimate effect of the large scale, which seem cannot be exaggerated. estimated that from August 3½ million tolas have to £20 million. Since the selling Governments to this country, this is commodities cheap by sterling, the cheapness between the Indian and whole business is sordid this country which has

former President of B.I.S. (Bank of International Settlements) and now President of the First National Bank of New York on the basis of a dollar-sterling gold standard with the rate of exchange definitely fixed, though subject to modification by mutual consent. From all this it is evident that American banking world has determined to opt for a return to the gold standard and with this end in view is prepared to make concessions to Britain by granting a large gold credit to Britain. It is anxious that there should be mutual understanding between the two countries in respect of the dollar-sterling exchange rates, and once that dual pact is secured, the rest of the world may, according to the American bankers, be left to adjust themselves to it as best they might.

THE GOLD SALES SCANDAL

Questioned in the Assembly November last, the Finance Member refused to give information on gold sales 'in the public interest.' Last week he stated that the sales were made by the Reserve Bank of India on account of His Majesty's Government and the U. S. Government who provided the gold from their own resources and utilized the proceeds in meeting their war expenditure in this country. But he was not prepared to disclose the quantities sold or profits made on the transaction. We are not aware that there was any particular feature in the Indian money and bullion markets which justified the refusal of information in November last, which has disappeared since to permit the partial disclosure now. Perhaps at some later date fuller information will be given, if the Finance Member's conception of 'public interest' permits it. Meanwhile the country has not only to take the consequences of vital decisions, in the making of which it has no voice, but has to put up with official arbitrariness and cussedness in the service of economic information.

What little information the Finance Member gave was hardly calculated to allay the anxiety of the public, whose interest he professed to serve, but confirmed the widely held opinion that the sale of gold was a trick to deprive the Indian Exchequer of its due share of profit and deny the Indian producer the due price of his produce. For what is the effect of the transaction? In the first place the difference between the price in the isolated Indian market and the official prices in Britain and America, arising solely from the war-time restrictions on private trade in bullion, brings a profit which is shared by U.K. and U.S.A., whereas in common decency the Government of India must have either insisted on buying the gold at world prices or sharing in the profit or have refused to accept the bargain. Instead the Government of India is allowing the people of this country to be exploited and is denying itself sizeable profits. It augurs ill for the future of international economic policies that the U.S.A. which is expected to play a constructive part in them should start becoming a co-partner in exploitation so early in the game. The ultimate effect of the continued sale of gold on a large scale, which seems to be the definite policy now cannot be exaggerated. The *Economist* has recently estimated that from August 17, when this began some 3½ million tolas have been sold amounting in value to £20 million. Since this amount is utilized by the selling Governments to meet their war expenditure in this country, this is tantamount to getting India's commodities cheap by paying in gold instead of in sterling, the cheapness depending upon the difference between the Indian and London prices of gold. The whole business is sordid in the extreme. Opinion in this country which has supported the sale of gold as

an anti-dote to inflation must raise its voice of protest against this gross perversion of a fair demand.

PERVERSITIES IN POLICY

There appears to be no limit to the perversities of which the present Government of India is capable in twisting the public demand for certain measures to justify injurious policies it is interesting in pursuing. The sale of gold is one among them. We are getting gold now, but at a cost entirely unexpected by us at the outset. We complain of a scarcity of consumable goods in the country and the Government takes early steps to import all sorts of consumer's goods, even though the dumping must inevitably injure the nascent war industries and public opinion would never countenance such a policy. Likewise, we speak of the inadequacy of wagons and locomotives and the Government places as many orders as possible for the railway materials in overseas countries, although what is demanded is plan to produce them early within the country itself. We find fault with the Railway Administration for the overcrowding in trains and the Member for War Transport wants to produce the "desirable social effect" of reducing the overcrowding by a 25 per cent increase in rates. The public complained of inflation, and has got in return the series of tax increases, many of which have the effect of accentuating the evil it is intended to remedy. The divorce of the present Government from the current of public opinion is so complete that there is little hope of the public getting any satisfaction from that quarter.

HOUSING THE MASSES

Even the limited increase in the level of industrial and commercial activities during the present war has caused an acute housing crisis in most of the urban centres of the country. Part of the aggravation of the crisis can no doubt be ascribed to the influx of military personnel, but it also emphasizes the fact that the availability of housing accommodation can form a real bottleneck to efforts for rapid expansion of industrial and commercial activities. A scale of rapid economic development such as contemplated in the Bombay Plan necessarily implies a new localization and concentration of industrial labour force on an unprecedented scale and the rapid growth and expansion of urban areas. In a period when the pace of industrialization and growth of urban areas was a more leisurely affair, the demand for housing by the industrial labour force could perhaps be met in a manner, by private enterprise guided by profit alone, although the housing accommodation so far supplied had left much to be desired both quantitatively and qualitatively. However, when the rate of industrialization is speeded up, we have to contemplate the moving of vast masses of workers—millions of them—and their housing in the industrial areas as rapidly as possible. Consequently it is clear that as an essential part of our economic plan, we have to contemplate the provision of housing accommodation on a mass scale. The gravity of the task in India is aggravated by the fact that we have already accumulated a very heavy arrears of adequate housing accommodation. The housing condition of the vast majority of even the existing industrial workers are deplorable by even the minimum standard of health and privacy. To house a rapidly growing nation of 400 millions, we need over 80 million houses. The number of houses in India in 1941 was 76 millions of which 9.6 millions were in towns and 66.4 millions in villages, but a vast majority of these are below the minimum standards of adequacy and upkeep and have to be completely re-built or re-conditioned.

PRE-FABRICATION OF HOUSES

We have therefore to build houses literally by the millions and in this background the new methods of mass construction of houses such as pre-fabrication require to be specially studied in our country. In Russia where even before the war housing standard was not quite up to the mark, the movement of industries to the east during the war as well as the destruction on a colossal scale of existing houses both on the advance and the retreat of the German armies, has caused an unprecedented housing crisis. Already in the wake of the victorious Red Army, reconstruction is going on and many factories are busy turning out on a mass scale pre-fabricated houses. Even in a rich and advanced country like the United States the technique of building houses on a mass scale has been greatly appreciated and has made very rapid progress. Great Britain which will face the task of rebuilding some of its bombed cities and making up the lee-way in housing standards, is also avidly studying the new building technique. On December 2nd last in an address to the Incorporate Association of Architects and Surveyors, Mr. Alfred C. Bossom, a member of the British Building Commission which returned some time back from a special investigation of the new materials and technique used in house-building in the United States, dwelt specially on the progress and success of pre-fabrication in America and its possibilities in Great Britain. Mr. Bossom opined that 75 per cent. of British post-war houses could profitably be pre-fabricated in factories, leaving only 25 per cent. of the work to be done on the site. The application of the technique of mass production to housing is something of a revolution and will very considerably speed up output and reduce costs. In the conditions of our country greater standardization of type-plans of working-class houses and mass production in factories offer immeasurably greater possibilities than in richer countries like the United States or Great Britain where demand is naturally more for variation and individuality in type-plans.

NOT FREE TO BE FREE

As signatory to the Atlantic Charter, Great Britain is formally committed to the principle of free trade. Placed as she is, with a high industrial capacity and comparative poverty of natural resources, her standard of living essentially hinges on a prosperous export trade and she more than most other countries has a vested interest in an expanding international trade system. The doctrine of free trade stood her in good stead for nearly a century. But with the deterioration of her international economic position after the last war and more especially during this war, pressure has grown in Great Britain for a fundamental re-orientation of her foreign trade policy. With a series of three articles on "Foreign Trade Policy" early this month, the *London Times* editorially pointed out that essential changes in Britain's economic position "make nineteenth century policy obsolete." It called for a "new attitude to what are ten-

ditionously called "Trade Barriers," and concluded that a return to the automatic processes of "free trade" and "removal of trade barriers" are wholly incompatible with constructive trade policy." This reflects a definite change recently in British economic thought. The experience of international currency planning and forging of Anglo-American post-war monetary co-operation has not been very satisfactory and trend of opinion in Great Britain is in favour of regaining the initiative on her own account in the field of international monetary as well as economic policies after the war. Great Britain is trying to organize not only independent monetary areas but also regional trade and economic blocs under her own auspices. The *London Economist* in its issue of December 18, 1943 pleaded, "The British, above all, are free traders. But this does not mean that, in fact, a multilateral trading on a world-wide basis without restriction, will be possible; we may not be free to be free. In practice, regional trade or currency agreements and controls on imports and exchange may well be unavoidable, if only because of the very great difficulties that we and other countries are likely to experience in obtaining United States dollars." This comes as a significant enunciation of international economic policy which Great Britain would probably pursue after the war.

NOTICE.
WAR TRANSPORT
DEPARTMENT.

Firms (or persons) who imported motor cars and/or trucks during the years, 1937, 1938 and 1939 are requested to furnish a statement in the form below of their imports during each of those years. Information should also be given regarding

- (1) the territory served by them during those years and
- (2) whether distributing rights are still held.

The statement and information should be sent in time to reach this department by the 8th March 1944.
Controller of Road Transport.

	1937	1938	1939
Passenger Cars—			
of makes and types			
1			
2			
3			
4			
and so on			
Total	..	..	..
Trucks—			
of makes and types			
1			
2			
3			
4			
and so on			
Total	..	..	..

SPECIAL ARTICLES

Eugenic Values in Population-Planning

By P. M. Trivedi

A WELCOME feature in the discussion of the population problem in the modern world is the emphasis on the value of Eugenics. The economists and the sociologists alike discuss very keenly the possibilities of improving the heredity basis of human life and preventing its deterioration. From very early times the tendency of individual animals and plants to transmit their peculiar characteristics to their offspring has probably drawn the attention of the pastoralist and agriculturist. It is very likely that such facts should have led to the idea that similar phenomena observable in human life might be controlled in some measure through laws and customs governing marriage and the procreation of children. In his *Republic* Plato attempted to formulate a scheme of ideal community marriages to be arranged by the State with a view to procreating right type of children and consequently better citizens to fit in with his plan of ideal democracy. In Sparta, marriages were dictated by a similar motive under the system instituted by Lysurgus. In our time the name of Sir Francis Galton stands out eminently as that of a progenitor of modern Eugenics. He was greatly impressed by the Darwinian interpretation of evolution and the far-reaching influence of heredity in human life, and roused public interest in the problems of human heredity. Succinctly stated, our problem is to conserve and to improve the hereditary qualities of the race.

Every individual develops his qualities from the inter-action of two causes—on the one hand, the in-born potentiality, and on the other, the environment, physical, mental and moral, i.e. all the external forces and factors to which a person may be subjected in life. These two causes have been known as Nature and Nurture. It is with 'Nature' in this sense that Eugenics is concerned. Its purpose is to effect such social dispositions as would promote the appearance of inner potentialities that make for individual happiness, well-being and social usefulness, and, on the other hand, to check the appearance of potentialities from the same source which tend towards individual disharmony, unhappiness and lower value from the stand-point of society. It is now well known that selective breeding brings about changes in domestic animals, while the evidence of organic evolution indicates that even greater modifications could be witnessed by unconscious selection working upon hereditary factors in a state of Nature. Heredity as a vital factor in human affairs could not be disputed, but in Eugenics good many difficulties arise from the fact that the claims of human liberty are to be reconciled with those of theoretical genetic improvement.

It is neither desirable nor practicable to control human reproduction as we do in the case of animals. Eugenics has to depend for the accomplishment of its aims on the cultivation of sentiments which will impel people to impose upon themselves the disciplines and restraints that are necessary, or, at any rate, to acquiesce willingly in measures of a eugenic kind that may be applied. In such matters compulsion tends to defeat its own purpose. Here then arises a fundamental need for creating a eugenic conscience, a disposition to realize the great moral responsibility involved in bringing a new individual into the world

and the duty of creating healthy and capable offsprings.

Broadly speaking Eugenics may be divided into two categories, positive and negative. Positive eugenics comprises all that is involved in the multiplication of human types of a superior heredity, while negative eugenics is concerned with checking the multiplication of those that are below the average. The negative aspect of eugenics has hitherto received great attention, and this has centred chiefly on the question of mental deficiency. It was officially estimated before the present war that the number of mentally defective persons in England and Wales was not less than 300,000. The exact calculation is rather difficult owing to different standards of ascertainment and diagnosis prevailing at different periods, but the balance of evidence appears to indicate that mental defectiveness is increasing. Such statistics are unfortunately not available in our country. Whether or not the proportion of total births of individuals who are defective at birth or who later become so is increasing, the proportion of defectives who are alive at the present time is certainly larger than it was a generation ago. The family histories of the mentally defective reveal that a large proportion of them have one or more relatives who have suffered from the same mental abnormality. If the same incidence of defectiveness were present throughout the world generally, the numbers of the mentally defective would be much larger than statistics would at any time indicate. This, in fact, is not the case; it is therefore evident that mental defectiveness is largely concentrated in particular families, a fact which points to heredity as a causative factor.

With regard to certain forms of defect, however, heredity would not appear to be significant. Low-grade mental defect as falls within the category of idiocy and imbecility is not generally found to be familial. It is fairly and evenly distributed throughout the community, and is believed to be the result of environmental factors, in which are to be included various pre-natal influences. The familial concentration of mental defect is particularly noticeable in regard to the higher grades generally designated as the feeble-minded. In a certain number of these cases, too, an environmental factor may be the most obviously detectable causative condition. The proportion of cases apparently due to environmental conditions alone is comparatively small. Far more frequently encountered is a combination of adverse environmental conditions with a more or less clearly marked tendency of a hereditary kind, such as is indicated by the reappearance of the same defect among persons who are related. The cause of it may be bad heredity or bad environment, or both, but it is found that the children of parents either or both of whom are mentally defective, are, on the average, below the normal. Only a minority of the feeble-minded, however, are born of parents who are themselves feeble-minded, though in the majority of cases a family history reveals the existence of other more distantly related members who are affected.

The "carrier" of the feeble-minded tendency who transmits but does not exhibit the condition is respon-

sible for most of the cases in which a hereditary origin may be presumed. It was estimated by the Departmental Committee on Sterilization, 1933, that carriers were at least ten times more numerous than affected persons. Taken as a whole, the evidence indicates that while heredity is not to be assumed to be an indubitable and simple explanation for mental defect, it is certainly a considerable factor, the control of which might offer a means whereby the birth of new defectives might be progressively diminished.

Another group of mental diseases upon which eugenic considerations bear is that of mental disorders, conditions where derangement or disturbance of mental function exists. These comprehend a large number of diverse conditions, ranging from slight departures from mental health upto certifiable insanity. In some of them the hereditary factor is significant, while in others it may be otherwise. Familial mental disorder, however, is not always transmitted in the same form, and it appears that what is sometimes handed on is not a specific abnormality but a general predisposition which may manifest itself in various ways. Besides mental defect and mental disorder there are a considerable number of diseases and defects where a hereditary factor is indicated.

One aspect of eugenics proposes that all such serious disabilities which occasion so much suffering to the individual as well as expense to the community in general, should be attacked at their very root. So far as possible measures should be taken to prevent the birth of individuals doomed by their inner nature to suffer from handicaps that make a happy and socially useful life impossible. Prevention aimed at obviating procreation on the part of those who exhibit or transmit serious hereditary defects may be effected in various ways, all of which, however, would appear to be best applied through voluntary methods. As regards most of the mentally defective and sufferers from mental disorders, marriage should be ruled out. This may be effectually secured by institutional care.

Regarding a large proportion of people who carry hereditary defects in latent form but who are outwardly normal, it appears impracticable to deny them the right to marry, and the ends of eugenics are secured if the marriage here is prevented from becoming a fruitful one.

The U.N.R.R.A. and India

(Contributed)

THE formative stage of the United Nations Relief and Rehabilitation Administration is now almost over and the Administration is about to commence its career of active service. The scope and manner of its work are set down in the forty odd resolutions on policy adopted at the first session of the Council held early in November last. We are now living with a mental make-up which discounts international organizations. The scepticism is all the greater in the sphere of economic and social collaboration, and the stupendous disintegration of the World Economic Conference is recent enough to be still a concrete impression. These resolutions are well meaning but they need to be accepted with reservations all the same. For, have we not once before committed the folly of judging the League of Nations by its beautifully worded Covenant? In social affairs as we have known them who can give a guarantee that social reconstruction will be kept separated from politics and diplomacy? In his recent book *To-morrow Always Comes*, Vernon Bartlett has foreseen that a few months after the cessation of hostilities the United Nations Governments in London will be anxious to control the distribution of supplies in Europe for political reasons. It is well that we guard ourselves against premature enthusiasm, when the evidence too is not wanting that those at the helm of affairs have neither learnt nor unlearnt.

So far as India is concerned, edification on the point of her obligations to and benefits from the U.N.R.R.A. has been inadequate. Indian opinion was naturally antagonized at the outset when Dean Acheson declared at the time of the Council session that relief in the Indian famine fell outside the scope of the Administration's activities. But the recent Congressional amendment in the matter, if adopted by the Council, may result in the relief of distress in areas not necessarily overrun by the enemy but suffering partly on account of the war effort. Rehabilitation of refugees from enemy occupied countries will be a major activity of the Administration, and as large numbers of Indian settlers in Burma, Malaya and the Strait

Settlements have fled to India in the wake of Japanese occupation, and many more are still enduring it there, the public and the Government of this country are naturally interested in safeguarding the interests of these people in any scheme of relief that may be sponsored in the Far East by the U.N.R.R.A. As regards India's contribution to the Administration's funds, it has now been revealed that an official declaration is impending to the effect that our contribution has not been assessed on the basis of one per cent. of the national income and that India is free to suggest her contribution after calculating the *per capita* income and the expenditure incurred on the relief of the victims of the famine. It may however be asked whether the principle of fixing contribution on the basis of the total national income is not wholly unsound, as it will incidentally impose an onerous burden upon poor but highly populated countries like India. It is interesting to note here that the amount spent on relief in Bengal has been recently computed to be about Rs. 11.5 crores so far and even if the Government of India agreed to pay the original 'one per cent.' quota of \$35 million (about Rs. 12 crores) famine expenses would cancel out the contribution. The dispensation of relief however will bring its own administrative problems, and a study of the resolutions adopted at the first session of the Council may give an indication of the spheres in which mutual understanding and co-operation will be essential if the efforts are not to end up in precious little.

In the very first resolution laying down that in the procurement, handling, storage and transport of supplies, the Administration will consult the appropriate inter-Governmental agency and make use wherever possible of the established national agencies concerned, there is scope for considerable friction. If the Administration prefers to deal with India through Washington and Whitehall it is only too likely that recent quasi-Governmental agencies like the U.K.C.C. and the U.S.C.C. will be bolstered up as 'the national agencies concerned.' And in the inter-Governmental agencies like the Middle Eastern Supply Centre and the Combined Boards for Food, Raw Mate-

rials, etc. India's case is represented by a bureaucracy which is not answerable to the public and which has little comprehension of the nature of rehabilitation work. So it is only when such representatives are drawn from the competent public ranks, and proper national agencies to satisfy the requirements of the particular type of relief work on hand are constituted that Indians can reasonably hope to obtain their share of relief. Discrimination in rehabilitation operations on the score of race and political belief is ruled out by the second resolution, and in the case of Indians in Burma, and the regions in a chain with that country, where the respective local Governments will guide the Administration's activities as laid down in the seventh resolution, discrimination against Indian settlers and repatriates is a live danger. To avoid it the U.N.R.R.A. might have to collaborate not only with responsible organizations representing Indian interests in those countries but also with those looking after Indians overseas in this country such as the Imperial Indian Citizenship Association.

The war-time controversy whether or not normal trade channels are the suitable media for distribution of short supplies will persist in rehabilitation operations also, where urgent relief distribution is concerned. In this matter the seventh resolution has on the whole given a sound lead in that it wants a maximum utilization of commercial and co-operative agencies for distributive work, but is always prepared to set these aside if any emergency should demand. As has been proved in the case of food distribution in our country during the war, generally, and in the Bengal famine in particular, the distributive problem is essentially one of persuading the trade to co-operate with official measures, and when co-operation is forthcoming, not to favour any particular group of vested interests in the trade. The ninth resolution also stresses the need for seeking the participation of voluntary relief agencies. These are a good number in India and in the Japanese-occupied countries and in this matter the chief difficulty arises out of the fact that the Governments concerned fight shy and cold shoulder such organizations. Indeed in matters referred to so far the effectiveness of the relief operations might depend not on the extent to which the U.N.R.R.A. allies itself with the Governments concerned but detaches itself from them.

The resolutions dealing with the rehabilitation of agriculture, industries, transport and dwellings (Nos. 11, 12 and 13) form the core of the programme. For the first crop year after the liberation of any territory food production will be given priority. The war-time emphasis on maximum output will be generally continued. A modification of such a production pattern will be permissible only where its continuance results in disproportionate sacrifice in productivity and if essential foods are otherwise available. The Administration's activities in this regard range from the reinstatement of farmers on land to the provision of seeds and farm equipment. Likewise industrial supplies are to consist of raw materials and manufactured goods. In regard to the acquisition of raw materials from overseas, the Administration would ensure adequate reserves at an early date by arranging for the necessary allocation and procurement of supplies. And it is recommended that pools be created for processing materials, machine tools, mobile power units, maintenance equipment, machinery of

standard and special types, and spare parts. To facilitate and rationalize the movement of all these supplies a pool of transportation equipment, both fixed and mobile, is recommended to be created. But in all this the supreme principle is laid down that relief is not reconstruction, that the Administration's operations should not be expected to be—nor be in fact—the beginning of reconstruction. Though it was inevitable that the Administration should rigorously define its own limits, there is little doubt that this will also hamper quick decision and speedy action. Where operations depend on the co-operation of several agencies, controversies will rage on the relief or reconstruction nature of works contemplated and the Administration will have to guard itself against too narrow an interpretation of relief. If by a chance reconstruction will be a by-product of relief in the long term it will be pointless to refuse the latter on that score. It is also likely that an undue anxiety will be shown to avoid any redistribution of wealth and private ownership while putting through rehabilitation schemes, particularly in view of the fact that the appropriate Governmental agencies are empowered to acquire property for relief work if necessary. While on the other hand vested interests may be interested in making the Administration adopt fraudulent relief schemes for their own private gain. However, as India's needs will be more in the field of reconstruction than relief these resolutions have only a secondary interest to her. But in so far as they are applied to Indian nationals abroad we have to influence the working of these recommendations. Further, the pools that are to be created in the different regions should draw their supplies, as much as possible, from the trade and resources of countries in that region. There should be no scope for American exporters, for example, to monopolize the supplies of a Far Eastern Centre and for Great Britain to dump her war quality goods at distress prices. But, only that will be the result if the U.N.R.R.A. were to degenerate into an Anglo-American caucus, and it is not without some significance that there is no Indian representation on the Supplies Committee of the Council.

Barring the resolutions in the last part (Nos. 18 to 41) which relate to the composition and functions of the various committees and other administrative matters, the only other important resolution is the sixteenth in which the Council asks of the member Governments the waiving of all taxes in the case of goods on relief supply. It is only a reasonable demand that the burdens of competitive trade practices should not fall on the Administration. If that were to happen the result will recoil on the member Governments who would have to be asked to increase their quota to the fund. But it is a different matter to insist, and it should be insisted, that the advantages of such free trade should accrue to the Administration and not be passed on directly or indirectly to private trade engaged for purposes of supplies.

It may be recalled that the representative of the Government of India has signed the U.N.R.R.A. Agreement subject to its ratification by the Indian Legislature. The subject is due to come up during the current session when it is hoped that some of the issues indicated above will be fully thrashed out and clarified before legislative sanction is accorded to it.

THE WORLD ABROAD

Exchange Rates in Liberated Countries

(From Our Washington Correspondent)

WASHINGTON, Feb. 14 (By Cable).

TWO recent financial developments in the European area caused Government economists here and bankers at New York to opine that the success or failure of post-war monetary stabilization may be gauged from the fiscal accomplishments in liberated territories. The results obtained so far in southern Italy occupied by the Allies have been discouraging, while last week's exchange agreement between Britain and Free France suggests an eventual revival of the old British-United States-French Tri-Partite Pact rather than a world-wide fiscal understanding.

The Wall Street leaders frankly express disappointment with the exchange policies of the Allied Military Government in Italy. It is believed that the post-war problems of rehabilitation and relief may prove insoluble if Americans collaborated with other United Nations agencies who would establish exchange rates in liberated and occupied areas which vary widely from the inherent value in the respective currencies. It is admitted that this has been true in southern Italian provinces where the Allies fixed an exchange rate at the low level of 400 lire per pound, and 100 per dollar.

The New York financial circles confirm the conclusions of *London Times*, that although there is enough wheat in southern Italy to meet the population's requirements there is the threat of actual famine because Italian producers hoarded the entire supply as heavy spending by the invading troops stimulated sharp rise in prices. Traders in foreign exchange here believe that the liras has been valued too low and suggest hoarded supplies should be coaxed back into the market by the raising of lire rate in small instalments thus forcing prices reversal.

The Wall Street does not attempt to suggest any arbitrary rate at present but considers that the rate might be raised in gradual instalments perhaps ten to fifteen lire at a time until hoarders offer their stocks lest they suffer serious loss—if the rate for example should be allowed to go to 360 to a pound. It is argued that if such an experiment succeeded local requirements might be met without resorting to too heavy relief shipments thus saving valuable shipping space for military purposes. Discussing this question one financial commentator wrote "in wider perspective for post-war European rehabilitation and relief Italy is a test case which is regarded as of extreme importance since feeding all Europe will give infinitely a larger headache than food supplies for the lower end of the Italian boot."

The agreement signed at Algiers last Tuesday, tying the French franc to the pound at the rate of 200 francs to a pound and establishing close British-French financial co-operation falls in a different category from fixing the liras' value and also has important post-war financial implications. The spokesmen for the French Committee of National Liberation said simultaneously that satisfactory negotiations are being conducted between the Committee and Treasury Department at Washington adding that the French dollar exchange rate will be 50 francs for a dollar throughout all liberated French territory. Heretofore the rate in French Equatorial Africa and French possessions of the Pacific have been 43.8 francs to a dollar.

The British-French accord provides the return to financial co-operation of 1939. It is believed here that it may also indicate that serious consideration is being

given to the renewal of pre-war tri-partite exchange pact which might rule out Soviet Russia and other nations as far as post-war monetary stabilization agreements are concerned. Nevertheless the Treasury Department and the State Department are still planning for the monetary stabilization conference to be held in the United States within a few months at which the 44 United Nations would be represented. The best that can be expected from such a conference would be the provisional international agreement in principle, leaving discussion of details until much later the year, possibly even until after the November presidential election.

The British representatives here have unofficially intimated that if Roosevelt should win another substantial victory in November after his administration had enunciated its firm policy of economic collaboration it might be considered safe for Britain to enter into commitments "involving the risk of sacrifice," but conservative bankers still doubt the feasibility of either the Keynes or the White Plan. Their viewpoint was expressed last week, by Doctor Benjamin Anderson, former Economist of the Chase National Bank, and now Professor of Economics, University of California, who told the New York Chamber of Commerce that it is unrealistic to suppose that the whole world can hang together in support of the *bancor* or *unitas* while the British Empire cannot hang together in support of the sterling policies within the British Empire. Mr. Anderson concluded, "I want to see the real gold standard world again with several powerful centres competing—and holding one another in check. I don't want international monetary co-operation in ordinary times. It prolongs unsound tendencies as in 1924 to 1929 and then breaks down in a crisis as in 1931. I want competition in ordinary times and co-operation only in crises—at a stiff rate of interest."

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many more urgently wanted
GOODS TRAINS
if we all travel
ONLY WHEN
WE MUST.
So...
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BEFORE YOU
BUY YOUR TICKET—
IS YOUR
JOURNEY
ABSOLUTELY
NECESSARY?
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Banking Trends in Britain

(From Our London Correspondent)

LONDON, Jan. 22, '44 (By Airgraph).

IN common with British and banks of other countries the U.S.A. banks show a large increase in their deposits and holdings of Government securities. According to the latest information available in London the money supply (i.e. currency issued and demand deposits with the banks) of the United States has virtually doubled since the outbreak of the war. It is now nearly \$120,000 million as compared with the pre-war level of \$60,000 million; the highest point reached during the later part of the decade of the 20's was \$55,000 million. The U.S.A. commercial banks increased their holdings of Government securities from \$15,700 million in June 1939 to more than \$65,500 million at the end of November 1943. The share of the Federal Reserve Banks shows an increase during the same period from \$2,551 million to \$10,400 million.

The Statistical Office of the Federal Reserve Bank of New York estimates that during the first five months of 1943 commercial banks increased their Government Securities (other than Treasury bills) by approximately \$19,500 millions; of these \$8,000 million were purchased in the open market while \$13,500 million were taken up on new issues. Over the same period \$2,000 million were redeemed on maturity or bought back by the Government prior to maturity. The holding of Treasury Bills increased during 1942 and the first five months of 1943 from \$1,500 million at the beginning of 1942 to \$7,025 million; since the end of June 1943 there has been a moderate contraction.

The Demand Deposit Velocity Index of the Federal Reserve Bank of New York has moved between comparatively narrow confines during the last two years. The rate of velocity of demand deposits (current account balances) was somewhat more rapid in 1943 than in 1942 in the New York banks while the rate of velocity in the banks of 100 cities outside New York was slower in 1943. As can be seen from the following table, there has been a continuous downward trend in velocity from 1929 to the outbreak of the war. Since then the fluctuations were comparatively small. A similar trend is noticeable in the Velocity Index of British Current Account Balances calculated for 1930-38 by the present writer. The necessary figures were no longer available after the outbreak of the war, but estimates based on the total clearing house turnover for 1939 and 1943, though of necessity inaccurate, can be taken to be near enough the true figure to allow a rough comparison. For 1939 the Index of the rate of Velocity is around 50% of the 1930 figure and for 1943 it was approximately 31% or less than half of that for 1938. The total (actual) turnover on current account in the London Clearing Banks was £64,600 million in 1930 and the estimated total for 1943 is £81,000 million; the annual rate of turnover was 70.2 in 1939 but only about 22 in 1943; in other words, whilst the turnover was in 1943 about 125% of that of 1930, and the yearly average of current account balances roughly 270%, the rate of turnover (or rate of velocity) was reduced to a mere 31% of that of the later year. The inflation potentiality is a serious factor in both America and Great Britain, but it is much more accentuated in Great Britain than in America though, if Congress is intent upon defeating the President in his campaign for increased taxation, it may not be long before the American situation is the same as that now in Great Britain. In both cases there is very much more currency and bank media held by the public than actual business requirements demand.

The speeches of the chairmen of the London banks during the last twenty years have been looked forward to eagerly by the business world as well as by students of banking and currency policy. Their importance was established by the annual pronouncements from the Midland Bank by the late Chairman of its Board, Mr. Reginald McKenna. His successor, Mr. Stanley Christopherson, and the Chairman of the Westminster Bank, Mr. Rupert Beckett, both referred in passing to the problem with which we have dealt above from a rather different angle.

"Assuming that a state of maximum productive activity exists," said Mr. Christopherson in referring to the supply of money, "the expansion of deposits last year must be seen as resulting from budgetary needs rather than from any further growth of the public's requirements of money with which to transact its daily business. Similarly, the persistent increase in the quantity of currency outstanding can have only a partial justification in real public needs. In short the amount of surplus cash in the hands of the public whether held as currency or as liquid bank balances, is growing, and it would be to the advantage both of the nation and of the owners of the money, now and in the future, if a larger proportion of these unused resources were turned into holdings of Government securities."

Lord Wardington, Chairman of Lloyds Bank, put the matter from still another angle. He said: "A glance at our figures, and they are very similar to those of the other banks, shows that if we returned to anything like the proportion which our advances bore to our deposits in more normal times, we could increase our loans by over £200,000,000 and still be lending only 50 per cent. of our deposits. If this change-over took place in all the banks there could be an increase of well over £1,000 million in their advances to the public, without in any way laying them open to the criticism that they were "over-lent."

He added that such a transition could, of course, only take place gradually. It had not, he said, generally regarded as a principle in deposit banking that medium or even short term loans for capital purposes ought not to form part of their business. But their position was now so strong that some departure from strict principles would seem justified in the conditions which would most likely confront us after the war.

It has, of course, always been said of the large British banks that they had too little interest in the industries of the country. That was true to the extent that they followed the self-imposed principle stated above by Lord Wardington. Contrary to the practice of Continental banks, which had to a large proportion of their money sunk in industrial loans, British banks canalized too much money away from long term investment into the short-money market. Even before the war, it would have been to the advantage of the country if some of the money claims deposited with them had been invested in medium term loans. Whether the other bank chairman and boards will agree with Lord Wardington one does not know. They did not make any pronouncements on this point.

They all expect, however, that in due course they should be able to reduce their large holdings of Treasury receipts and part of their holdings of Government securities and increase their advances.

On one point they also agree; they expect of the Government to avoid any policy which would involve the country in a deflation that inevitably would cause not full employment but unemployment. The bankers have indeed travelled far since the days of 1920-21 when it was their voice mainly which led the Government on in its devastating deflation policy.

The Hon. Rupert Beckett, in his speech to the Westminster Bank's shareholders, suggested that we might go back on a modernized gold standard. He was, however, the only leading banker referring to such a proposition. The international problem was touched on by only two of the Big Five's chairmen and in a few words only. That international agreement on currency and trade questions is desirable they no doubt all agree but their business sense probably tells them not to base too rosy hopes on the outcome of international discussions, for the present at any rate. While they all stressed the necessity for Great Britain of a large export trade to pay for necessary imports, some of them also acknowledged explicitly the desirability of the less industrialized countries to increase their industrial output and thus to raise the standard of living in those countries. It was, therefore, for British industries to make more and better use of research in order to produce most efficiently and to produce what other countries wished to buy.

Number of Turnovers of Demand Deposits (current Account Balances) per year:—

Year	New York City (x)	100 U.S.A. cities outside New York (x)	Great Britain (Index 1930=100)
1919	71.4 (238.0)	39.9 (159.2)	—
1929	131.7 (439.0)	47.1 (187.9)	—
1930	83.1 (277.0)	39.8 (158.8)	70.2 (100)
1931	57.0 (190.0)	32.9 (131.2)	62.2 (88.6)
1932	41.5 (138.3)	28.4 (113.3)	56.3 (80.2)
1933	38.6 (128.7)	28.0 (111.7)	49.2 (70.1)
1934	36.6 (122.0)	26.8 (106.9)	53.2 (75.8)
1935	34.3 (114.3)	26.3 (104.9)	51.3 (73.1)
1936	33.9 (113.0)	26.4 (105.3)	49.5 (70.5)
1937	32.1 (107.0)	26.5 (105.7)	49.8 (70.9)
1938	27.0 (90.0)	23.5 (93.7)	46.0 (65.6)
1939	22.5 (75.0)	22.6 (90.1)	—
1940	18.2 (60.7)	21.6 (86.2)	—
1941	18.3 (61.0)	22.5 (89.7)	—
1942	(*) (67.0)	(*) (79.0)	—
1943 (1)	(*) (71.0)	(*) (80.0)	22(a) (31) (a)

(x) Figures in brackets: Index adjusted for seasonal fluctuations (100=1930/1935) published by Federal Reserve Bank of New York.

(1) New York City 100 U.S.A. cities 1943=10 months average.

(a) 1943 estimate.

(*) Not available.

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Money Market

Tightening in Money Conditions—Stock Exchanges—Outlook for Coal Industry—Uncertain Prospects for Jutes—Sugar Company Reports.

(From Our Correspondent)

CALCUTTA, Feb. 13.

A slight tightening in money conditions is noticeable though money rates have not changed and the improved demand for funds has again been disadvantageous to the Central Government. It is satisfactory to note, however, that the increase in the average discount rate on treasury bills is not so pronounced and that it would be possible in future to check more effectively the rise in rates. From the returns of the scheduled banks it appears that greater interest has been taken by the Imperial and Reserve Bank at the treasury bills auctions and that no new large investments have been effected by the joint-stock banks either in treasury bills or government loans. The net intake of money on account of treasury bills, both Central and Provincial, in the past few weeks has not been large so that it cannot be definitely said whether the sharp increase in the investment portfolio of the Imperial Bank is due to further subscriptions to new loans or greater interest in treasury bills. Anyway, the increase in the borrowing rate on treasury bills since the offer was increased to Rs. 8 crores from Rs. 6 crores has proved costly to the Government and it must be made sure that there is no further increase in the discount on accepted tenders.

Stock Exchanges

A rise in prices in the Stock Exchanges in the weeks immediately preceding the Central Government Budget can never be trusted. Even in peacetime there would be considerable speculation and the bears would take advantage of some rumour to push down prices. It is not surprising, therefore, that in the five years of the war period advantage has been taken by the bears in the months of January and February to exploit the situation in full to their advantage. The conditions in the stock markets in the first two months of 1944 were thus in contrast, to a certain extent, to those prevailing in previous years. Speculators in both Calcutta and Bombay were confidently saying that there would be no fresh direct taxation and that prices would not be affected adversely. The announcement of relief under E.P.T. for mining companies and the declaration of satisfactory dividends by the leading cotton mills had therefore a stimulating effect and prices improved. With the nearness of the Budget, however, there is some anxiety over the new proposals. The discouraging news from the Arakan front and the nervousness displayed by operators in Bombay, with the reports about a sharp downward revision of cloth prices, have naturally resulted in a smaller volume of turnover and prices have declined in almost all sections. There has been no heavy liquidation however and there is nothing to suggest that there has been a reversal of the general trend. The leading speculative counters encountered some selling in the latter half of the week and closing prices are at the lowest levels for the week. There were some efforts at a late rally but in the absence of any encouraging news the gains were not held.

The announcement during the week that as from the beginning of the next month the distribution of coal would be taken over by the Government did not have any effect on the market as the news had been discounted. Only a slight rise in prices however was noticeable in some of the leading coal shares. Jute shares were listless for the effect of an announcement of a quota of eight annas for the jute crop in next season and the reports regarding the possibility of fresh orders was neutralized by the fears of fresh requisitioning of mills. Cotton shares could barely maintain their gains earlier in the week while sugar shares were

neglected. Tea shares continued steady. Karanpura Development were the feature with a rise in the quotation to Rs. 29 from Rs. 23-12 earlier in the week.

Outlook for Coal Industry

The measures taken by the Government of India regarding the coal industry augur well for the mining companies. It was reported that raisings in December showed an increase of 20 per cent. and that the rate of increase in January was even more pronounced although the actual figures are not yet available. The suggestion by Government that mechanization of the methods of extraction will receive the greatest assistance from the authorities is very important. It is said that every effort is being made to obtain machinery from abroad and that Government is prepared to allow depreciation both for E.P.T. and income-tax on new coal cutting machinery now to be purchased at an annual rate of 50 per cent. on written down value of such machinery.

The Government of India's scheme for control of distribution and prices of coal and also for the encouragement of output provides for the estimate of the monthly output of each colliery, the distribution of output by Government at fixed prices and the encouragement of production by the grant of bonuses on increased output free of excess profits tax. As from the beginning of the next month it is expected that Government will control the distribution of all coal whether dispatched by road or rail at prices fixed by the Government and orders for distribution will thereafter form the basis of contract between the colliery and each consumer of its coal. These arrangements by the Government of India, with the statement by the Transport Member that shipping facilities would be provided on a larger scale by the U.K. Government in return for increased export of coal clearly point to a great increase in total coal production. Coal companies' earnings would then improve considerably. The larger mines especially stand to gain to a great extent.

Uncertain Prospects for Jutes

The position of the jute industry is not quite clear. The prospect of larger jute supplies has not resulted in an increase in prices for jute shares. There is also no information regarding the placing of large orders by the U.S. Government. In the meanwhile, it is reported that some more jute mills would be requisitioned and that production might be affected thereby. Hitherto it has been possible to make the lost production of the requisitioned units by working other units of the same company a larger number of hours. The fresh requisitioning of a single unit would thus result in an actual loss in production. If it is proposed to maintain production, not to speak of increasing production by working other mills longer hours, the question of compensation to the requisitioned units will be difficult of decision. With the present uncertainties there is no disposition, therefore, to take an unduly optimistic view of the future.

Sugar Company Reports

Sugar companies have done very well in the last season. They may do better in the current season. The declaration of good dividends by important companies, however, has not had any effect on the market. Only last week Purtabpore declared a dividend of Re. 1-8 per ordinary share for the year ended October, 1943. This week the Cawnpore Sugar Company has announced the dividend of Rs. 2-8 per ordinary share for the same accounting year against Re. 1-8 share for 1941-42. By current standards the yield on some sugar shares is very high.

Treasury Bills—Reserve Bank—Gold Sales—Silver—Leading Scrips—Egyptian Cotton

BOMBAY, Feb. 16.

The short-term money market has continued to rule easy with no material change in rates. There has been, during the week under review, a slight increase in demand for funds from trade quarters as has been indicated by the progressively steady increase in the Scheduled Banks' advances. But the volume of floating funds is so large that this demand is hardly able to cause any change in rates. The inter bank call rate has continued to stay at ¼ per cent., three to six months deposits at ½ per cent. and one year funds at 1¼ per cent.

Treasury Bills

The week has witnessed a further spurt in Treasury Bill rate. As against as. 11-4 per cent. paid in the past week, the Central Government has had to pay full as. 12 per cent. on its three months Treasury Bills. This, it may be noted, is the fourth occasion in the course of the past one month when the rate has thus gone against the borrower.

There has been a further rise in the amount offered to the Reserve Bank which aggregated Rs. 13.34 crores as against Rs. 11.71 crores a week ago and Rs. 10.76 crores a fortnight before. This increase does not suggest any broadening of market's interests in Treasury Bills in as much as it has been accompanied by a rise in the average rate. The rise seems to be due to the attempts on the part of a large bidder of Treasury Bills to obtain a higher rate and higher allotment. Finance brokers' report that the leading Indian banks such as the Central Bank of India and the Bank of India have not been taking much interest in Treasury Bills. If this report is correct, then the Imperial Bank of India alone must have been trying to assert its voice in the Treasury Bill Market. Now that the rate has gone up to ¾ per cent. per annum, these Banks may be tempted to evince greater interest in Treasury Bills once again.

Reserve Bank

The weekly statement of accounts of the Reserve Bank as on February 4 disclose a sharp rise of 10.23 crores in the volume of money in circulation. Of this increase notes alone account for Rs. 9.41 crores and Rupee coin 82 lakhs. Total notes issued are 870.07 crores compared to Rs. 862.90 of the previous week and there is a corresponding increase of Rs. 8 crores in the sterling securities held by the Issue Department which now stands at Rs. 752.84 crores.

In the Banking Department, Central Government balances have improved further to Rs. 39.72 crores. With the payments on account of the repatriation of sterling debentures and the large expenditure in the first week of the month one would have normally expected that government balance would show a decline. But the expansion of currency and, possibly, further large tax payments have actually resulted in an increase in balances by over Rs. 5.66 crores. The large tax-collections should have been neutralized to a certain extent by the greater payments by the provincial governments, other government accounts showing a decline from Rs. 17.76 crores to Rs. 10.02 crores. The sharp decline in bank deposits with the Reserve Bank however cannot be fully explained, the figure in the latest return being Rs. 63.55 crores against Rs. 77.37 crores in the previous week. Imperial Bank cash balances were nearly Rs. 6 crores lower at Rs. 35.33 crores but the total decrease in bank balances with the Reserve Bank is very much more at Rs. 13.82 crores.

A noteworthy feature of this week's statement is the marked fall of Rs. 12.13 crores in the foreign balances of the Reserve Bank which are only Rs. 120.85 crores against Rs. 132.98 crores of the previous week. The sum of Rs. 8 crores was transferred to the issue department for expansion of currency so that there is a net decrease of Rs. 4.13 crores during the week. In the previous week there was a decrease of Rs. 3 crores so that it is reasonable to assume that with the further payments made in these two weeks by the British Treasury the Government of India has found the necessary finance for the redemption of the greater part of the railway debenture stocks of the E.I., G.I.P., and B.B. & C.I. without any difficulty. The total rupee finance needed for the purpose was Rs. 14.80 crores.

Imperial Bank

The statement of the Imperial Bank for the week ended Feb. 4, 1944, shows that deposits have increased further to Rs. 215.33 crores from Rs. 214.54 crores. Investments in government securities have increased by nearly Rs. 6 crores to Rs. 143.43 crores. Advances have improved from Rs. 42.45 crores to Rs. 43.23 crores. Even with the improvement in deposits cash balances have, therefore, declined to Rs. 35.33 crores from Rs. 41.14 crores.

Gold Sales

The Bullion Market has been very active during the week with a heavy turnover in gold. With the fortnightly settlement for the unofficial transactions reported outside the floors of the Exchange falling due during the week, heavy demand for gold was made on Reserve Bank of India. I am told that there was a large bearish position to be squared up and that most of the bears decided to tender gold. The Reserve Bank freely accommodated these speculators by selling whatever quantity demanded at the fixed rate of Rs. 71—a rate which has been in force during the past three weeks. In addition to this, there was also good demand from up-country centres. The extent of such demand will be evident from the fact that the daily offtake during the week averaged 50,000 tolas as against 20,000 tolas in the previous week.

The total amount of gold sold by the Bank during the week is estimated in market circles at between 5 lakhs and 6 lakhs tolas. It is stated that on one single day alone the Bank sold 3 lakhs tolas to be delivered within two days. Assuming that the Bank had sold 6 lakhs tolas during last week, the total amount of currency absorbed from circulation must be of the order of Rs. 4.26 crores, the effect of which is likely to be reflected in the next weekly statement of affairs of the Reserve Bank by a relatively small increase in note circulation if not by an actual fall.

An outstanding development of the week in the gold section was the commencement by the Reserve Bank of India of sales of gold in the big up-country centres. The first centre chosen by the Bank was Madras, which ranks second largest absorber of gold. In distinct contrast to Bombay where until now the Bank has been selling only big bars of 1,000 tolas, sales in up-country centres are being made in small bars of one tola and five tolas. The one-tola bit resembles the shape of a four-anna nickel coin, while the five-tola bit is a rectangular shape. The fineness of the metal sold is .996 and sales of these bars at Madras were made at Rs. 71-4-0 per tola. Sale in Madras commenced on Friday, while sales in Lahore, Delhi, Cawnpore and Calcutta commenced on Saturday.

That the Bank would be selling gold in the up-

country markets was known to everyone and a hint to this effect was given by Sir C. D. Deshmukh at Cawnpore in December last. The Bank could not commence sales earlier because it had not completed the necessary arrangements. The large bars of 1,000 tolas had to be converted into bars of small units. The Government mints which have been working at full pressure during the past two years had to cease accepting outside orders for refining bullion in order to expedite this job.

It will be interesting to watch the effect of selling gold in the up-country centres on the Bombay market which until now has been the main centre of distribution. I believe that these sales will henceforth reduce the importance of the Bombay market and cut at the root of speculators, especially the *chokseys*, whose main source of strength has been the steady buying orders from the up-country centres. Now that the Bank has started supplying gold practically at the doors of consumers, large holders of gold in Bombay and in other big centres may try to liquidate their holdings which might depress the price of the yellow metal. In this connection it is significant that in recent weeks much of the sales by the Reserve Bank has been on account of speculators.

Silver

In the silver section, there was a sharp rise in prices following a "bear" squeeze. The heavy short position which had been created in the past few weeks in anticipation of the resumption of sales of silver by the Reserve Bank had to be squared up. As all the floating stocks of a few hundred bars had been cornered by a handful of operators, the bears were at their mercy and the former mercilessly took their pound of flesh. The price of silver for forward delivery rose from Rs. 121 to Rs. 124.12. The increase in the rate for ready delivery was even more sharp, the quotation having advanced from about Rs. 123 to Rs. 128.4, the highest level reached during the week. As the week drew to a close, the market became easy on reports that there might be some form of intervention by the Government in the belief that a high price for silver will have its repercussions on gold. At the time of writing, the quotation for ready delivery is Rs. 124.6 and that for forward delivery Rs. 122.6.

Leading Scrips

The pre-budget uncertainty has given a pause to the market. After the last week's hectic buying a reaction set in during the week. Tata Steels dropped sharply from Rs. 2,235 to Rs. 2,070 and from Rs. 435 to Rs. 408. Technically the market was overbought last week. Once a reaction is in evidence liquidation by nervous bulls is enough to cause a sharp break in the prices. The same factor was responsible for the downtrend in leading textiles. Bombay dyeings and centuries lost over Rs. 100 while loss in Kohinoors amounted to about Rs. 60. After the sharp fall there has been some recovery. The closing prices are Tata Defds. Rs. 2,115, Ordinaries Rs. 415; Dyeings Rs. 2,135; Centuries Rs. 1,100 and Kohinoors Rs. 725. Kohinoors have announced a final dividend of Rs. 13 plus a special bonus of Rs. 15 making a total of Rs. 28. Normally such handsome dividend would be a welcome feature in the market and would cause some recovery in prices in a technically weak market. However no such effect was felt and in sympathy with the general tone of the market the shares also declined in the Brady group. Dividends for Colaba Land New City and New Great Eastern have been maintained at last year's level. As a result prices of these shares have declined, for example, New Great are quoting Rs. 455 after having at one time touched Rs. 500. Rumours are current that in the Finlay group Swan and Gold Mohur mills might improve their dividend. The market expects Rs. 25 to Rs. 30 dividend for both Swan and Gold Mohur. Swan have improved to Rs. 375. Normally quotations for Swan is lower than for Fin-

lay. At present Finlay has remained depressed at Rs. 355 which is Rs. 20 lower than Swan. It is believed that on account of large capital of Finlay namely Rs. 40 lakhs the Company may maintain last years' dividend of Rs. 20 on these shares. Gold Mohur which used to be lower than both these scrips is quoted at Rs. 390 on account of the general belief that the Company installed brand new machinery at the outbreak of the war. In the miscellaneous section the undertone is dull. Port Canning which at one time touched Rs. 134 have dropped to Rs. 104. More activity was noticeable in the Imperial Banks; the fully paid have improved to Rs. 2,000 and contributories after touching Rs. 535 are steady at Rs. 525. Judging from the ruling prices the market appears to be taking a not too pessimistic view of the forthcoming budget. General belief is an increase in surcharge on income-tax and super-tax if there is no further increase in excess profits-tax. The market can be expected to maintain the present prices and there may even be some improvement after the budget proposals are known.

Egyptian Cotton

The position of imports of long staple raw cotton from Egypt, Sudan and East Africa has been far from satisfactory. Therefore the agreement reached during the week under review between the Government of India and the delegation from East Africa and Sudan has been welcomed in cotton market. It is believed that large quantities of Sudan and East African cotton would be available at Rs. 945 per candy delivery ex-dock Bombay, the agreed rate. It is said that the delegation was reasonable throughout the negotiations and the Government of India did not have much difficulty in arriving with it at an agreement which works out at Rs. 110 less than the ruling prices of East Africa cotton. In return to the concession rate agreed by the delegation the Government of India have promised them to supply East Africa and Sudan textiles from India at "reasonable" prices. The schedule has not been worked out as the Government of India are still formulating export control. But the visitors have left the issue to the good sense of the Government of India.

The supply position of cotton from Egypt is somewhat obscure. The Indian delegation headed by Mr. Kasturbhai Lalbhai had reached an agreement with the representatives of the United Kingdom and United States of America about the quota to be allotted to India. But no agreement was effected with the Egyptian exporters regarding the prices. In Egypt there is inflation; there are gold sales on behalf of His Majesty's Government and therefore the exporters are raising the prices of cotton periodically according to the rate of inflation.

Unlike India the Egyptian Government have been slow to intervene and place a ceiling on cotton prices. The Egyptian Government are disappointed with United Kingdom's refusal to share with them the profits of gold sales in Egypt. It is reported that the Government of India has been able to secure only ten thousand bales last week at rather high prices. Lancashire too is stated to have paid stiff price for a recent purchase. Perhaps the joint threat of withdrawal from the market by the three buying organizations, U.K., India and U.S.A. had no effect on the Egyptian cotton merchants who are prepared to hold for a longer period. Whether the Allied Governments would reach an agreement about prices of cotton with the Egyptian Government who alone could save the situation remains to be seen.

Egypt's quarrel with India is centering round the high prices of textiles supplied by the Indian mills. Perhaps the situation so far India is concerned might ease when the prices of exports from India are fixed. Whether India will cut away from other two buyers and act independently reaching a separate agreement on the basis of supply of Indian textiles remains to be seen.

FROM THE PROVINCIAL ANGLE

Madras Letter

GOLD SALES BY THE RESERVE BANK—EFFECTS ON THE MARKET—PROSPECTS OF THE COFFEE INDUSTRY—CORPORATION'S BUDGET

(From Our Correspondent)

MADRAS, Feb. 12.

FOR the first time since its inception, the Reserve Bank of India began selling gold in Madras since the 10th instant and this has been an event of great importance in the Bullion market. It is stated that as a result of the investigations carried on by the Reserve Bank it has been found that gold sales by the Bank in Bombay proved to be a successful anti-inflationary measure and therefore the Bank decided to extend the sales to other centres. Madras was chosen as one such centre but as the large bars sold in Bombay of 1,000 tolas weight would not suit Madras, smaller bars were made in the Mint out of these large bars. The authorities take the view that these small bars would attract the small investor, hoarders of money in currency notes and income-tax evaders. In Madras, the Bank sold the yellow metal in bars of one tola and five tolas of .996 fineness. The former roughly resembles the shape of the four-anna nickel coin and the latter is of a rectangular shape. Both of them bear the seal of His Majesty's mint of Bombay. The selling rate of gold was Rs. 71.4 per tola, being very nearly the prevailing market rate. Therefore this produced no effect on the market rates, excepting a fractional decline of two annas per tola and with this the market rate has also come to the Bank's selling level. Officials of the Bank were reticent to give the figures of sales effected but it is learnt from the market that the sales so far totalled about 500 tolas since the 10th. It is also gathered that the sales have been absorbed by the market and that individual investors have not evinced any keen interest till now, possibly for want of publicity. As regards these sales, the market takes the view that as the Bank is now selling gold at Rs. 71.4 and as there would be no possibility of the quotation rising above this level, hoarders who were hoping for a higher market, would begin selling in the market and make the market go down further. Still, this situation might only be a temporary phase as once these hoarders get themselves exhausted, the Bank will assume a position of mastery and then the market will have to be guided by the Bank's selling rate. The local authorities of the Bank were equally reticent to give any information regarding the country or countries to which this gold belonged. But it would be relevant to recall here the statement of the Finance Member to the Government of India in reply to a question in the Central Legislative Assembly that gold was sold from time to time at the prevailing market price under arrangements between the Reserve Bank of India and the Bank of England on account of His Majesty's Government and the United States Government.

The Coffee Industry

Mr. E. V. Ganapati Aiyer, Government Director, Industrial Concerns, Mysore State, reviewed the position of the coffee industry in prospect and in retrospect at the annual meeting of the Mysore Coffee Curing Works Limited. He said that the coffee crop of the last season was somewhat poorer than the normal but the prices available in the market were very favourable and would have continued to rise if the

Indian Coffee Board, in pursuance of the general policy of Government to check inflation of prices, had not taken action to control the prices of coffee. Recently, the Government have notified the prices and this should be satisfactory to all on the whole. However, coffee growing was becoming increasingly expensive mainly owing to shortage of labour, transport, chemicals, fertilizers, estate implements, gunnies and others and therefore, the position required continuous and close examination by the planters and the Coffee Board. The current season's crop was expected to be on the whole a fairly normal one but the demands had increased and continued to increase. Among the causes may be mentioned the large additions to the City and urban population all over India, due to the employment of very large numbers of younger people in the Military and Auxiliary services. These salaried classes had inculcated fixed habits of coffee drinking, particularly South India. The limited availability of tea was another factor. The Coffee Board had greatly helped the planters to avoid the inroads into their incomes caused by the trade and middlemen's profits. The Board had appointed the curing establishments as wholesale dealers of pool coffee which was also another helpful factor. These favourable factors formed a strong current, which Mr. Aiyar hoped, would continue to carry the tide of prosperity of the planters.

Finances of the Corporation

The budget estimates of the Corporation of Madras for 1944-45 contain few surprises and generally reflect the war time tendencies. The year is expected to open with a balance of Rs. 5.46 lakhs. Receipts have been estimated at Rs. 79 lakhs while expenditure at Rs. 89.41 lakhs, leaving a deficit of Rs. 6.44 lakhs. It has been proposed to balance the deficit by increasing certain taxes. An increase in the property tax on buildings of higher rentals is expected to swell the revenues by Rs. 1.30 lakhs. The raising of the cycle tax, an increase in the license fees on offensive and dangerous trades and certain minor changes in the taxes are also contemplated. It is expected that the Government would give a grant of Rs. 1.50 lakhs as compensation for damage caused to roads by military traffic and Rs. 2.21 lakhs for repairing the damage caused to the roads and water mains by the recent floods. The proposals are expected not only to cover the deficit but also leave a balance of Rs. 11,630. Apart from increasing certain existing amenities in the City no important works are to be undertaken in the new year. The two big items that would strike one are the expenditure of Rs. 1 lakh for improving the water distribution system and of Rs. 2.70 lakhs for improving the sewer and storm water drainage system.

Salvage of Dry Cows

The Registrar of Co-operative Societies, Madras outlined the scheme for salvage of dry cows in Madras City at the Seventh All-India Regional Cattle Show held a few days ago. A co-operative society will be formed which will take over all serviceable dry cows in the City. The cattle will be marched to

the forests in the two neighbouring districts of Chittoor and Nellore where they would remain during the dry periods under the care of the Veterinary Department and would be served by the pedigree bulls. The dry cows would then be brought back to Madras ready again for milking.

The Stock Exchange

The Share Market was very lively and a large volume of business was done. Banks, Insurance and Electrics came in for sustained absorption and share values have been put up substantially. Indian Bank shares of all the three denominations lead the market in the Banks section. The fully paid which were quoting Rs. 327 last week-end improved very sharply to Rs. 357-8. The other two shares rose by over ten points. Indian Overseas came in for good business, the quotation rising by about six points to Rs. 103. The directors have recommended a dividend of 3½ per cent. Bank of Hindustans were also favoured on reports of a dividend of Rs. 1-2 per share. There were good buyers for Indo-Commercials with few sellers. Imperials, Reserves and Bank of Mysore also came in for good business. There was selective buying of textile shares. Buckingham and Carnatics recorded a substantial rise to Rs. 350. Mettur Industries were well absorbed at rates varying from Rs. 326 to Rs. 339. Vasantas announced 30 per cent. final dividends which is 5 per cent. higher than

Bombay Letter

BOMBAY PLAN DISCUSSED—RATIONING IN RURAL AREAS—SUBSIDY TO AGRICULTURE

(From Our Correspondent)

BOMBAY, Feb. 12.

SPEAKING under the auspices of the Progressive Group in Bombay, Mr. A. D. Shroff, one of the signatories to the Rs. 10,000 crores Scheme propounded by Indian industrialists, explained the central objectives of the Plan with special reference to the role of the State. The main objective, he said, was the provision of adequate clothing and housing for the people of India and the creation of social and cultural amenities for them. He dispelled the fears prevailing in many quarters that there were "sinister and machiavellian designs" in the Plan by stating that if it was necessary in the interest of the country that all the industries should be State-controlled or even State-owned, the planners would have no objection. Regarding the role of the State, it was his opinion that the Government of the future will have to take the initiative by creating the machinery and supplying the resources for the execution of a well-considered Plan. While this would involve a certain amount of State control, it does not necessarily mean the introduction of totalitarianism of any brand. Mr. Shroff cited many instances of reasonable restrictions on individual liberty which may be essential. Education will be compulsory so that, in a sense, parents may be deprived of the liberty of deciding whether or not to send their children to schools. Agriculture on a compulsory co-operative basis will have to be enforced to secure maximum returns. The State will also determine the prior claim of one industry over another, the location and size of industrial units, conditions of employment of labour and the control of prices to eliminate profiteering. In conclusion, Mr. Shroff stated that with the proper exercise of control over prices and the increased production that will follow, many of the apprehensions regarding the Plan will be removed.

last year and the shares were quoting Rs. 393 cum the dividend. The Planting section was easier with a few exceptions. Rumours about the levy of an agricultural income-tax continued to depress the market. Further, the anticipated rise in the price of rubber has not yet materialized. Therefore there was selective buying in shares like Cochin Malabars, Tropical Plantations and Rajagiris. Certain new issues like Pullangodes were also taken. Business in tea and coffee shares was still on a small scale. News has been received that the Government have granted an increase, on the contract price of tea, of 1½d. per lb which would make a total increase of 5d. on the basic price. With this announcement, the share may show some appreciation shortly. O. Valleys, Vellamalais and Chembra Peaks received good support. There was a large turnover in Midlands outside markets showing a keen interest. There was considerable interest in Insurance company shares. United India Fire and General, Vanguard Fire and General and Prithvi Insurance came in for good buying with fair improvements in the share values. Electric company shares continued to have good buying support and interest was particularly centred round West Coasts. In sugars, Mysore received strong buying inquiries and India sugars were also in good request. Amongst Chemicals, Metturs, Mysore Chemicals and Fertilizers and Mysore Chemical Manufacturers were firm and recorded a fair turn-over. Mysore Papers and Mysore Lamps were very active.

Food Rationing

Of particular interest to those connected with food rationing is the news that the Bombay Government have started food rationing for the first time in the rural areas of the Bombay suburban district. Hitherto, rationing in the suburban district was confined to urban areas. The rest of the population all over an area of 196 square miles was not brought numbering about 94,000 living in villages scattered within the ambit of rationing. These people were therefore precariously situated with regard to the supply of foodstuffs because the few Government grain and retail shops were inadequate to meet their requirements. People often had to walk four to five miles to get their supplies. Government therefore decided to introduce rationing in these areas. Regarding the organization for these areas, 7 rationing offices and sub-offices situated at places easily accessible to the people have been opened. Distribution will be carried out through 71 authorized retail shops. Government grain shops and factory shops. All these have been so situated that no person will have to go more than a mile to get his ration. If this scheme of rationing of rural areas prove successful, it will, apart from bringing relief to the people concerned, also serve as a model for rationing other rural areas in the country.

Double Cropping

The Bombay Government have sanctioned an expenditure of Rs. 35,644 during 1944-45 for a scheme of double cropping in the Konkan which is expected to result in an additional production of 90,000 maunds of rice and pulses valued at Rs. 9 lakhs. The scheme provides for the subsidizing of the construction of temporary "Bandharas" upto 1½th of the cost. The remaining 2½ths will be borne by the cultivators who

will benefit from the work. It is proposed to undertake the construction of 200 "Bandharas" this year, the total area to be brought under irrigation being 10,000 acres. The total cost for an acre will be Rs. 10 of which the Government will provide a maximum of Rs. 3. When this scheme has been completed, double cropping will be possible on 10,000 acres. The scheme forms yet another plank in the Government's "grow more food" campaign.

Sterling Balances

In the monthly paper the *Banker*, Mr. Paul Bureau, the *Economist's* Banking Editor, writes in a reveiw of the finance and capital structures of various countries that the worst distortion of price structure and capital position is in India where note circulation, wholesale prices and the cost of living indicate about thrice as much inflation as in Britain. This has undoubtedly undermined the rupee's purchasing power against sterling. On the other hand, India has not only repaid the 350 million sterling debt but is accumulating sterling claims on Britain which may reach

Bengal Letter

CALCUTTA CORPORATION'S FINANCES—FIXATION OF ACREAGE AND PRICES OF JUTE—PROFIT MARGIN FOR RETAIL CLOTH DEALERS—TOLL OF EPIDEMICS

(From Our Correspondent)

CALCUTTA, Feb. 12.

Decisions about Jute

The recently announced decision of the Government regarding the acreage and price of jute has aroused considerable interest here. The acreage to be sown with jute this year has been fixed at 50 per cent. of the basic acreage of jute in 1940. This means that 25½ lakhs of acres of land would be sown with jute. Both in the Press and in the Bengal Assembly strong views have been expressed to the effect that this acreage is far in excess of the requirements of the situation. Last year also the jute acreage had been of the order fixed for the present year. But the demand for jute proved to be small and inadequate due to the poor consumption of the mills which were severely affected by coal shortage. This will inevitably lead to a large carry-over of jute to the next season. In spite of this the acreage of jute has been maintained at the previous year's level. Taken with the carry-over of jute, this may cause an over-supply of the commodity if jute is sown up to the full permissible limit. This possibility is all the greater because no big demand for jute in the season ahead is in sight. And yet the Government will encourage and assist cultivators to sow jute on the whole of the 50 p.c. land fixed by them.

The Government's case is that if acreage has been put at this limit they have at the same time given an assurance that they will furnish a floor to jute prices, so that even if there is excessive supply of jute the adverse repercussions of this on jute price would be checked. Minimum and maximum prices for raw jute on the basis of Rs. 15 and Rs. 17 respectively per maund of Indian Jat Middles will be fixed for Calcutta. Other qualities or grades of raw jute will be in parity with this price. To maintain prices at this level in Calcutta the Central Government will buy all crop offering up-country or at Calcutta. While the acceptance by the Government of the principle of fixation of a minimum price of jute is welcome, it is far from certain that this will really ensure a fair deal to jute-growers. If the factor of excessive sup-

THE Budget of the Calcutta Corporation for the year 1944-45 was presented to the Municipal Council on the 9th February. The Budget reveals a deficit of the order of Rs. 9 lakhs and 69 thousand. The figures relating to the closing balance bring out the desperate nature of the financial crisis in which the Corporation is involved. The closing balance of 1943-44 is to the extent of Rs. 22,87,000. This figure has been attained by drawing upon certain reserves which would not be available in the next financial year. But even the closing balance of this order would not be adequate to enable the Corporation to meet its liabilities in the first two months of the financial year ahead. A closing balance of at least Rs. 40 lakhs is required by the Corporation. The closing balance of 1944-45 will dwindle further to a little over Rs. 13 lakhs. The Corporation has taken the stand that without adequate measure of help from the Provincial Government it would not be possible for it (the Corporation) to tide over its difficulties. The Corporation has asked for a cash subvention of Rs. 40 lakhs from the Government. Out of this, Rs. 10 lakhs have so far been given to the Corporation. The latter is pressing for the grant of the balance of the amount. Besides, this, the Corporation demands that certain new sources of revenue must be placed at its disposal. The Bengal Government's reaction to the Corporation's demands has yet to be known. It is however evident that without a large measure of assistance from the Government the Corporation will scarcely be able to play its proper role in the city's life. The Budget for 1944-45 already reveals a disquieting attempt to reduce spendings of the Corporation on a number of beneficent activities. Such an essay in economy can hardly be allowed to be carried further. The case for financial justice to the Corporation is strengthened by the fact that the deplorable state of its finances is due to the prevalence of emergency conditions which are closely connected with the war.

the forests in the two neighbouring districts of Chittoor and Nellore where they would remain during the dry periods under the care of the Veterinary Department and would be served by the pedigree bulls. The dry cows would then be brought back to Madras ready again for milking.

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CALCUTTA, Feb. 12.

Decisions about Jute

THE Budget of the Calcutta Corporation for the year 1944-45 was presented to the Municipal Council on the 9th February. The Budget reveals a deficit of the order of Rs. 9 lakhs and 69 thousand. The figures relating to the closing balance bring out the desperate nature of the financial crisis in which the Corporation is involved. The closing balance of 1943-44 is to the extent of Rs. 22,87,000. This figure has been attained by drawing upon certain reserves which would not be available in the next financial year. But even the closing balance of this order would not be adequate to enable the Corporation to meet its liabilities in the first two months of the financial year ahead. A closing balance of at least Rs. 40 lakhs is required by the Corporation. The closing balance of 1944-45 will dwindle further to a little over Rs. 13 lakhs. The Corporation has taken the stand that without adequate measure of help from the Provincial Government it would not be possible for it (the Corporation) to tide over its difficulties. The Corporation has asked for a cash subvention of Rs. 40 lakhs from the Government. Out of this, Rs. 10 lakhs have so far been given to the Corporation. The latter is pressing for the grant of the balance of the amount. Besides, this, the Corporation demands that certain new sources of revenue must be placed at its disposal. The Bengal Government's reaction to the Corporation's demands has yet to be known. It is however evident that without a large measure of assistance from the Government the Corporation will scarcely be able to play its proper role in the city's life. The Budget for 1944-45 already reveals a disquieting attempt to reduce spendings of the Corporation on a number of beneficent activities. Such an essay in economy can hardly be allowed to be carried further. The case for financial justice to the Corporation is strengthened by the fact that the deplorable state of its finances is due to the prevalence of emergency conditions which are closely connected with the war.

1,000 million when the war ends. Mr. Paul Bureau is of the opinion that these sterling assets must be funded after the War, the impact of which on the exchange rate must be spread over many years. He believes that these sterling assets represents arrears of essential imports to India which must be made up after the War. In this connection, the *Manchester Guardian* also states that the only way of utilising the sterling balances is for India to "facilitate importation of British goods and services." The paper advises that it is no good making a political issue of this problem. Actually we believe that it is not a political but an economic issue and while all are agreed about the importation of British goods and services, the difference of opinion arises as to the nature of the goods to be imported. As an instance in point, we wonder whether the utilising of the limited shipping space now available for goods like whisky, tennis balls, bicycles etc. was a sound move. There is a fear based on past experience that Britain may use the stick, provided by the sterling assets, to beat down Indian industries by dumping goods which compete with the products of Indian industry.

The recently announced decision of the Government regarding the acreage and price of jute has aroused considerable interest here. The acreage to be sown with jute this year has been fixed at 50 per cent. of the basic acreage of jute in 1940. This means that 25½ lakhs of acres of land would be sown with jute. Both in the Press and in the Bengal Assembly strong views have been expressed to the effect that this acreage is far in excess of the requirements of the situation. Last year also the jute acreage had been of the order fixed for the present year. But the demand for jute proved to be small and inadequate due to the poor consumption of the mills which were severely affected by coal shortage. This will inevitably lead to a large carry-over of jute to the next season. In spite of this the acreage of jute has been maintained at the previous year's level. Taken with the carry-over of jute, this may cause an over-supply of the commodity if jute is sown up to the full permissible limit. This possibility is all the greater because no big demand for jute in the season ahead is in sight. And yet the Government will encourage and assist cultivators to sow jute on the whole of the 50 p.c. land fixed by them.

The Government's case is that if acreage has been put at this limit they have at the same time given an assurance that they will furnish a floor to jute prices, so that even if there is excessive supply of jute the adverse repercussions of this on jute price would be checked. Minimum and maximum prices for raw jute on the basis of Rs. 15 and Rs. 17 respectively per maund of Indian Jat Middles will be fixed for Calcutta. Other qualities or grades of raw jute will be in parity with this price. To maintain prices at this level in Calcutta the Central Government will buy all crop offering up-country or at Calcutta. While the acceptance by the Government of the principle of fixation of a minimum price of jute is welcome, it is far from certain that this will really ensure a fair deal to jute-growers. If the factor of excessive sup-

ply is there, for reasons noted above, this will inevitably exert a downward pressure on prices. The Government may try to maintain the prices in Calcutta, but what will happen in the mofussil? On behalf of the Bengal Government the assurance has been given that they will not allow the price of "bottom" jute to go below Rs. 9. Would the Bengal Government be able to do this in fact? Even if they are able to do it, will this ensure justice to the jute growers? Rs. 9 per maund is too low a sum. Paddy will in all probability bring a larger return. Cost of growing jute has greatly increased. The prices of other consumers' goods rule high. With the price that is assured for jute, it would be an uneconomic proposition for cultivators to grow jute.

Division of Profits on Cloth

As is well-known, under the cloth control scheme a margin of 20% is allowed between the ex-mill and the final retail price of cotton cloth. The retail dealers here have complained that the lion's share of this profit-margin is appropriated by the wholesale dealers scarcely leaving a proper residual share for the retail dealers. It has also been held that this threatens a serious drop in the supply of cloth to the mofussil areas, where cloth has to be taken at a considerable transport cost for which no cover is provided by the profit-margin that falls to the share of the retail dealers. The question of an allocation of pro-

fit on cloth is, however, settled by a new order of the Government. In the course of a Press Note issued by the Department of Civil Supplies, Bengal, it is pointed out that in terms of a recent notification published in the *Gazette of India* the margin allowed to the wholesale dealers has been specified with a view to ensuring a gross margin of 10 % to the retail dealers.

Toll of Epidemics

The Upper House of the Bengal Legislature recently discussed the failure of the Government of Bengal to meet by the adoption of the proper, timely and adequate methods the situation arising out of the outbreak of preventable diseases. The extent of mortality due to the epidemics and famine still remains unascertained. The public consider with distrust the figures of mortality that are given by official spokesmen from Mr. Amery, the Secretary of State, downwards. The facts of daily experience give the lie direct to many of the official estimates. In the Bengal Council opinion was expressed that to deal with epidemics there should be an increase of beds in hospitals by 100 p.c., emergency hospitals should be opened, the epidemic staff should be enlarged, mobile medical units should be attached to every dispensary medical units should be started and satellite treatment centres should be attached to every dispensary in Bengal.

U.P. Letter

MEASURES TO ENSURE SUPPLIES UNDER ANTI-PROFITEERING ORDINANCE—LABOUR IN LEATHER FACTORY—FALL IN COST OF LIVING

(From Our Correspondent)

CAWNPORE, Feb. 14.

"THE administration of the Hoarding and Profiteering Prevention Ordinance is very difficult," said Khan Bahadur Sheikh Fazal-e-Elahi, Dy. Controller-General, Civil Supplies, when he met traders and representatives of Chambers of Commerce at a conference in Cawnpore last week. Mr. U. S. Mehrotra, President of the Merchants' Chamber of United Provinces, who was the host, submitted a memorandum embodying a detailed criticism of the Ordinance. The General Merchants' Association, the Cycle Merchants, the Chemists and Druggists, the opticians and others also submitted their memoranda. Mr. Fazal-e-Elahi said that the Government were reluctant to take action against traders except in cases of gross profiteering. So far the Ordinance had worked smoothly. In the U.P. there were now 4 inspectors and 3 assistant inspectors appointed by the Central Government and 27 inspectors appointed by the Provincial Government to help in the enforcement of the Ordinance. To protect the interests of the smaller dealers inspectors had been posted at the ports to check up the supplies coming into the country and wherever it was found that any province was not getting its requirements the Civil Supplies Department would step and divert the required supplies.

Mr. Fazal-e-Elahi added that the Central Government had been moved to fix the minimum commissions for the various class of dealers. This would ensure equitable distribution of the profit permitted by

the Government. It was hoped that the control price shops which the U.P. Government have decided to open in five principal towns of the Province would lead to stabilization of prices of the commodities for which prices have been notified Cawnpore will shortly have this Government shop.

Cost of Living

The cost of living index figures for the month of January, 1944, for the industrial workers at Cawnpore are: General 304 and Subsidiary (workers employed in the factories owned by the Employers' Association members) 277. Previous month's figures were: General 313.6 and Subsidiary 282.3. The details are as follows: Food 321.1 (Gen.) 273.8 (Subs.); Fuel and Light 307.0 (Gen.) 324.7 (Subs.); Clothing 427.1 (Gen.) 427.1 (Subs.); House Rent 120.5 (Gen.) 120.5 (Subs.); Misc. 235.2 (Gen.) 235.2 (Subs.).

The rise in house rent by 20.5 per cent, has been ascertained by a special enquiry relating to rise in rents of dwellings occupied by mill workers in Cawnpore conducted by the Government Labour Office. Hitherto the rent had been assumed to be 100 points, the same as in August, 1939. The fall in the cost of living in the month of January compared with the previous month is noticeable, and the 20.5 per cent. increase in house rent figures introduced only this month has failed to make any material impression on the general figure. There will be, therefore, a further fall in the dearness allowance payable to workers employed in the Employer's Association factories.

A DELHI DIARY

NEW DELHI, Feb. 17.

Lord Wavell's first address to the Central Legislature passed off as expected. Though a considerable portion of the speech was devoted to economic questions, particularly post-war problems, it contained no new announcement of any kind. As regards the food question he only gave certain general assurances—that the Government is trying to organize it on an all-India basis though he added that he relied for success on the administrative energy of Provincial Governments. After a vague reference to the prospect of "substantial imports" he mentioned Bengal's "special" situation, but he contented himself with observing that "we must run no risk of last year's disaster being repeated." No less vague were his references to coal and transport problems. The Viceroy was somewhat more expansive in dealing with post-war problems, for after saying that the post-war world will be for India a world of great opportunities and great dangers, he observed: "The present Government means to prepare the way for India's post-war development with all earnestness of spirit and with all resources, official and non-official, which it can enlist." But how does he propose to do it? And what are his plans? All that he said was: "I am considering means to strengthen our planning organisation and to accelerate our progress." According to lobby comments this may merely mean the importation of more "experts" from England as "development officers." He reiterated the promise which he made in Calcutta that the Government would "arrange to give opportunities for bodies of Indians connected with industry, the health services and other branches of development to visit the United Kingdom and if required the U.S.A." There was nothing more to assure the public about what was proposed to be done.

Of more than ordinary interest are the Viceroy's observations on the Bombay plan, for they indicate the Government's attitude to the plans and ideas of leading non-official Indians for post-war development. "We welcome," said the Viceroy, "constructive suggestions and my Government is examining with interest the plan recently propounded by seven prominent business men. The views of the authors of this plan on the objects to be achieved are in principle the same as those of my Government—we must work for a substantial increase in standards of living and social welfare. We may on examination differ on the methods to be employed, their relative importance in the plan as a whole, the part to be played by the State and by private enterprise and the financial practicability of development on the scale contemplated within the time suggested by the authors. But our aim is similar and we welcome any sincere contribution to the problem that sets people thinking and makes them realize both the possibilities and the pitfalls ahead of us." The Government may profess the same objects, but the fact remains that not only has the Government failed to produce a scheme but have done little in the past to encourage non-official efforts like the National Planning Committee. Though the Viceroy welcomed the Bombay committee's efforts, he did not say what the Government proposed to do to further the cause of India's economic progress. Both in the Assembly and in the Council of State elected members have initiated resolutions for discussing the plan and the issues raised by it. In the Council of State Mr. Dalal has a motion for the immediate appointment of a consultative committee composed of non-official representatives of the Central Legislature and representa-

tives from Indian financial and commercial interests to advise Government to rehabilitate the economic structure of the country. In the Assembly also notice has been given specifically of resolutions bringing to the Government's notice the Bombay plan and asking them to adopt it as a basis for official schemes. When these resolutions come up for discussion, it may be possible to clarify the Government's attitude further.

The Railway Budget which was presented by Sir Edward Benthall on Wednesday has produced a veritable storm in Assembly circles. Never in recent history has any Railway Member had to face such united opposition as is now gathering against him. According to Assembly talks the proposal to raise railway fares is part of a general plan—anti-inflationary, as is sought to be made out—which the Finance Member has decided upon. The Railway Member himself mentioned in his speech that there were "other measures which the Finance Member may take." And the Viceroy also told the Central Legislature that the Finance Member proposed to deal fully with the "inflationary threat" in introducing the Budget. Whatever may be the fate of the taxation and compulsory savings proposals which the Finance Member may be contemplating, opinion seems to be unanimous in Assembly circles that if the Government insist on raising even third class fares, the Railway Budget should be thrown out. There is not likely to be any difference of opinion among the elected groups on this point. Both Muslim League and Nationalist members have brought forward censure motions on the subject of enhancement of fares which will be taken up in connection with the demands for grants. The sop offered that the amount of Rs. 10 crores expected as a result of the increase in fares has not deceived anybody, for the need for improving third class travel is a separate issue altogether and cannot be side-tracked in this way. All sections of the House are also united in their desire to raise the question of locomotive manufacture for discussion and secure some definite assurances from the Government.

Certain points in connection with locomotive and wagon supplies from America call for clarification. Nearly Rs. 40 to 50 crores are to be spent in the two years for purchases from America. The public has a right to know why no progress at all has been made for the manufacture of locomotives in Ajmer. Why is it that though ample facilities are available in the country for starting locomotive manufacture on the scale recommended by their own Locomotive Manufacture Committee, nothing has yet been done. It is somewhat curious that while shipping space is available for importing hundreds of locomotives and wagons, no space is available for importing machinery or machinery parts to set up a locomotive industry in the country. One other point which has come to light that these purchases are being made under the Lease-Lend scheme, the full cost of it is already being debited against Railway revenues. According to information available here, the engines which are being imported are of the war quality may not therefore last as many years as the old quality of locomotives. From every point of view it seems necessary to insist that instead of making India a dumping ground for cheap foreign locomotives after the war immediate arrangements should be made to start the industry in India itself. This point of view is expected to be pressed strongly during the coming Assembly debates.

ARGUS.

NEWS PAGE

Under the new *kharij* plan of the Central Food Department, the total quantity of rice despatched to the deficit areas during the two months ending January 1944, is reported to be about 167,000 tons, of which the quotas for Bengal, Bombay, Travancore and Cochin are 66,000, 41,000 and 29,000 tons respectively.

The contracts of the M. & S. M. and S. I. Railway Companies which were due to expire on 31st December 1945, will be terminated on 31st March, 1944. The Railways will pass under State management on 1st April 1944.

The methods most suitable for meeting insecurity and housing and factory conditions are the matters on which the Labour Investigation Committee appointed by the Government of India will report to enable the Planning Committee, which will be set up subsequently, to draw up a programme of social security for labour in India. The Committee's terms of reference, as now laid down finally, provide for the collection of data relating, *inter alia* to wages and earnings, employment, housing and social conditions of labour, and in particular of industrial labour, in India.

It is understood that Mr. J. Vonesch of Messrs. Volkart Bros. has been appointed Trade Adviser to the Central Food Department. Mr. Vonesch will also be the Secretary to the Central Price Advisory Committee, the constitution of which was recently reported in the Press.

It is reported that proposals have been matured in London to send to India an industrial commission composed of British manufacturers and bankers to study post-war possibilities for Indo-British co-operation in planning a new security deal for India and that Sir George Schuster will be leading the delegation.

Under the revised Basic Plan of the Central Food Department which came into operation from mid-July 1943, the total quantity of wheat despatched to deficit areas till end of January 1944, is reported to be 707,000 tons. The quotas of Bengal, Bombay, Travancore(Cochin and Madras are largest, being 304,000, 61,000, 26,000 and 15,000 tons respectively.

As a result of release of supplies of reclaimed rubber, arrangements have been made with Messrs. Bata Shoe Co., for production in 1944 of 6 million pairs of canvas shoes with rubber soles and 1 million pairs of shoes with leather uppers (Gents., ladies and children). The price of canvas shoes will be about Rs. 2-2 and 1-13 and will be marked in indelible ink on each pair of shoes. The difference between these two prices is due to the use of different quality of canvas. The prices of shoes with leather uppers have not yet been fixed but they will be somewhat higher.

The Midland Bank's consolidated assets, exceeding £1,000 million, make it the biggest bank in the world

on a realistic exchange rate. If the official rate of \$4 per £1, the Chase National Bank of the United States comes first, but the now generally accepted rate which is above \$6 per £1, puts the Midland Bank, followed by the others of Britain's "Big Five" far above any U.S. bank.

The total margin now allowed to whole-sale dealers of cloth in the manufacturing centres i.e., within 100 miles of the manufacturer's premises, is limited to 4 per cent. and wholesalers outside that area cannot sell at a price exceeding by more than 10 per cent. the ex-mill maximum price. Out of this 10 per cent. retailers will have to pay the cost of moving the goods from the wholesale centre, and out of the 4 per cent. wholesalers will be liable to pay all the expenses incurred up to the time when the goods are placed on rail.

As the result of discussions between the Government of India and representatives of the Sudan and E. African Governments, it has been agreed that the 1944 E. African cotton crop (less the quantity supplied to the U.K.) be sold to India at the rate of Rs. 945 per candy for A. R. Kampala quality, and at corresponding prices for other grades.

It is announced in New York that a Sino-American Council of Commerce and Industry has been formed in order to interest American business in the post-war development of China and strengthen the future of two-way development of international trade. The Chairman is Thomas J. Watson, President of the International Business Machines Corporation. The announcement added that the American private industry may be expected to play a leading role in aiding China to develop her natural resources and expand her industries.

The next session of the International Labour Conference which is expected to come off at Philadelphia in April will consider among other subjects, the organization of employment in the transition from war to peace, problems of social security arising out of the war, and minimum standards of social policy in dependent territories.

The Government of India have constituted a Committee with Sir R. K. Shanmukham Chetty as Chairman to survey the facilities for scientific and industrial research existing in India and to report on the measures that should be taken to promote, direct, control, and organize such research by private firms, Indian States, and other research establishments and institutions.

The U.S. Secretary of Labour, Miss Frances Perkins, reports that during 1943 there were 3,750 strikes involving 1,900,000 workers, which resulted in 13,500,300 idle man-days—the second largest number of work stoppages since the European war began. The largest number of strikes was 4,288 in 1941.

TRANSPORT

The Railway Budget

AN increase in rail fares of all classes by 25 per cent. from April 1 next "so long as present conditions exist" was announced today by the War Transport Member, Sir Edward Benthall, in presenting the Railway Budget statement for 1944-45. A surplus of Rs. 43.77 crores (against the original estimate of Rs. 36.04 crores) for 1943-44 (revised) and a surplus of Rs. 52.21 crores for 1944-45 were also forecast in the Budget statement. The financial results for the three years are:—

	(In crores)		
	1942-43 (Actual)	1943-44 (Revised)	1944-45 (Estimate)
Receipts ..	Rs. 155.48	Rs. 178.5	Rs. 192.0
Expenditure ..	Rs. 110.41	Rs. 134.73	Rs. 139.79
Surplus ..	Rs. 45.07	Rs. 43.77	Rs. 52.21

General revenues will get this year Rs. 31.37 crores and Rs. 10.84 crores will be transferred to Railway Reserve.

In 1943-44 total traffic receipts are expected to be 178½ crores, 23 crores more than last year and 28½ crores more than the original estimate. Total working expenses, including 16.88 crores for depreciation and 1.71 for payment to worked lines, are 108.58 crores and exceed last year's expenses by 24.32 crores. Of the expected surplus of 43.77, general revenues will receive 32.27 crores which is 12.14 crores more than last year and 5.17 crores more than the original budget, the balance of 11.50 crores going to railway reserve. After considering the recommendation of the Railway Convention Committee, Government have decided to make an additional appropriation of 4 crores to the depreciation fund as an emergency provision to cover excessive wear and tear of assets during the war. The net accretion to the Fund will be 5.86 crores, raising the balance to 87.93 crores. The balance in the railway reserve will rise from 9.35 crores to 20.85 crores.

Passenger fares, except for suburban season tickets, will be raised by 25 per cent. from 1st April, 1944. The additional earnings are estimated at 10 crores. They will not be shared between general revenues and railways but will be placed in the Railway Reserve specifically earmarked for expenditure on lower class travel amenities. Since there is now no slack season, the surcharge on coal will be continued at 20 per cent. throughout the year instead of being reduced to 15 per cent. for seven months of the year as hitherto. Railways' capacity to move traffic will also be greater next year due to receipt of additional locomotives. For these reasons the budget estimate assumes traffic receipts of 192 crores, 13½ crores more than the current year. Total working expenses including depreciation and payment to worked lines, are estimated at 114.28 crores, 5.70 crores more than the current year. The surplus for commercial lines is anticipated to be 53.36 crores and the loss on strategic lines 1.15 crores, giving a net surplus of 52.21 crores. After earmarking 10 crores for amenities for lower class travel (the earnings from increase in passenger fares), the surplus for commercial lines will be divided between general revenue and railways in the proportion of 3 : 1, the same as in 1943-44. The general revenues will get 31.37 crores and 10.84 crores will be transferred to Railway Reserve, which will, at the end of the year stand at 31.69 crores or including the amount earmarked for amenities at 41.69 crores. In the depreciation fund there will be a balance of 82.05 crores.

There have been delays in both engine and wagon delivery programmes but both metre and broad gauge engines are now coming forward in a steady flow to

meet the growing demand for rail transport. It is expected that before 31st March 106 Broad Gauge and 214 Metre Gauge locomotives and 1,900 Broad Gauge and 2,950 Metre Gauge wagons will have been received and in the next year another 284 Broad Gauge and 288 Metre Gauge locomotives and 5,824 Broad Gauge and 10,626 Metre Gauge wagons are expected. For the repair of engines and wagons, workshop capacity is being steadily taken back from the manufacture of munitions although 20,000 workers are still engaged on munition work.

To increase line capacity Government are doubling 750 miles on certain sections of the Bengal Nagpur, Bengal and Assam and East Indian Railways and are adding a fourth line between Asansol and Khana.

Planning of post-war reconstruction has been taken vigorously in hand and the principal subjects on which the Railway Board are concentrating, in addition to the problem of rehabilitation, are (i) the implementing of the decision to construct locomotives in India, (ii) the improvement of the amenities of travel particularly for lower class passengers, (iii) development of staff welfare work, (iv) the improved handling of post-war traffic, (v) the participation of railways in road services, and (vi) the development of railways in accordance with the general policy of road and rail transport.

Sir Edward Benthall discussed at length the ways and means for financing the post-war measures, many of which would be unremunerative. He stated that it was clearly financially unsound that non-paying expenditure should be financed by loan and he gave reasons why the railways would not be able to meet such post-war schemes out of future surpluses. The question, therefore, arose whether it was reasonable to increase rates and fares. Rail transport was among the cheapest things in India today; there had been only a 4½ per cent. overall increase over pre-war fares and the ability of passengers of all classes to pay for travel is greater than railways can cater for. It was not a mere coincidence that the increase in travel took place in the period in which the inflationary tendencies became more prominent. Sir Edward Benthall continued that there were three good reasons for increasing the fares, namely, the effect that such increase might have on reducing or at any rate preventing further increase of passenger travel, the deflationary effect owing to the immobilization of substantial volume of currency and the opportunity of taking the first step towards building up a fund for post-war reconstruction purposes. As regards the latter, he stated—"The argument in favour of building up a fund for post-war purposes is to my mind paramount and irrefutable and the Governments of the future would rightly blame our shortsightedness and lack of courage if we failed to put them in a position to carry through the post-war plan which we are preparing for their fulfilment." For these reasons, Government have decided from 1st April, 1944, to increase rail fares (including fares for military passengers travelling at their own cost) by 25 per cent. so long as present conditions exist. Sir Edward Benthall made it clear that money taken from the railway user now would be expended for his benefit later when times were less good. The entire proceeds, from this increase, which are expected to be 10 crores in 1944-45, will therefore be placed in the Railway Reserve but earmarked for an amenities fund for lower class passengers. This was the first positive move towards the finance of post-war reconstruction.

Banking

The Future of Banking

THE most outstanding feature in the banking system of this country, as in other countries at present, is the phenomenal growth in bank deposits, said Sir C. D. Deshmukh, Governor of the Reserve Bank of India, in a recent speech at Bombay. The deposits of scheduled banks, he continued, have risen from Rs. 238 crores at the commencement of the war to the present record figure of Rs. 659 crores, and there has been a marked change in their character and possibly rate of turnover. The second most outstanding feature is the large number of new banks that have been established and the number of new branches that have been opened, particularly in areas that were not previously served by the banking system. A third feature, though not of the same order of importance, is the comparatively smaller degree of reliance on bank finance which is at present placed by trade and industry generally. A fourth feature is the decrease in the ratio of capital and published reserves to banks' deposits.

The increase in deposits has been partly the result of expenditure by Government on their own behalf and on behalf of His Majesty's and other Allied governments and partly the result of the tapping of new deposits by new entrants to the field of banking both in the areas where banks were already represented as well as in areas where banks were not represented before. In considering what the result of the suspension of the industrial and economic activity engendered by the war will be on banks, attention is claimed first of all by the future of deposits, i.e., the question whether there is likely to be any large scale diminution owing to withdrawal by the public. Any such withdrawal would arise either through the repayment of loans solely created by the war activity, the redemption of Government obligations by tax money or an unfavourable balance of trade arising from an excess of imports over exports. As regards the recalling of loans by banks, probably such liquidations will be small and should be more than offset by the volume of bank finance that would after a period of adjustment be required for post-war reconstruction purposes. There need be no apprehension in this regard since there has been a relative decrease in the reliance on bank finance during the war on the part of trade and industry the reason being the methods of procurement of supplies adopted by Government, the shrinkage in the volume of import trade on private account, the restrictions on the internal movement of goods, the large profits made by industry, the restrictions on advances against commodities etc. There should, therefore, be correspondingly greater scope for lending by banks in the post-war period. As regards the redemption of Government obligations through money raised by taxation, this is likely to result in a decrease in deposits only if Government pursue a programme of reducing their public debt in the post-war years by means of surplus budgeting. As, however, the indications are that Government will require large funds for development purposes and for their capital expenditure programme, it is by no means axiomatic that there will be a net reduction in Government borrowing in the post-war period. Although the period will be characterized by a shift from Government to private demand, the aim of public policy will presumably be to facilitate the transition and to use public expenditure as a balancing or

stabilizing factor, aimed at filling gaps and avoiding competition with private demand.

The principal factor which may cause a decrease in deposits is the unfavourable balance of payment on international account. In the post-war period India will require considerable quantities of capital goods for the development of her industries and her agriculture, for the re-equipment of the railways, for irrigation schemes, hydro-electric projects etc. These imports will result in a contraction of India's external resources on the one hand and of the deposits with her banking system on the other. To the extent, however, that these imports consist of capital equipment and equipment for the industrialization of the country, they will, in due course, result in increased industrial and economic activity and increased employment and thereby through the increased demand for bank finance counteract the effects of any tendency to decline in bank deposits. While, therefore, it would be foolish to deny or close our eyes to the difficulties of adjustment which we may have to face in the post-war period, there is at the same time, reasonable cause for anticipating that, provided our industrial and commercial policy is wisely directed, we should be able to stand successfully the strain on the banking system through the transition from war to peace. In a country, with a large amount of industrial and economic slack to be taken up, there are reasonable grounds for anticipating that, with the development of the capital expenditure programme and increased industrialization, there need be no appreciable reduction in the level of bank deposits.

This does not, however, mean that the banking system can afford to adopt a complacent view in regard to the future or can escape from the need for so directing its investment policy that it may be in good trim for meeting the strain and stress of the post-war years. The capacity of the banks to stand any possible strain will depend upon their selecting their investments with care. That the banking system is not unprepared for eventualities in this regard is indicated by the manner in which they appear to have spread their investments over short, medium and long-term Government securities. What the ratios among these should be is a matter for each bank management to determine in relation to the circumstances of their institution. The majority aim at a fairly substantial proportion of short and medium-dated loans.

We may reasonably expect that with the transition from a war to a peace economy there will be a greater demand for bank finance for post-war development which banks should be in a position to meet as they have on hand a large volume of resources in the form of excess balances with the Reserve Bank. Where necessary, banks will no doubt meet this demand by converting some of their investments into cash as they would have in their portfolios adequate amounts of treasury bills or short-dated or medium term investments against such contingencies. Planning for reconstruction or economic development may bring in controls in this, as in other spheres, but it would be rash to try and forecast their nature at this stage.

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AGRICULTURE

Groundnut Trade

(Contributed)

THE groundnut crop has an important place in our agricultural economy. A hardy plant, thriving even under such soil and climatic conditions as would discourage other crops, it is dear to the heart of the peasant in Peninsular India, who has taken to it like the proverbial duck to water. The area under this crop, though its cultivation is of recent origin, has spread with remarkable rapidity, rising from less than three hundred thousand acres in the beginning of the present century to well over eight million acres today, while the decennial average of production has increased from about two hundred and fifty thousand tons for the first decade of the century to over two million seven hundred thousand tons for the period from 1930-31 to 1939-40. No other crop has achieved progress of such magnitude in so short a period. Foremost among our oilseeds in respect of area and production, it may well come next to cotton and jute in importance in the list of our agricultural exports. India now ranks first in the world not only in respect of groundnut area and production, accounting as she does for more than a third of the world total for either, but also in respect of quantities of groundnut kernels placed on the world markets.

There is every reason to expect continued expansion of cultivation in the years to come. The export demand for our short-staple cotton is likely to be much less after the war than what it was before and even an expanding textile industry at home and the growing of long-staple cotton may not stave off a fall in the acreage under cotton. Thus the groundnut is bound to appeal to the peasant as an alternative crop, provided the necessary stimulus is forthcoming from the side of demand. The groundnut developed in our country primarily as an export crop. Upto the eve of World War I, only about one-fifth of the production was retained in India and the rest exported. But the home demand steadily increased in the years that followed and an ever-increasing share of a fast-expanding production was consumed within our country with the result that, in recent times, the quantity exported amounted to less than two-fifths of the production. Thus, during the period from 1933-34 to 1937-38, the quantity retained yearly amounted, on the average, to about one million seven hundred thousand tons and the quantity exported to about one million one hundred thousand tons. The home market is even more important relatively in the case of groundnut oil. India produces more than one-third of the average world production of groundnut oil, which amounts to nearly one million tons. Yet she exported, in the average, only about eleven thousand tons yearly during the quinquennium 1934 to 38, the major portion of which went to Burma, thus accounting for less than 7 per cent. of the world export trade. In the case of groundnut cake, India consumed annually, on the average, more than half her production, amounting to two hundred and eighty-five thousand tons during the quinquennium 1933-34 to 1937-38 while the rest, amounting to 219,000 tons, was exported. It is clear from the above data that groundnut and groundnut products produced in our country have a very important internal market which absorbs the major part of the production, although the quantities that enter into the export trade are by no means negligible except in the case of groundnut oil.

About two hundred thousand tons of groundnuts, representing 7 per cent. of the production, is consumed annually in India in edible uses. The kernels are eaten as such or used in the preparation of a variety of dishes. The annual per capita consumption ranges from over 3 lbs. in the main producing areas of Bombay and Madras to less than 1 lb. in most parts of the rest of the country, the All-India average being about 1½ lb. As the groundnut is of acknowledged nutritive value, there seems to be a good case for encouraging, through propaganda and publicity, its consumption, especially among the poorer classes, who cannot afford the more expensive dried fruits and nuts and in the non-producing provinces, where the consumption is at present limited to the urban areas. A target of 4 lbs. per head per annum does not appear to be too high to aim at.

On the export side, there is scope for improving our share of the United Kingdom market for edible nuts. China has been the principal caterer, Chinese kernels, despite their higher prices, being preferred to the Indian on account of regularity in size and quality. The disturbed conditions in China enabled the Indian exports to increase from 3,500 tons in 1935-36 to 17,000 tons in 1938-39. But this favourable trend can be maintained and improved upon only if suitable measures are taken to ensure that carefully selected and properly graded nuts, with a low oil and high protein content, are placed on the foreign markets.

Much the larger portion of our groundnut production is utilized for the extraction of oil, over 40 per cent. of the total production, amounting roughly to about one million tons, being taken up by the industry. Groundnut oil has edible as well as industrial uses. As an edible oil, it is used for cooking and frying and as the main constituent of Vanaspathi (vegetable product). There is also another and a less legitimate use—one which should be discouraged—to which groundnut oil is largely put, viz., the adulteration of higher priced edible oils. The Vanaspathi industry, a fast-growing industry with a steadily expanding market, may be expected to consume increasing quantities of groundnut oil in the future. The fish-canning industry, which is still in a rudimentary stage of development in spite of natural resources, may also utilize as it grows considerable quantities as a preserving oil. In its industrial uses, groundnut oil is employed in the woollen industry, in the manufacture of soaps and cosmetics, in the preparation of compound lubricants and for medicinal purposes. While groundnut oil is cheaper than other edible oils in India, the reverse seems to be the case abroad. Our manufacturers, therefore, have, to that extent, an initial advantage over manufacturers in other countries in respect of such industries as may utilize groundnut oil as a major raw material. With the progressive industrial development of India, the off-take of the oil for industrial uses, which is, at present, very small, may well show an upward trend in the future.

Before World War II, more than two-thirds of the export trade in oil was in the hands of the European countries, mainly France, Germany and the Netherlands, which manufactured the oil from imported groundnuts, much of which from India herself. For some time after the war, these countries cannot resume this position because of industrial dislocation;

their off-take of groundnuts from India will, consequently, be very much less. Thus she will get an opportunity of establishing an export trade in groundnut oil, particularly with Canada and the United States of America, the two most important importers, although it may not be easy to oust the U.K. as a serious competitor. However desirable the object, this cannot be achieved without an improvement in the oil exported which should be superior and uniform in quality.

Groundnut cake is a valuable by-product, either as manure or as cattle feed, and the internal consumption, is about 50 per cent. of the production while the balance is exported mostly to the U.K. As manure, it may be applied as such or used in the preparation of fertilizer mixtures. In India, it is used mainly for the sugar-cane crop and in coffee plantations. Its suitability for other crops should be determined by research. As a feed for cattle, it is better than cotton seed, cotton seed cake or gingely cake because it contains a much higher percentage of crude protein. The groundnut meal (crushed cake) may be used for the rapid fattening of pigs, and in poultry farming, to stimulate egg-laying and for bringing chickens rapidly to marketable size. A mixture of groundnut meal and cocoa-nut meal can replace horse-gram and oats in the ration of horses and bullocks. In view of its intrinsic suitability as a feed for animals, propaganda should be undertaken to counter prejudices against its use. A predominantly agricultural country like ours cannot afford to export any part of our groundnut cake production, all of which may be better utilized as

manure for increasing agricultural production and as a feed for animals in promoting our cattle wealth. It has been shown above that there is scope for increased home consumption of groundnut and its products, as also for developing and maintaining an export market. Groundnut cultivation should also be made to pay. The grower should be able to realize a fair price for his produce which can be achieved only by the establishment of many more regulated markets, with facilities for grading and storage, well-served in the matter of market intelligence, where all dealings will be on the basis of a standard contract providing for mutual tolerances.

The successful execution of the above programme would seem to demand the creation of an All-India statutory body, representing the interests concerned and acting in co-operation with the Departments of Agriculture, Commerce and Industry in the Provinces and States and at the Centre. The Cocoanut Committee recently constituted should be replaced by a Committee for all oilseeds including groundnut and other seeds. The method of raising the money required to finance the activities of the organization may follow the usual lines of the levy of a small cess on seeds, consumed by a mill. The imposition should of course be levied on a scale which will not discourage production at any point. The creation of an All-India organization is an essential condition of success in exploring the opportunities that are open to her now to develop the trade in groundnuts and its products.

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GLEANINGS

SCHEMES FOR COMMERCIAL EXPLOITATION

A number of processes investigated by the Council of Scientific and Industrial Research have been already leased out to industrialists for exploitation. Mention may be made in this connection of air foam solution, barium chloride, potassium chlorate, glass substitute, urea, formaldehyde, solid fuel, cork substitutes, plastic collapsible tubes, identity discs, laminated paper and fibre boards, which are already in production on an industrial scale, Dettol type of disinfectants, jute boards, small carbon electrodes stearic and oleic acids, manganese dioxide from manganese ore for dry cell manufacture, pyrethrum emulsifier, water-proof paints for textiles, indigenous moulding powder, jute mill bobbins, are in the stage of industrial development. Investigations on the manufacture of some other useful products from indigenous raw materials have been successfully concluded. They are about twenty in number and the Industrial Research Utilization Committee is reported to be already conducting negotiations for the lease of some of these processes for industrial exploitation.

A composition has been evolved for imparting water and fire resistant qualities to Brattice cloth used in mines, tentages, camouflage nets etc. Air drying varnishes in various colours have been manufactured from "Bilawan" seeds. The same material has been used for securing an anti-white and air drying varnish. Reclaimed rubber has been used for the manufacture of hard and soft rubber goods, including ebonite. A water detecting compound has been perfected for detecting the presence of water, present even in traces. A tin lining compound has been evolved. This can be used for sealing the seams of containers for food preserves, dairy products and other adhesive articles. "Coirlok" has been processed as a substitute for "hairlok" used in shock-proof cushions. Neem products have been produced as disinfectants, wash and gurgle.

Other articles regarding which investigations have been completed are translucent paper used for wrapping, Holland sheet, gas-proof adhesive tape, mosquito repellent creams, petrol-proof hose pipes, metal polish, hydraulic brake fluid tubes, carbonetted tubes, marine plywood, substitute for hoop iron, petrol-proof slushing varnishes, patching cement and soldering and welding fluxes.

THE MANGANESE POSITION

There are indications that the increase in the supply of shipping and decrease in the loss of cargoes have substantially alleviated the manganese shortage of the United Nations, writes *The Economist*.

In 1943 the production of steel ingots in the United States rose by another 3,000,000 short tons (of 2,000 lb.) to 89,000,000 short tons, a record equivalent to an increase of about 75 per cent. over the output of 1939. About 12½ lb. of manganese ore are needed to desulphurise and deoxydise every short ton of steel. Before the war the United States imported some 97 per cent. of its manganese supplies. Yet, as the recently published annual report of the United States War Production Board revealed, "several domestic manganese plants are no longer being pushed, because they would compete with copper and zinc mines for labour." Recent official statements indicated that copper and zinc themselves are no longer in seriously short supply; a decision reported by the War Production Board, therefore, suggests that the manganese problem which in March, 1942, induced

the authorities in the United States to call for 10 plants for concentration of domestic low grade manganese ore as a matter of urgency has now in the main been solved. Despite the loss of the Nikopol deposit in the Ukraine to Germany, the United Nations have always controlled sufficient manganese resources in Trans-Caucasia, India, Egypt, West Africa, South Africa and Latin America to cover all needs; the problem was one of shipping.

At present the chief supply difficulties seem to arise from internal transport conditions in certain producing areas, especially India and South Africa where a shortage of rail-cars to move the large output has recently been reported. These shortages, however, are likely to be overcome with greater ease than the earlier difficulties of securing adequate loading space for long sea hauls from the producing areas to the United States and this country, so that manganese supplies for Allied steel works will probably show further improvement this year.

HEDGE MARKET IN OILSEEDS

"The groundnut crop is much larger this year owing to good monsoon, and, if hedging facilities are not permitted again, the producers will be the greatest sufferers," said Mr. Ramdas Kilachand, President of the Seeds Traders' Association, Ltd., Bombay, at the annual meeting of the Association held last month. "Ever since the hedge markets were closed, the prices of groundnuts and other oilseeds have gone down, and when the crop movements would be at their peak, the prices are likely to deteriorate further. If the producers are not able to realize a fair price for groundnuts and other seeds in comparison with other commodities owing to the absence of hedging facilities, the acreage in the next year may be much reduced and it may be very difficult to supply the needs of Government as well as the general public. The need for the hedging market is also stressed in the Report on the Marketing of Groundnuts published under the authority of the Agricultural Adviser. What has been proved in the case of groundnuts can with equal emphasis be said in the case of other oilseeds as well."

"An informal conference of the interests concerned held in Bombay about two months ago came to the unanimous view that hedging facilities in groundnuts should be allowed after fixing maximum and minimum prices. This was placed before the Bombay Government who replied to the effect that, at present, they are not prepared to take up this question with the Central Government. The hedge markets in castor-seeds, linseed and other seeds which have also been closed down should be opened in the interest of the farmers, merchants and millers. The Government may say that as groundnut is a foodstuff, hedging facilities in that commodity cannot be allowed but the argument cannot apply to castorseed, linseed, etc. In the U.S.A. which is geared to maximum war effort, hedging facilities in wheat, which is a principal commodity of food, are being permitted.

"The absence of a Central Seeds Committee representing all interests is one of our main difficulties in safeguarding our interests at the present moment. Looking to the importance of the oilseeds, their export, their trade and the industry, it is high time a Central Seeds Committee representing farmers, mills and merchants is appointed. The advice of such a committee will be very valuable to the Government in these times of war, and it will be of great use in the post-war period as well."

The Viceroy on India's Economic Future

In his address to the combined Houses of Legislature on February 17, 1944, H.E. the Viceroy dwelt on the economic problems of India and said:—

The war has in many directions enhanced India's opportunities and prospects. It has hastened her industrial development, it will increase food production, it has strengthened her financial position.

The post-war world will be for India a world of great opportunities and great dangers, in which she has an outstanding role to play. It is our present business to prepare her materially and morally for these testing years.

Let us count the blessings first. India has great undeveloped resources, in agriculture and in industry. Her soil is not yet cultivated to its full fruitfulness; with improvement in methods, in irrigation, and in fertilization, we can increase our food supply greatly both in quality and quantity. We can much improve the breed of cattle. There is wide scope for development in India's main industry, agriculture.

There are also great commercial possibilities in India. There are mineral resources still undeveloped; there is abundant labour, a portion of which has now attained a considerable degree of technical skill. India has many experienced and able men of business. Her financial position at the end of this war should be a good one. There are almost unlimited markets, internal and external, for her produce.

Such are her main economic assets. She has, however, also many economic difficulties and disabilities. The pressure of increasing population, the small percentage of educated persons, the low standard of health services, the poor conditions in which the greater part both of agricultural and labouring populations live, the flagrant contrast between wealth and poverty, the inadequacy of communications, all mark the immensity of the problem which confronts India in raising the standard of living. Our task is to use rightly and to best advantage her great economic assets; not to increase the wealth of the few, but to raise the many from poverty to a decent standard of comfort. A hard task indeed, but a noble task, which calls from all for a spirit of co-operation, a spirit of hope and a spirit of sacrifice.

The present Government means to prepare the way for India's post-war development with all earnestness of spirit and with all resources, official and non-official, which it can enlist.

We have to consider first of all the "winding-up" process that follows all wars—the demobilisation and resettlement of soldiers, the termination of war-time contracts with industry and the orderly return of industrial labour to peacetime tasks; the dispersal of property and stocks of goods acquired for war purposes.

Our great aim must be to plan for economic and social development so as to raise our standards of living and general welfare. We must lift the poor man of India from poverty to security; from ill-health to vigour; from ignorance to understanding; and our rate of progress must no longer be at bullock-cart standard but at least at the pace of the handy and serviceable jeep.

As you know, the development of India is being dealt with by a Committee of my Executive Council, which is assisted by a number of other committees with a strong non-official element. I am considering means to strengthen our planning organization and to accelerate our progress. Much useful preliminary work has been done, and we have now reached a stage at which, for certain subjects at least, as for example the

demobilization and resettlement of soldiers, definite planning can begin in some detail. Over the greater part of the field our actual conduct after the war will depend to some extent—often to a great extent—on international factors—such as tariff policy and international currency—of which we can at present know little. But we need not wait on these; on the big questions of policy we have to make certain broad assumptions, and we are now deciding what our assumptions should be. Concurrently we are appointing individual development officers—not Committees—to draw up outline plans for subjects such as electrification, industries, road development, irrigation and agriculture. We are also arranging to give opportunities for bodies of Indians connected with industry, the health services, and other branches of development to visit the United Kingdom, and if required the U.S.A., to study for the benefit of India the latest developments in their line of work. For the main social services we already have the Educational Adviser's memorandum, and shall later have the report of the Bhoré Committee on medicine and public health. I believe that during 1944 our plans will take shape; they must cover the whole of India, and the Provinces and States will, I am sure, co-operate with the Centre in producing the best and most comprehensive possible statement of our needs. I and my Government are in earnest in doing all we can to further India's progress after the war.

We welcome constructive suggestions; and my Government is examining with interest the plan recently propounded by seven prominent business men. The views of the authors of this plan on the objects to be achieved are in principle the same as those of my Government—we must work for a substantial increase in standards of living and social welfare. We may on examination differ on the methods to be employed, their relative importance in the plan as a whole, the part to be played by the State and by private enterprise, and the financial practicability of development on the scale contemplated within the time suggested by the authors; but our aim is similar and we welcome any sincere contribution to the problem that sets people thinking and makes them realize both the possibilities and the pitfalls ahead of us.

As I said at Calcutta, it may in the initial stages be necessary for the Government of India and the Provincial Governments to devote the larger proportion of the resources available to economic development, agricultural and industrial, so as to increase the wealth of the country. But you may rest well assured that the vital matters of health and education will not be allowed to stand still, and that the recommendations of the Educational Adviser and the Bhoré Committee will receive the most earnest consideration.

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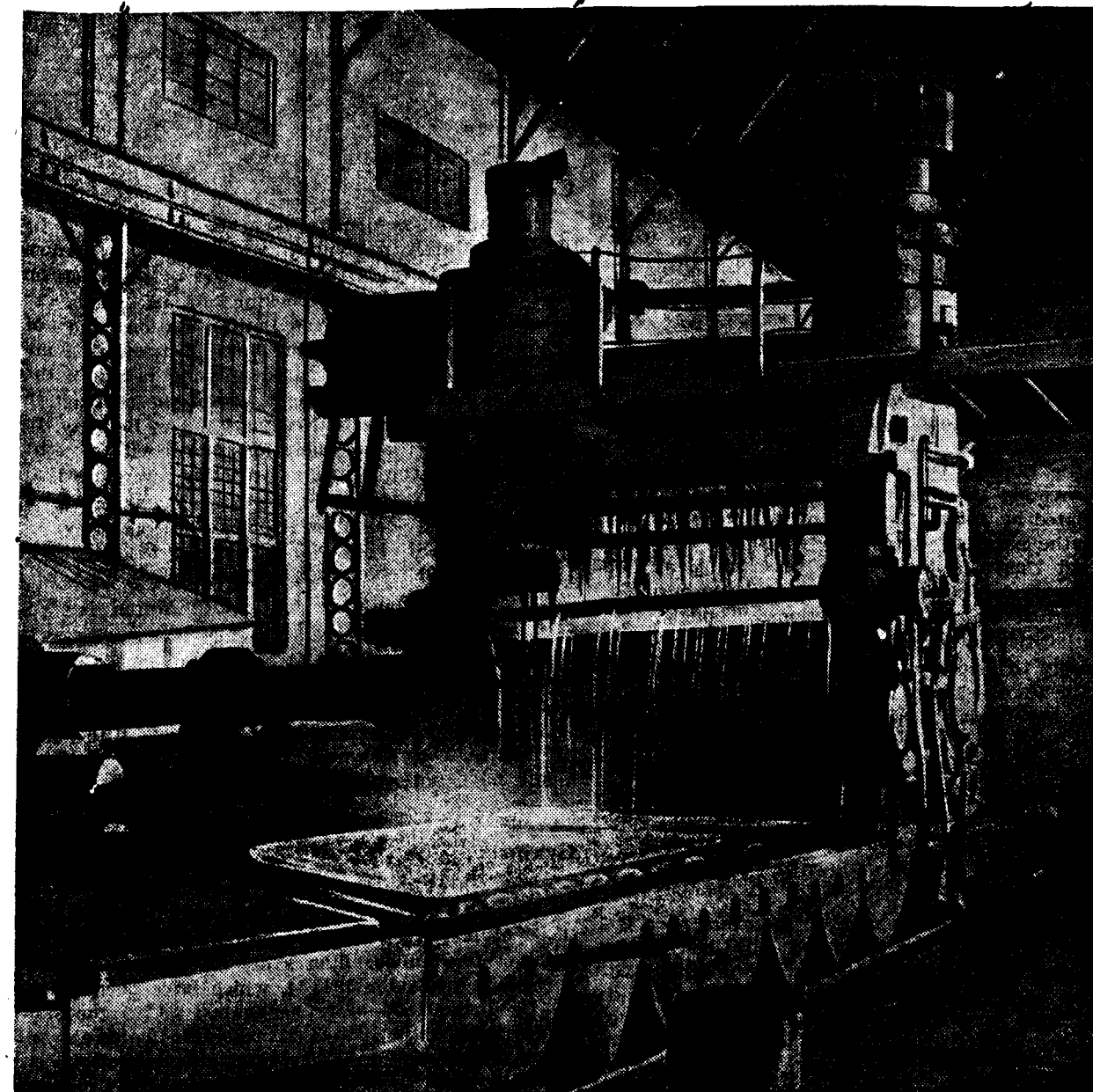
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COMMODITY MARKETS

(From Our Correspondents)

MADRAS, Feb. 12.

The groundnuts market remained steady with small variations in the quotations. Firms were buying up the contracted stocks and fresh buying was mainly for crushing. Export uncertainties still continued and no clarification has been forthcoming from the authorities. The British Ministry of Food have not purchased anything on this coast but they seem to be buying for shipment from the West Coast. Arrivals were meagre but heavy stocks were reported in upcountry centres. There was demand for oil from Calcutta and the quotation was firm at Rs. 162.

Yarns

The yarn market was steady and there was only a subdued demand from weavers. With the approach of the hot season, there was demand for finer counts of yarns but the stocks of these yarns were small and therefore, the quotations showed a fair rise. Arrivals from mills continued to be meagre. Under the Textile Control Order, a notification has been issued providing that the maximum retail price shall be calculated by adding 15 per cent. to the ex-factory price in the case of yarn. This was, however, expected but there has been some uncertainty as to how the margin of 15 per cent. is to be appropriated at the various stages of transactions. Though the local authorities interpreted that the procedure that would apply to piecegoods would also apply to yarn, the Textile Commissioner to the Government of India seems to have taken a different view. To a query from the local Yarn Merchants' Association, a reply has been received that the order relating to cloth would not apply to yarn and that the question with regard to yarn was still under consideration. The decision in this regard is now awaited with interest.

BOMBAY, Feb. 12.

Cloth

In the local piecegoods market, there has been no change in the conditions compared with last week. Demand from upcountry, especially the Punjab and Cawnpore, has been well maintained and substantial enquiries have been coming from Calcutta. According to reports from Calcutta, there is a considerable scarcity of cloth there and unless adequate permits for despatch of cloth to Calcutta are granted, black markets are sure to spring up as already in some cases prices are higher by 30-40 per cent. than the retail ceiling rates.

Regarding the unstamped cloth seized in Bombay, organization for stamping these goods is being set up in Bombay and it is believed that prices somewhere below 20 per cent. of the ceiling prices will be fixed for this cloth. The total quantity of cloth seized so far in Bombay is given officially at 180 million yards.

Groundnuts

The trend in this market continues to be easy. There is practically no demand from any quarter and ready business in groundnuts remains more or less at a standstill. The U.K. Food Ministry bought about 10,000 tons at £32.5 as against its previous purchase price of £32.17-6. Khandesh quality February-March Marmagao delivery is being sold at Rs. 14.13 per maund while the March-April position is selling at Rs. 14.14.

Castor Seeds

Some transactions are reported at about Rs. 14.5 to Rs. 14.6. The Food Ministry has refused offers at £32.5 per ton.

Linseed

No improvement is recorded in this market.

There has been no demand from the U.K. for a long time and without this the linseed market will not improve.

Oil quotations:

Groundnut oil ready	Rs. 8 3	per qr.
" " February	Rs. 8 6	"
" " March	Rs. 8 12	"
Linseed oil	Rs. 10 4	"
Castorseed oil	Rs. 10 6	"
Copra oil March	Rs. 10 6	"

Cotton

The weakness displayed earlier in the week by the I.C.C. March in Bombay gave place to a hardening of prices towards the latter part of the week on news of suspension of booking of all goods to Karachi from Sind and the Punjab stations and of booking from the Broach and Surat districts to Bombay. This had the effect of depressing prices in the upcountry and steadying the prices of the contract in Bombay and of the actual cotton lying in Bombay. In the spot market also quotations hardened for the same reason. The principal varieties are quoted as under:

Sind NT	Rs. 620	per cany
Punjab LSS	Rs. 627	"
Punjab 289F	Rs. 670	"

The latest quotation for I.C.C. March is Rs. 474.8.

In the foreign section, it is learnt from a Government communique that arrangements have been completed regarding the purchase of the 1944 E. African cotton at a price of Rs. 970 for Kampla BP52 and Rs. 945 for AR Kampala. Details of the arrangements have not so far been published.

HAPUR, Feb. 14.

Grains

The wheat market remained firm, the prices for *Darya* quality having risen to 12 annas per maund over those of last week's. This rise in prices was attributable to bullish figures of All-India first wheat acreage forecast for 1943-44, which have been placed at 32,361 thousand acres as against 33,709 thousand acres (revised) in 1942-43, representing a decrease of 4 per cent. over the final revised area. Another contributing factor was the report that the U.P. Government had decided to export their surplus stocks of foodgrains to the deficit areas. Gram, pear and Barley prices showed no changes while *Bajra* values displayed a substantially declining trend. The stocks of wheat, gram and barley remain unaltered at 187, 4 and 9 *Khattis*. The stock of peas has reduced from 69 to 62 *Khattis*. The weekly arrivals of wheat totalled 850 maunds while in the previous week they were 1,200 maunds.

Gur

After displaying firmness in initial stages, the prices declined due to increased arrivals, totalling 48,000 maunds. Export business was done on a small scale and consequently the stock is persistently increasing and it is now placed at 2½ lakh maunds. There is virtually a great shortage of accommodation for keeping *Gur* at Hapur, with the result that the rental of godowns suitable for *Gur* has increased by ten times. It is understood that the U.P. Government has decided to export about 3 lakh tons of *Gur* worth over Rs. 6 crores to other parts of India at a price of Rs. 8 per maund. It is further understood that the Central Government have undertaken allotment of necessary wagons for the export of *Gur* from the Provinces. As soon as the off-takes begin, the situation of the local *Gur* market and sympathetically of other markets, will naturally soothen.

COMPANY NOTES

Sugar Industry

The annual reports from four sugar mills, three situated in the Western U.P. and one in the N.W.F.P. reveal that sugar industry has been prosperous during the period. Three out of the four mills that are incidentally some of the most important units for India's sugar production with large crushing capacity are in a position to announce handsome dividends. The only one which has not announced dividends is situated in the N.W.F.P. The comparatively unfavourable position of this unit was owing to its failure to utilize its capacity due to shortage of cane which was diverted to *gur* making. This fact reveals the advantageous position of mills which have their own farms for the supplies of cane. The mill in N.W.F.P. was afforded the privilege of appropriating the difference in freight which was as much as Rs. 4 per maund by the local Government. That this preferential treatment was not sufficient to help the unit to show good profits points to the fact that the dispersal of industries to unfavourable localities cannot be to the best interest of the country. It is gratifying to find that the sugar content of cane supplied to the U.P. mills under review exceeded 10 per cent, though they were less than the recovery in the previous year.

The Hindusthan Sugar Mills, Ltd.

The Twelfth Annual Report of the company for the year ended 30th June, 1943, shows a profit of Rs. 12,60,432-9-9 after meeting expenses including interest, Managing Agents' remuneration and bonus to employees. This sum together with the previous year's carry over of Rs. 30,700-9-10 makes a total of Rs. 12,91,133-3-7, out of which the following appropriations have been made:—

Depreciation Fund	Rs. 1,50,000
Reserve for Income-tax, Super-tax and Excess Profits tax	Rs. 4,35,000
Reserve Fund	Rs. 5,00,000
	Rs. 10,85,000

The balance of Rs. 2,06,133-3-7 was recommended for distribution as under:—

Dividend free of income-tax	
(a) On Preference Shares	
at Rs. 5 per share	Rs. 25,000 0 0
(b) On Ordinary Shares	
at Rs. 12.8 per share	Rs. 1,25,000 0 0
Charity Fund	Rs. 27,760 13 0
Carry Forward	Rs. 28,372 6 7
	Rs. 2,06,133 3 7

The outlook for the company which has its own farm is bright and cane crushing for the current season started as early as the 16th November, 1943. It has necessary materials for the fabrication of a distillery received the grant of licence for establishing a distillery for making power alcohol and has placed orders for having capacity of consuming its entire output of molasses.

Buland Sugar Company Ltd.

The report of the company for the year ended 31st May, 1943, shows a revenue of Rs. 16,64,342-15-9. After providing Rs. 6,38,773-8-2 for excise and Rs. 1,05,454-11-5 for Depreciation out of the revenue there remains a balance of Rs. 9,20,114-12-2. The carry forward from the previous year being Rs. 54,171-6-2 the total balance available was Rs. 9,74,286-2-4. From this amount allocation was made for certain purposes as follows:—

Reserve Fund	Rs. 2,50,000
Dividend Equalization Fund	Rs. 50,000
Labour Bonus Fund	Rs. 45,000
Employees Welfare Fund	Rs. 10,000
Factory's Hospital Fund	Rs. 7,500
	Rs. 3,62,500

Out of the remaining sum of Rs. 6,11,786-2-4 a dividend at the rate of 20 per cent. per annum plus a bonus of 2½ per cent. was declared which absorbed Rs. 5,40,000. Out of the further balance of Rs. 71,786-2-4 to be carried forward the directors recommended a donation of Rs. 13,000 to wa purposes funds.

The directors resolved to invest Rs. 3,00,000 in Defence Loans which is more than the Reserve Fund provided for out of the revenues of the year under review. The mill enjoyed a crushing season of 125 days compared to 104 of the previous year and crushed 3,114,582 maunds compared to 2,666,137 maunds. The recovery from its cane was 10.01 compared to 10.33 during the previous year. The net profit during the previous year was only Rs. 7,54,227 compared to Rs. 9,20,114 during the year under review but the dividends and bonus were the same, namely, 20 per cent. and 2½ per cent. respectively. The accumulated reserves of the company including this year's provision amount to Rs. 13,00,000 and accumulated depreciation Rs. 8,19,000.

Raza Sugar Company Ltd.

The annual report of the Raza Sugar Company like the Buland shows highly satisfactory progress. The number of crushing days was 109 compared to 103 of the previous year and the total amount of cane crushed was 2,783,277 maunds compared to 2,685,000 maunds. Net profits were Rs. 7,86,363 compared to Rs. 6,57,912, though the dividends and bonus announced for the year are the same as in the previous year, namely 20 per cent. and 2½ per cent. respectively. The total revenues for the year under review amount to Rs. 14,11,582-1-4. The following provisions have been made out of this amount:—

Excise	Rs. 5,37,274 4 3
Depreciation	Rs. 87,944 8 4
Reserve Fund	Rs. 2,50,000 0 0
Labour Bonus	Rs. 45,000 0 0
Employees Welfare	Rs. 10,000 0 0
Factory Hospital	Rs. 7,500 0 0
Dividend and Bonus at the rate of 20 per cent. and 2½ per cent. respectively	Rs. 4,50,000 0 0
War Purposes Funds	Rs. 13,000 0 0
Carried Forward	Rs. 1,27,652 8 1

The directors have resolved to invest Rs. 3,00,000 in Defence Loans which is in excess of current provision for Reserve Fund. The accumulated reserves amount to Rs. 15,30,000 and accumulated depreciation over 8 lakhs.

The Frontier Sugar Mills & Distillery Ltd.

The mill was able to crush only about 9 lakh maunds compared to about 18 lakhs during the previous year owing to diversion of cane supplies to *gur* making. The net profits for the year, therefore, was the insignificant amount of Rs. 29,340-9-2, which was decided to be wholly carried forward, no dividends being declared and the managing agents foregoing their commission for the present which amounted to 1 per cent. of the net profits.

CURRENT STATISTICS

BANK OF ENGLAND (000's omitted)				
	Feb. 9, 1944	Feb. 2, 1944	Feb. 10, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion ..	1,020	904	1,000	263,700
Public Deposits ..	11,200	10,800	8,000	31,100
Other Deposits ..	216,300	223,000	198,600	129,100
Of which Bank- er's Deposits ..	162,000	169,600	142,600	90,100
Govt. Securities ..	202,800	204,500	163,900	113,100
Other Securities ..	15,700	15,600	19,100	31,000
Of which Discounts and Advances ..	2,000	4,300	4,500	6,400
Notes and Coins ..	25,000	27,400	37,100	34,200
Notes in Circula- tion ..	1,076,000	1,073,500	914,000	529,500
Ratio of Reserve Liabilities ..	10.98%	11.72%	17.96%	17.96%

U.S. FEDERAL RESERVE BOARD (000's omitted)				
	Feb. 3, 1944	Jan. 27, 1944	Feb. 4, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves ..	20,103,000	20,123,000	20,896,000	14,660,610
Total Bills Dis- counted ..	24,000	24,000	9,000	6,190
Bills bought in open market ..	..	..	550	..
Total U.S. Govern- ment Securities ..	11,781,000	2,026,000	5,475,000	2,426,190
Liabilities:				
Federal Reserve Notes in actual Circulation ..	17,040,000	16,907,000	12,302,000	4,609,280
Deposits — Mem- ber Bank Re- serve Account ..	12,847,000	13,032,000	12,912,000	10,951,000
Ratio of total Re- serve to Deposit and Federal Re- serve Note-Liabil- ities combined ..	62.9%	62.4%	79.6%	79.6%

RESERVE BANK OF INDIA Weekly statement of account as on February 4, 1944. ISSUE DEPARTMENT		
	Rs.	Rs.
LIABILITIES		
Notes held in the Banking Dept. ..	6,97,99,000	
Notes in circulation ..	833,39,34	
Total Notes issued ..		870,07,33,000
Total Liabilities ..		Rs. 870,07,33,000
ASSETS		
Gold Coin and Bul- lion—		
(a) Held in India ..	44,41,43,000	
(b) Held outside India ..	..	
Sterling Securities ..	752,83,55,000	
Total of A ..		797,25,39,000
Rupee Coin ..		14,49,25,000
Govt. of India ..		..
Rupee Securities ..		58,32,69,000
Internal Bills of Exchange and other commercial Paper ..		..
Total Assets ..		Rs. 870,07,33,000
Ratio of total of A to Liabilities 91.631 per cent.		

BANKING DEPARTMENT		
	Rs.	
LIABILITIES		
Capital paid-up ..	..	5,00,00,000
Reserve Fund ..	..	5,00,00,000
Deposits—		
(a) Government		
(1) Central Government of India ..	39,71,69,000	
(2) Government of Burma ..	..	59,50,000
(3) Other Government Accounts ..	10,02,55,000	
(b) Banks ..	..	63,55,24,000
(c) Others ..	..	8,74,71,000
Bills Payable ..	..	2,76,58,000
Other Liabilities ..	..	10,20,14,000
Total Rs. ..	..	145,60,41,000

ASSETS		Rs.
Notes ..	..	6,97,99,000
Rupee Coin ..	..	21,81,000
Subsidiary Coin ..	..	1,49,000
Bills Purchased and Discounted—		
(a) Internal ..	..	..
(b) External ..	..	..
(c) Government Treasury Bills ..	..	4,73,38,000
Balances held abroad* ..	..	120,84,95,000
Loans and Advances to Governments ..	..	1,31,00,000
Other Loans and Advances ..	..	..
Investments ..	..	8,21,40,000
Other Assets ..	..	3,28,39,000
Total Rs. ..	..	145,60,41,000

* Includes Cash and Short term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT (000's omitted)				
	Feb. 4, 1944	Jan. 28, 1944	Feb. 5, 1943	Sept. 1, 1939
Held in the Banking Department ..	6,97.99	9,21.37	11,93.02	35,04.49
In Circulation ..	833,09.34	8,53,63.20	602,19.14	182,13.17
Total Notes ..	870,07.33	8,62,89.57	614,12.16	2,17,17.66
A. Gold Coin and bullion ..	44,41.43	44,41.43	44,41.43	44,41.45
Sterling securi- ties ..	752,83.95	744,83.95	387,83.39	95,50.11
Total of A ..	797,25.39	789,25.39	412,24.82	103,91.57
B. Silver coin ..	14,49.25	15,31.48	12,51.54	75,87.11
R u p e e securi- ties ..	58,32.69	58,32.70	189,35.80	37,38.98
Silver bullion un- der Coinage ..	..	..	..	..
Percentage of Re- serve to Liabil- ities ..	91.631	91.485	67.128	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT (000's omitted)				
	Feb. 4, 1944	Jan. 28, 1944	Feb. 5, 1943	Sept. 1, 1939
Cash ..	7,21.29	9,50.58	12,02.38	35,15.27
Balances h e l d abroad ..	120,84.95	132,98.15	83,11.28	10,08.33
Investments ..	8,21.40	8,64.97	6,63.20	6,81.34
Bills discounted—				
(a) Internal ..	..	..	..	..
(b) External ..	..	..	..	..
(c) Government of India Treasury Bills ..	4,73.38	3,43.71	1,93.18	1,15.67
Loans and Advances to the Govern- ment ..	1,31.00	23.00	10.00	31.00
Deposits:				
(a) Government ..	50,33.74	52,49.96	38,20.68	14,69.43
(b) Banks ..	63,55.24	77,37.19	44,93.44	26,91.43
(c) Others ..	8,74.71	5,36.45	3,95.88	1,24.37

STERLING PURCHASES (000's of £)		
	Total Amount Purchased.	Average rate.
1943:—		
January ..	8,132	1sh. 6d.
February ..	11,070	1sh. 6d.
March ..	17,779	1sh. 6d.
April ..	9,219	1sh. 6d.
May ..	8,721	1sh. 6d.
June ..	6,338	1sh. 6d.
July ..	7,006	1sh. 6d.
August ..	8,546	1sh. 6d.
September ..	8,371	1sh. 6d.
October ..	8,947	1sh. 6d.
November ..	7,478	1sh. 6d.
December ..	9,573	1sh. 6d.

IMPERIAL BANK (In 000's of Rupees)			
	Feb. 4, 1944	Jan. 28, 1944	Feb. 5, 1943
Liabilities—			
Subscribed Capital ..	11,25.00	11,25.00	11,25.00
Capital paid-up ..	5,82.50	5,82.50	5,82.00
Reserve Fund ..	5,85.00	5,85.00	5,75.00
Fixed Deposits, Sav- ings Bank, Cur- rent and other Accounts ..	215,33.98	214,53.74	168,86.81
Loans against secu- rities, per contra Acceptances for Constituents ..	..	..	..
Sundries ..	77.90	73.15	75.46
Total ..	227,59.38	226,74.39	180,99.77
Assets—			
Government Secu- rities ..	143,42.81	137,48.21	125,11.63
Other authorised investments ..	2,90.85	2,90.85	1,30.89
Loans ..	14,35.16	15,01.74	9,14.41
Cash credits ..	25,06.10	24,07.80	16,57.50
Bills Discounted and Purchased ..	3,81.45	3,36.48	2,93.36
Liabilities of Con- stituents for Ac- ceptances per contra ..	..	..	..
Dead Stock ..	1,70.69	1,69.55	1,74.02
Sundries ..	98.74	1,05.21	79.53
Bullion ..	..	..	..
Balances with other Banks ..	1,45.96	1,59.18	3,48.24
Cash in hand and with the Reserve Bank of India ..	33,87.62	39,55.37	19,90.19
Total ..	227,59.38	226,74.39	180,99.77

SCHEDULED BANKS (Comparative Statement)			
	4-2-44	28-1-44	5-2-43
Demand Liabilities in India ..	507,24.21	502,67.50	355,89.87
Time Liabilities in India ..	166,15.98	164,82.28	116,03.79
Cash in India ..	23,15.52	22,84.49	14,78.20
Balances with Re- serve Bank ..	66,55.44	75,36.93	44,90.21
Advances in India ..	180,17.90	177,02.18	197,38.50
Bills discounted in India ..	7,34.07	7,13.47	2,95.43

TENDERS FOR TREASURY BILLS (In thousands of rupees)					
Week ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter- mediates	Sold in favour of Issue Dept.
Nov. 2	10,70.50	8,00.00	0 13 8	..	3,19.00
" 9	9,14.50	6,00.00	0 13 8	..	1,68.00
" 16	13,20.50	6,00.00	0 13 8	..	1,81.00
" 23	10,71.25	6,00.00	0 13 0	..	3,47.25
" 30	11,13.50	80,00.00	0 12 12	..	1,48.00
Dec. 7	13,73.75	60,00.00	0 12 3	..	1,40.50
" 14	14,02.50	6,00.00	0 11 11	..	1,34.00
" 21	14,26.25	6,00.00	0 11 0	..	1,79.50
Jan. 4, '44:	10,77.75	6,00.00	0 9 0	..	6,06.25
" 11	8,55.50	6,00.00	0 8 7	..	5,94.00
" 18	12,11.25	80,00.00	0 8 8	..	3,94.00
" 25	10,76.75	80,00.00	0 10 4	..	1,10.00
Feb. 1	11,71.00	80,00.00	0 11 4	..	1,60.00
" 8	13,34.00	80,00.00	0 12 0	..	1,87.00

CROP FORECASTS. (1943-44)					
Crop and Forecast	Estimated Area.	Per cent of preceding year (100= figure of same date preceding year)	Final figure 1942-43	preceding Estimated Outturn	Final figure 1942-43
Jute— Final	Acres 2,802,000	78	Acres 3,333,000	6,949,000 bales	9,062,000 bales
Sugarcane— Second.	3,938,000	107	3,590,000	(a)	5,692,000 (tons)
Groundnut— Second.	6,854,000	108	7,431,000	(a)	2,714,000 (tons)
Rice— Second.	76,075,000	106	74,919,000	(a)	24,538,000 (tons)
Cotton— Third.	17,839,000	98	18,812,000	4,682,000 bales	4,554,000 bales
Sesamum— Final	4,187,000	99	4,328,000	441,000 tons	463,000 (tons)
Rape and Mustard— First.	3,038,000	88	5,764,000	(a)	1,043,000 (tons)
Linseed— First.	2,370,000	92	3,408,000	(a)	411,000 (tons)
Wheat— First	32,361,000	96	34,298,000	(a)	10,971,000 (tons)

MATURITY OF TREASURY BILLS OUT-
STANDING ON 31ST DECEMBER, 1943.

Date of Maturity	Amount (000's of rupees)
Bills maturing on or before 31st December 1943 but not paid upto that date ..	..
5th February 1944 ..	7,83.75
6th ..	16.25
12th ..	5,52.25
13th February 1944 ..	47.75
19th ..	5,43.25
20th ..	56.75
26th ..	6,00.00
2nd March 1944 ..	25
3rd ..	5,99.75
8th ..	35.50
10th ..	5,19.75
11th ..	44.75
17th ..	5,90.00
18th ..	1.00
23rd ..	6,00.00

SUGAR POSITION
(1943-44)

(Figures in tons)

Producing Areas.	Production 22-1-44.	Despatches during the period to 22-1-44.	Progressive total of despatches upto 22-1-44.	Percentage of pro- gressive despatches to production.	Physical stock as on 22-1-44.
U.S.	2,48,963	10,466	53,053	21.3	1,95,910
Bihar ..	93,383	1,960	19,842	23.8	63,541
Bombay ..	22,505	1,284	7,019	31.2	15,486
Madras ..	8,277	492	1,306	15.8	6,971
Punjab ..	3,357	227	227	7.1	3,120
Bengal ..	2,201	126	170	7.4	2,131
N.-W.F.P. ..	1,713	218	534	31.2	1,179
Orissa ..	634	6	6	0.9	628
Indian States ..	45,737	1,297	15,469	23.8	30,268
Total ..	4,18,870	19,066	97,636	23.4	3,19,234

N.B.—Balance physical stock of 1941-42 and 1942-43 such as
on 22-1-44 was 15,528 tons.

STOCKS AND SHARES

	This week.	Previous week.	CALCUTTA (Feb. 15).			
	Rs. a. p.	Rs. a. p.				
BOMBAY (FEB. 15).						
GOVT. SECURITIES						
2½% (1948-52)	99 14 0	99 14 0				
3% (1946)	102 5 0	102 5 0				
3% (1949-52)	100 3 0	100 3 0				
3% (1951-54)	100 4 0	100 4 0				
3% (1953-55)	99 13 0	99 13 0				
3% (1963-65)	98 9 0	98 9 0				
3% (1960-68)	98 2 0	98 2 0				
3½% (1947-50)	103 6 0	103 6 0				
3½% G.P. Notes	99 1 6	99 1 6				
4% (1960-70)	112 8 0	112 8 0				
4½% (1955-60)	115 8 0	115 8 0				
5% (1945-55)	105 5 0	105 5 0				
TEXTILES						
Poddar	495 0 0	520 0 0				
Ahmedabad	503 12 0	512 8 0				
Bombay Dyeing	2075 0 0	2301 8 0				
Central India	458 0 0	438 8 0				
Indian Bleaching	228 0 0	234 0 0				
Kohinoor	711 0 0	762 0 0				
Century	1075 0 0	1244 0 0				
Colaba Land	244 8 0	255 0 0				
Phoenix	810 0 0	810 0 0				
Simplex	285 0 0	303 8 0				
Swadeshi	608 0 0	853 0 0				
Pinlay	353 0 0	370 0 0				
Morarji	825 0 0	830 0 0				
New Great	445 0 0	476 0 0				
Swan	376 0 0	372 0 0				
Apollo	5 5 6	5 8 0				
Sassoon	20 2 0	21 2 0				
Sassoon Defd.	4 3 0	4 8 0				
Model	326 4 0	338 12 0				
MISCELLANEOUS						
B.I.C.	6 7 6	6 12 0				
Bombay Burma	430 0 0	435 0 0				
Alcock	610 0 0	646 0 0				
Belapur Sugar	236 0 0	241 0 0				
Bombay Tramway	148 8 0	141 4 0				
Bombay Steam	697 8 0	700 0 0				
British Burma Petrol	3 4 0	3 6 0				
Andhra Valley	1835 0 0	1885 0 0				
Shivrajpur	76 0 0	77 8 0				
Tata Oil	83 0 0	86 0 0				
Tata Chemical	31 12 0	32 4 0				
Tata Power	1852 0 0	1865 0 0				
Tata Steel Ord.	408 0 0	435 0 0				
Tata Steel Defd.	2030 0 0	2235 0 0				
Premier Construction	..	236 0 0				
Associated Cement	219 0 0	223 0 0				
Indian Iron	..	38 4 0				
Indian Copper	..	3 0 0				
Tata Steel 1st Pref.	220 0 0	219 12 0				
Tata Steel 2nd Pref.	160 0 0	159 8 0				
Bombay Burma New	157 8 0	157 8 0				
BANKS—						
Central	92 0 0	94 8 0				
Imperial (Fully Paid)	2030 0 0	1960 0 0				
Imperial (Partly Paid)	515 0 0	495 6 0				
Reserve	135 8 0	137 4 0				
India	234 0 0	232 8 0				
New India	86 8 0	87 8 0				
JUTES—						
Alliance	452 0 0	..				
Anglo-India	407 0 0	430 0 0				
Barnagore	..	189 8 0				
Dalhousie	..	312 0 0				
Chandpany	225 0 0	230 0 0				
Budge Budge	440 0 0	470 0 0				
Howrah	67 8 0	70 10 0				
Kamarhatti	590 0 0	622 0 0				
Ganges	..	470 8 0				
Presidency	7 5 0	7 8 0				
Kankanarah	509 0 0	..				
Nudda	..	127 0 0				
Gourepore	805 0 0	..				
Auckland	292 0 0	..				
MINI NG—						
Bura	..	147 0 0				
Consolidated Tin	..	2 7 0				
Indian Copper	2 13 0	3 0 0				
STEEL & ENGINEERING—						
Bhartia	17 9 0	..				
Indian Iron	36 4 0	38 10 0				
Marshall	4 12 0	5 1 0				
Kumardhubi	9 4 0	..				
Steel Corporation	27 9 0	28 8 0				
Indian Steel and Wire Pro-	..	..				
ducts	54 12 0	..				
Jessop	23 4 0	..				
TEXTILES—						
Kesoram	19 0 0	20 9 0				
Cawnpore Textile	15 8 0	15 5 0				
New Victoria Pref.	9 14 0	10 5 0				
Dunbar	297 0 0	..				
COALS—						
Baraboni	3 1 0	..				
Bengal	581 0 0	..				
Equitable	52 0 0	52 8 0				
Ranegunge	..	41 12 0				
West Jamuria	47 14 0	45 12 0				
North Damuda	9 12 0	..				
South Karanpura	11 3 0	..				
Bhailgora	16 4 0	16 8 0				
East Indian	31 6 0	33 7 0				
Eurra Dhemo	10 4 0	..				
Burrakur	31 4 0	..				
MISCELLANEOUS—						
B. I. C.	6 8 0	..				
I. G. N.	133 0 0	..				
Burma Corporation	3 12 0	4 3 0				
Dunlop Rubber	..	61 8 0				
British Ceylon Corporation	19 3 0	19 8 0				
Tiltagarh Paper	28 8 0	..				
Bangal Paper	222 0 0	..				
Mysore Paper	31 10 0	..				
SUGAR—						
Samastipore	21 14 0	..				
Balrampur	..	18 8 0				
Buland	41 6 0	..				
Balsund	12 2 0	12 14 0				
Carew	29 8 0	31 10 0				
Champaran	41 10 0	41 13 0				
U. P. Sugar	32 8 0	35 8 0				
Ramnagar	14 4 0	..				
TEA—						
Amluckie	175 0 0	..				
Elisnauth	41 2 0	42 0 0				
Central Cachar	108 0 0	..				
New Tarai	..	32 8 0				
Lobah	16 4 0	16 14 0				
Ethelhart	26 12 0	..				
Hansqua	16 12 0	..				
Hakkira	31 10 0	..				
Darjeeling Tea	324 0 0	..				

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Budget Prospects

WITH the definite statement by H.E. the Viceroy in his Assembly speech that the Finance Member will deal fully with the 'inflationary threat we are determined to avert,' earlier expectations that the Finance Member has done his worst in the last four years have given way to the fear that further tax measures are in store. It is now clear that whatever measures are taken, the object of Government is not so much to raise additional revenue to cover any budget deficit as to mop up surplus money as part of its anti-inflationary programme. It is also equally clear to us, though not to the Government, that the rate of mopping up can, in the fiscal conditions of India, never equal the rate of pump-priming. There is no prospect whatever that the Finance Member will unfold constructive proposals for a full-scale mobilization on the economic front. He has already ruled this out, when in reply to a question in the Assembly he stated that the Government were in consultation with His Majesty's Government considering to what extent the demands on India's war economy could be mitigated or met from other sources of supply and for the rest they would try to neutralize inflationary tendencies by such means as lay within their power. The thought of building up India's productive equipment for the purpose never occurred to him. In such a background, what does the coming budget hold out? What is the budgetary position now, and what are the fresh burdens likely to be imposed?

Defence has dominated the Central budget in the last four years, and the gap between receipts and expenditure which will have to be covered by taxes and

loans will thus depend on considerations of strategy. Even if full financing of the S.E. Asian Command has to be done this year, only that part of the expenditure allocated to India will be shown in the Central budget, the rest of Allied expenditure in India being reflected in the Reserve Bank's statements. The volume and pace of defence expenditure to be faced in the event of a major campaign are unpredictable, and cannot be budgeted for in advance. We can only proceed on the basis of past and present figures which are available.

The accounts of 1942-43 reveal that defence expenditure amounted to Rs. 214½ crores, exceeding the revised estimate by Rs. 25 crores. Expenditure on defence in the eight months ending November, 1943, amounted to Rs. 148 crores, compared with the budget estimate of Rs. 183 crores for the whole year. In the month of November alone, it came to as much as Rs. 24½ crores. We may leave out capital expenditure which may be met out of loans. Average monthly expenditure in 1943-44 so far comes to nearly Rs. 18 crores, and on that basis, the revised estimate of defence expenditure for 1943-44 may be placed at Rs. 220 crores. Expenditure on the civil side may indicate a fall, as in 1942-43 by over Rs. 9 crores. Ruling that out, however, the revised estimate of total expenditure in 1943-44 may go up to Rs. 300 crores.

On the side of revenue, the budget estimates are usually an under-estimate and are likely to be considerably exceeded. The yield from customs duties for 1943-44 was estimated in the budget at Rs. 30 crores, whereas in the ten months ending January, 1944 alone the proceeds

amounted to Rs. 36.55 crores, composed of Rs. 33.82 crores from import duties and Rs. 198 lakhs from export duties. Considering the increasing volume of imported consumer goods, the total yield from customs duties may amount to Rs. 45 crores by the end of the year. Central excise duties, expected to bring in Rs. 25.42 crores according to the budget, have produced Rs. 20.70 crores in ten months, and further collections must raise it to at least Rs. 30 crores. Compared with the budget estimate of Rs. 102 crores, E.P.T. and income tax have together yielded only Rs. 47.26 crores in the eight months ending November, 1943. But further realizations must more than fulfil budget estimates just as in 1942-43 they exceeded the revised estimates by Rs. 7.34 crores. The revised estimate of Income and E.P.T. receipts may reasonably be placed at Rs. 125 crores. The contribution from the railways to the general revenues in 1943-44 is going to be Rs. 32.27 crores as against Rs. 27.10 crores mentioned in the budget. The yield from Posts and Telegraphs may also exceed the budget figure of Rs. 8.36 crores. The receipts from Currency and Mint are placed at Rs. 5.13 crores in the budget, but the Reserve Bank's surplus profit in the year 1942-43 which was payable to Government came nearly to Rs. 7.12 crores. Adding together the increase of the yield under customs by Rs. 15 crores, excise duties by Rs. 5 crores, Income tax and E.P.T. by Rs. 20 crores, Railways by Rs. 5 crores and Currency and Mint by Rs. 2.12 crores, the excess of the revised estimates of revenue over the budget figures of 1943-44 may be roughly from Rs. 40 to Rs. 50 crores. In such a case, the total revenue will be Rs. 260 to Rs. 270 crores, compared with the budget estimates of Rs. 220 crores. If total expenditure rises to Rs. 300 crores as stated earlier, the deficit on revenue account will be of the order of Rs. 30 to Rs. 40 crores, nearly the same as the budget figure of Rs. 40.19 crores with the difference however that increased expenditure will be met out of increased receipts.

Speculation as to the revenues and expenditures of the coming year is incomparably more difficult and in a sense futile. We cannot safely assume that the present scale of defence expenditure will continue, for is there going to be no offensive till the end of March 1945? Nor can we take any other figure with confidence. Even if the cost of the campaign were predictable, it would not surely be announced in the budget. It seems best therefore to assume that a moderately higher scale of expenditure, say, Rs. 350 crores, will be revealed in the budget and to estimate the sources of revenue on that basis. There is no particular reason why we must mark the total revenue for 1944-45 lower than what we have estimated for 1943-44, viz., Rs. 260 to Rs. 270 crores. Customs, income and excess profits taxes, excise duties, posts and telegraphs, railways and currency revenue—all these are likely to produce a greater rather than a smaller sum in the coming year. But fresh taxation is also likely. Since the policy of the Government is directed towards neutralizing inflationary tendencies besides seeking increased revenue, we may take it that the Government will try to raise as much revenue as it can by higher taxation and we may, therefore, proceed to examine the various tax measures which might possibly be imposed both in relation to their contribution to the exchequer and their efficacy against inflation.

The scope for further increase in direct taxation is very limited. The present rates take away 93.13 per cent. of excess profits either as tax or compulsory deposit, and further stepping up of them is not possible. The rates on incomes may be raised. Last year a surcharge of 66.23 per cent. over the basic rates of income-tax was uniformly imposed on all ranges of incomes and was expected to produce Rs. 7 crores. An enhancement of the surcharge to 99% might, in view of

the greater volume of assessable incomes, produce another Rs. 5 crores. Even last year the burden of Rs. 20 crores was distributed between direct and indirect taxes in the proportion of 1:2. This year it is likely that indirect taxes will have to bear a greater proportion of the burden, although the bulk of any deficit must inevitably be covered only by loans. It will be recalled that last year two-thirds of the budget deficit was left to be covered by borrowing and one-third by taxation.

There are disquieting reports of the levy of a number of excise duties. Tobacco and sugar excise duties may be put up still further, and an excise duty on cement may be imposed. The duties on tobacco and *vanaspathi* levied last year were estimated to produce Rs. 13.10 crores. Further increases and levies might yield anything up to Rs. 15 crores. An increment in postal rates and telephone rentals if made might yield about Rs. 1 crore as last year. Very roughly we may say that the total revenue in 1944-45, including Rs. 20 crores from further taxation will amount to Rs. 270 crores as against an estimated expenditure of Rs. 350 crores, thus leaving a deficit of Rs. 80 crores to be met by loans.

All these indirect taxes of the Central Government in conjunction with the 25 per cent. increase in railway fares are bad enough, but there are still others which the Central Government cannot impose itself because of constitutional difficulties, but is insisting on the Provincial Governments levying. Indiscriminate taxation by Provincial administrations, often regressive in incidence and inflationary in its impact on prices has been the notorious feature of provincial finances in recent months and we have on previous occasions underlined the inherently inflationary character of such measures as the sales tax which raises the prices much more than they restrict consumption. It now transpires that negotiations have been proceeding between the Centre and the Provinces regarding the imposition of an agricultural income-tax, the advance collection of land revenue for three to five years and the levy of a general sales tax and that almost all the provinces have agreed to fall in line with the Central directive except the Punjab and Sind which, it seems, have been offered both threats and inducements in turn as reward for co-operation. The threat is that the operation of the Niemeyer Award will be suspended so as to deprive the Provinces of substantial revenues, and compel them to enhance taxation. The inducement held out is that in return for co-operation with the Central Government, the Provincial Governments will be entitled to certain subventions or bonuses from the Centre. Agricultural income tax, land revenue and sales tax are provincial sources of revenue and the Centre cannot, without exposing the hollowness of the autonomy of the provinces at present, impose its will on them. (Food policy is, however, a vital matter in which the enforcement of a unified policy from the Centre is absolutely essential, whereas some inter-provincial disparities in fiscal rates and standards may be justified even on economic grounds.)

Agricultural incomes are already subject to taxation in Assam and Bihar, and a bill for the purpose is already before the legislature in Bengal. The Punjab has all along been opposed to the measure, while other provinces have not thought it convenient to levy it at present. We would urge that the matter should be left entirely to the discretion of the Provincial Governments which might act according as local conditions dictated. Even where the levy might be feasible, a fairly decent minimum of exemption, say, Rs. 5,000 should be provided for to allow for the war-time fall in the value of the rupee.

The proposal to collect land revenue in advance for three to five years is one which deserves to be condemned. It assumes an increase in the earning power of the peasant, which is as preposterous as it is untrue. Can it be maintained for a moment without being frivolous or betraying ignorance that the peasant can pay land revenue now for five years to come? The measure, if adopted, will amount to snatching the bread from the hands of the peasant. The richer landlords who have profited might be able to save and lend. But to the bulk of the small peasantry it will be a cruel blow.

On top of all these measures there is going to be built up an expensive organization of commission agents (costing Rs. 5 lakhs in 1943-44 and Rs. 1 crore in every succeeding year for the duration of the war), whose task it is to mobilize small savings in rural areas. While no objection can in reason be taken to a campaign of voluntary savings, the em-

ployment of commission agents with official or semi-official powers and with a strong temptation to get a good income from commission, is likely to result in a good deal of coercion and harassment. Past working of such 'voluntary' methods only confirms popular suspicions.

The coming budget is going to be a blend of Central and Provincial anti-inflationary exercises. The poor consumer will have increased indirect burdens to bear by way of excise duties on articles of consumption; and industry is going to receive no incentive to productive investment. Meanwhile, authorized commission agents will be getting busy in the rural areas gathering 'surplus' money, which, we are vouchsafed, will continue to be issued without limit, now that a ceiling on the Reserve Bank's sterling assets has been officially ruled out. The economic prospects of the coming year are very bleak indeed.

The Balance of Power

It is a remarkable fact that while after the last war the peacemakers were pre-occupied more especially with the question of the political framework and idealistic principles such as the principle of self-determination, today the limelight of discussion is focussed on the question of *power*, especially in its international relationships. Power is always the major premise in politics but when the basic relationships of power have in a large measure found themselves in a state of stable equilibrium and mutual balance, we tend to forget them so that the explicit issues can be framed in ethical and idealistic terms. Essentially we live by hope and idealism and consequently the enunciation of valid political principles are of the first importance. Nevertheless, the realities of power relationships in a world of sovereign nation States cannot be conjured away merely by a denunciation of what the London *Economist* in its editorial on "Power and Peace" in its issue of December 11, 1943, called the "false and dangerous principles of power." The fact of the situation is that in recent years we have witnessed a basic and growing rupture of the balance of international power which has existed since the end of the Napoleonic war. The world is groping its way to a new equipoise of international power and this explains the primary *leit motif* in the recent discussions of the organization of international peace. At the end of the war India will most probably win political independence and new and heavy responsibilities will fall on her. We have so long been within the field of British power that we have tended to take it for granted like the atmosphere in which we breathe. But as we emerge from our state of political dependence, we shall find ourselves in a novel and dynamic milieu in which the international power relationships are still moving in search of a stable equilibrium and to which India will have to adjust herself. Whether we can adequately adjust ourselves to this new and dynamic environment will essentially hinge on whether we can fit ourselves into the framework of international power relationships which are primarily the relationships of industrial power of the various States. It is obvious, therefore, that the Bombay Plan can be viewed not only in the context of our demand for a reasonable standard of living but also in the context of power and the organization of international security.

The reason why after the last war the question of power did not come out so insistently to the foreground, was that the last war led to the disintegration of four systems of power—the German, the Russian, the Austro-Hungarian and the Turkish. On the other

hand, this time the most urgent problem is that created by the emergence of the massive industrial power of the Soviet Union, which is a novel international factor. In a series of three special articles some time back surveying the principles of British foreign policy, the London *Times* pointed out that the basic power relationships on which international security was organized in the nineteenth century were steadily being upset as Great Britain's economic supremacy was being reduced and "the volume of British steel production was overtaken both in Germany and the United States." With the growing industrial power of Germany, it became a more difficult adventure for Britain to hold the continental balance of power evenly. The giant growth of industrial power in the United States was pre-occupied in "conquering the frontier" and exploiting its own endowment of immense natural wealth and did not become an aggressive factor in international politics; on the contrary, it was available in the last resort to redress the unbalance of European power caused by the rise of German industrial power.

The emergence of the Soviet Union as a first class industrial power has finally ruptured the post-Napoleonic balance of power and has forced on the world the search for a new equilibrium. For although political principles are highly important, in the last analysis, in the words of the London *Times*, "the only secure basis of any international organization must be the recognition of the realities of power." What renders the problem of thinking out afresh and determining the tenable power configuration to sustain international security, is the highly dynamic factor introduced by the new and powerful technique of economic planning. The old *Pax Britannica* rested as much on the institution of gold standard as on the British navy. For the requirements of monetary equilibrium under gold standard were that the rates of economic development in the various countries were kept in a certain relationship with one another—and the dominant financial power of London helped the achievement of this result. In other words, monetary equilibrium was also the agency of the equilibrium of economic and therefore military power of the various countries. But gradually and against difficulties, Germany, the United States, France and Japan greatly developed in economic power and outgrew the fetters of this unifocal monetary equilibrium. Under the stress of this development, the gold standard fractured itself into separate monetary areas clustering round separate centres of economic power. What accelerat-

ed the complete rupture of the old equilibrium of economic powers is the emergence of the technique of economic planning. For under the old system of gold standard, the rates of development of economic power in the various countries tended to maintain a certain structure of relationship with one another and this structure of relationship could be altered only by breaking the rules of the gold standard and free trade. But under the planned economy, any country possessing a reasonable sufficiency of natural resources and manpower can regulate the rate of capital formation to any extent it chooses and consequently can have almost any rate of economic development. Thus given the political pre-requisites, such vast land masses as the United States, the Soviet Union, China and India with vast natural resources and manpower, possess decisive advantage and the centres of gravity of economic power in the world must more and more tend to move towards these countries. While, on the other hand, countries like Great Britain with comparative poverty of manpower and natural resources will more and more tend to become a diminishing international factor.

These considerations are further strengthened by the fact of the increasing mechanization of warfare. This means that the measure of the industrial power of a country is the effective measure of its potential military power. Only highly industrialized countries with vast heavy industries can sustain a great mechanized army of tanks, aeroplanes and battleships. Only a highly industrialized power is "war worthy" and no combination of smaller and less industrialized powers can offer effective resistance. In the new world of mechanized warfare, only giant and highly industrialized States can exercise effective power and the smaller and less industrialized countries will find themselves within the pull of the power-field of the nearest Great Power.

When India emerges as a politically independent nation after the war, such will be the framework of international power in which she will find herself: Great Britain, because of her comparative poverty in manpower and natural resources will be a steadily diminishing international factor and cannot possibly exert adequate power in the Middle East and in general in the Indian Ocean Security Zone. The United States is too far away and an uncertain factor as she will more probably be absorbed in her variegated domestic politics. Even if the white British commonwealth is more firmly knit together, 60 or 70 million British whites, apart from their geographical dispersion and far-flung nature of interests to be defended, cannot possibly compete in the rate of growth of economic and military power with such giant and compact countries as the United States and the Soviet Union. Before the war the Soviet Union, in spite of the heavy burden of armaments, was doubling its national income every five years and accumulating economic power at a spectacular rate. It is quite true that during the war the Soviet Union has suffered colossal material destruction and loss of manpower. But it is a country of young and virile peoples—with a very rapidly growing population. If we remember that nearly 80 per cent. of the material things in the Soviet Union was built up within 13 years, we can appreciate that she will require not a generation (as many fondly hope) but (especially if Stalin can seize the German machine tool industry and labour power to help the reconstruction of his devastated territories) only about one five-year plan substantially to make good her losses and resume her pre-war spectacular career of rapid accretion of economic power. In 10 or 15 years after the war she will in all probability acquire gigantic economic power equal to that of the United States. China, too, politically welded in the crucible of war, will embark on an ambitious economic plan and with her limitless manpower and natural resources soon acquire giant indus-

trial power. In this background only a very highly industrialized India can shoulder the responsibility of upholding the Indian Ocean Security Zone. As a keen student of the problem has put it: "Such are the uncertainties of the future for a region towards which point three massive wedges of continental power—European, Russian and Far Eastern—that some deliberate development of industrial strength within the region itself seems an essential precaution from the security viewpoint, quite apart from its direct economic aspect." The adequacy of the Bombay Plan must be judged not only by the essential requirements of our standards of living but also in the context of the international power framework. The military potential of a country is generally measured by the capacity of the metal, engineering, chemical, precision instruments, and such other key industries, and again, the steel-making capacity of a country is regarded as the best single index of its industrial war potential. The following, then, gives the pressure of the power axis bearing on India, together with the power load contemplated in the Bombay Plan:—

INDUSTRIAL WAR POTENTIAL

	Great Britain (1939)	Germany (1939)	U.S.A.R. (1937)	China	Japan (1939)	India (Bombay Plan)
1. Metal, engineering etc. value of net output (£ mn.)	900	1,750	1,200	?	400	700
2. Steel-making capacity (million metric tons)	14	24	18	?	7	10

In the Soviet Union statistics are meagre after 1937 and deliberately camouflaged as a security measure, but on the basis of the known rate of general development and corroborated by the strength of its resistance to the German war machine which is supported by the industrial power of the entire continent of Europe, the Soviet steel-making capacity on the eve of the German attack was probably near 30 million metric tons and by the time India fulfils her plan may reach 100 million tons. China is a question mark, but she has undoubtedly the potentiality of a super-Great Power and a giant industrial nation. With Great Britain a diminishing international factor, with the United States a giant but distant and self-centred nation and with two highly industrialized colossuses like the Soviet Union and China geographically sitting on our back, can India be militarily defended if we have a rate of industrial development less ambitious than that contemplated in the Bombay Plan? There are powerful interests, blind as bats, who in their anxiety to preserve their comfortable commercial *status quo*, would like to keep India relatively unindustrialized and simulate boundless concern for the interests of the Indian agriculturists. Any realistic appreciation of the power-configuration in the post-war world should assure us that a highly industrialized India is one of the essential pedestals of any tenable organization of world security and the rate of development contemplated in the Bombay Plan is very close to the *minimum* of adequacy, if India is not to be reduced to the position of a satellite of either the Soviet Union or China, both of whom, by all discernible tokens, would be embarking on very ambitious economic planning after the war and both of whom are abundantly endowed with manpower and natural resources for the task.

The Week's Notes

PACE OF THE SERVICEABLE JEEP

His Excellency Lord Wavell in his first address to the Central Legislature dwelt on the economic problems of India and spoke of our "great opportunities and great dangers" in the post-war period. We have indeed "great opportunities" but the greatest danger we face is that we shall let slip those great opportunities because our Government will again find itself as sordidly unprepared, and without plan and machinery, to meet the demands of our peace economy as it was to meet the demands of our war economy. His Excellency has indeed assured us that "we must lift the poor man of India from poverty to security; from ill-health to vigour; from ignorance to understanding" and that "our rate of progress must no longer be at bullock-cart standard but at least at the pace of the handy and serviceable jeep." But we are still to be assured that the Government planning work itself is proceeding at a rate better than the bullock cart standard and that the advent of peace would not find the Government as ill-equipped for its task as ever. It is good to know that the Government is now collecting facts and also examining the Bombay Plan, but collecting facts can never be a substitute for facing facts. The plain facts to be faced are, *firstly*, that our economic standards are so low and have been so fast deteriorating in recent years that we can no longer ignore the obtruding danger signals and only constructive efforts of heroic dimensions can lift us from the depth of poverty. As the London *Economist* said in its issue of December 18, 1943, "To escape from the morass of poverty, the Indians, like the Russians, require to go through an agricultural and industrial revolution in a fraction of a lifetime." *Secondly*, we have got the technical resources, provided we have a determined Government with authority and mandate, to plan for a rate of progress even greater than that contemplated in the Bombay Plan.

NEED FOR FUNDAMENTAL DECISIONS

It is urgent therefore that the Government should take one or two fundamental decisions on major policy without which planning has no meaning. The Government must fix the overall target and then adjust the means to the end. The Bombay Plan seeks to raise our per capita income from Rs. 5 per month to Rs. 11 per month (in stable prices) in about twenty years. Does Lord Wavell's Government consider this rate of progress as that of a bullock-cart standard or that of a "handy and serviceable jeep"? Without a decision on this fundamental point of policy, all talk of appointing governmental committees or development officers is without any significance whatsoever. The broad and overall objective must be clearly set out first, for only within this general framework, can development officers draw up the detailed plans with regard to the various sectors. So far the Government has not announced in concrete terms its basic decisions with regard to the rate of development it envisages. Consequently, until the public has more concrete evidences to the contrary, it cannot draw sustenance from Lord Wavell's assurance that "the views of the authors of the (Bombay) plan on the objects to be achieved are in principle the same as those of the Government." We can only look askance at the press message from London to the effect that Britain considers the Bombay Plan as "an attempt at producing a rival scheme to Lord Wavell's plans and rob a little from his popularity." It is for Lord Wavell to out-plan the Bombay planners and reassure the public by defining the Government's goal more concretely.

PLANNING FOR ROAD DEVELOPMENT

The Viceroy in his speech at Calcutta in December last placed road development as first in the order of priorities, assigning to health and education second and third places. But the question of priorities is not to be answered in terms of these three alone. That road mileage should be increased rapidly in the post-war period may be accepted; but how rapidly will depend upon the rate of development envisaged in other departments of economic activity, *e.g.*, industry, agricultural development, hydro-electric development and so on. In the absence of a comprehensive and well-knit and co-ordinated plan, the only result of such piece-meal and unco-ordinated plans will be to bring about confusion in and distortion of the economic structure.

We are constrained to make these remarks because it has been reported that the Government have decided to appoint a Development Officer with a view to accelerating post-war planning of roads and also a "Plant Committee" to deal with the question of fixing the types and details of road machinery required after the war. Preliminary surveys and reports are all to the good and should be welcomed. But before the schemes are put through, they should be considered and examined not in the light of their own individual merits but as part of a general, all round plan. The "Plant Committee" should not also be allowed to rest content with fixing the types and specifications of the road machinery required after the war, but should be called upon to investigate the practicability of making all the machinery within the country itself. The country can no longer tolerate the import of goods and equipment for which ample facilities exist in the country, and neither road development nor any other kind of development should be used as a pretext to dump unwanted or not indispensable plant and equipment. The personnel required for road building should also be immediately trained, and if necessary Indian officers should be selected for training abroad so that before the end of the war we may have sufficient supply of road engineers and other technical experts.

THE RAILWAY DEBATE

Sir Edward Benthall's reply to criticisms of the Railway Budget is far from satisfactory. His assurance that plans for the construction of locomotives are now proceeding with all possible speed is hardly convincing. Did he not tell the same tale last year, *viz.*, that the consulting engineers were busy finalising the blue-prints? What is the reasonable time required for drawing up the blue prints? Already the engineers have taken over 15 months. Once the blue-prints are ready and orders for plants are placed, how long will it take for the plants to be delivered? Quite much, say two years, having regard to the usual pretexts like lack of shipping, difficulties abroad etc. Even if the plants were ready now, it would be another two years before the first locomotive could be got on to the line. Meanwhile the Member for War Transport is merrily placing large orders overseas for locomotives. Past bungling explains present muddling, which in turn will justify further muddling in the future. The continuity and carry-over in bureaucratic incompetence and shortsightedness are indeed amazing.

Sir Edward's defence of the proposal to raise fares is equally flimsy. His assertion that people are travelling on 'pleasure bent' due to their increased prosperity, by referring to the year 1943-44 when the rise in the number of passengers coincided with a rise in prices, is adding insult to injury. His evidence that in an inquiry extending over 15 lakhs of people, 10 per cent. of them admitted to having travelled for pleasure is of doubtful validity. Let him come out with the fullest details about the inquiry and enable the public to assess its scientific value. His plea for the railways that in spite of difficulties they are rendering their principal service and that 'they get you there and they get you back' amounts to no more than that you can travel by train without inevitable danger to life or limb. Sir Edward does not seem to be slow in assiduously applying to public economics the principles he has picked up in commerce.

DUAL CONTROL IN RAILWAYS

That in wartime railways should be controlled by the Government is, of course, axiomatic. But the way in which in our country railways are neither treated as a commercial concern nor frankly as a Government department results in our having the worst of both the worlds. The Railway Board is unable to exert its legitimate influence on the Government and meekly accepts arrangements which no independent executive of a business concern would accede to. The Government on the other hand escape responsibility, for much of it is shoved on to the railway administration. The public suffer under all conditions and circumstances; and this is an intolerable state of affairs.

Take the question of the proposed doubling of 750 miles of broad and metre gauge railway involving a capital expenditure of Rs. 6 1/4 crores. If it is, as presumably it is, for the operations of the S.E. Asia Command, the charge should be borne by the Defence Department of the Government. At the end of the war the lines might be purchased at an agreed price by the railways taking into account the needs and profitability. Instead the whole expenditure is debited to railway account which under an independent management would never be allowed. The same consideration applies to the expenditure of Rs. 1 crore on constructing a fourth line on the E.I.R. between Asansol and Khera. But for the war it would never have been thought of. In the circumstances the allocation of the expenditure between Government and railways should have been divided by an impartial tribunal. For if at the end of the war the fourth line is superfluous the whole of the capital is just a waste. Would any independent executive agree to the imposition by Government without safeguarding its financial interests?

The dismantling of railways is another notorious instance. If, as is admitted, the lines had to be dismantled on account of war needs the entire cost should have been borne by the Government. Since most of them were recently constructed and thrown open to traffic, the full capital cost (without allowances for depreciation) should have been debited to the Government; whereas actually railway revenues bear the major share of the cost. No detailed figures are available. The way in which railway accounts are presented needs radical reform. But there is no doubt that railways have not been able to get their legitimate value for the supply of rails sent or used for military purposes, for not only should they recover the cost of rails and rolling stock but the cost of the track which, of course, could not be moved but all the same had cost a great deal in making. Dualism in railway management costs the country dear indeed.

INEFFICIENCY OF THE RAILWAYS

It is strange that the Transport Member should take pride in the efficiency of his administration while the facts are just the reverse. One would like to know, for instance, as Sir P. Thakurdas has put it "why his department did not foresee the threatened shortage of coal and did not press the Government to compel mine-owners to raise the miserably low wages (despite the opinion of our Calcutta contemporary to the contrary. Ed.) paid to workers in such good time as to avoid the crisis." Again the working expenditure has been rising to an astonishingly high level. Comparing 1939-40 with the budget year 1944-45 the staff bill has risen from Rs. 35 crores to Rs. 50.36 crores and the coal bill from Rs. 2.73 crores to Rs. 9.70 crores. There is no hope either that these high costs will decline even after the war. For, as the Chief Commissioner of Railways has stated: "The coal and wages bill which is at present about 73 per cent. of the working expenses will for some years after the war remain at a high level." The extravagance of running the 520 grain shops in the interests of the staff is clearly seen in the wide gap between the budgeted expenditure of Rs. 3 crores and the actual expenditure of over Rs. 10 crores. In the name of anti-inflation any kind of expenditure is increased and every kind of taxation imposed. The railways have had no plan of construction to face up to the imperative needs of the war. Instead of speeding up the production of rails, rolling stock and arranging for the manufacture of locomotives, wagons and every kind of equipment required for efficient service to the military and civilian traffic, the railways adhered to a vicious policy of "do-nothing" and were content to overwork existing plant and rolling stock. Passengers are huddled together and driven like cattle in railways. It is a sickening sight and no country which calls itself civilized can put up with such unbearable inconveniences. The war is no excuse for or explanation of the present state of railway transport for which the inefficiency and lack of imagination and foresight on the part of the railways are responsible. But in fairness we should couple the Government of India in this criticism for as we have said before railways are not masters of their business except perhaps in routine administration.

HYDRO-ELECTRICITY IN SOUTH INDIA

In his speech on the occasion of opening the headworks of the Pallivasal hydro-electric scheme at Munnar (Travancore State), Sir C. P. Ramaswami Iyer revealed that as against the generally accepted figure of 27 million kilowatts for India's potential power resources, Sir Henry Howard holds that it might more "legitimately and accurately" be fixed at 8 to 10 million kilowatts. This is rather depressing, but stresses the need to develop and utilize the available resources in the most economical manner. The important point emphasized by Sir C. P. Ramaswami Iyer was that unless the larger States of South India and the Madras Presidency co-operated with one another to evolve a co-ordinated system of power development and distribution, there was little likelihood of South India's power problems being solved satisfactorily. Sir C. P. pointed out that in Europe, France and Switzerland generated cheap power on a modest scale at the different stages through which their rivers passed, instead of concentrating, as we did in India, on large headworks. A great opportunity now lies before South India for development along such lines. The Pykara project was a belated achievement and the present Pallivasal scheme contemplates a maximum output of 29,000 kilowatts on a ten-year plan. The Tungabhadra project, neglected so far to the cost of the areas concerned, has now to be consummated jointly by the Madras, Mysore and

Hyderabad Governments and negotiations for this are afoot for sometime past. And Sir C. P. pleaded for a joint exploitation of the Periyar waters by the Madras and Travancore Governments, the cost as well as the benefits to be divided between them in equal shares. If we bear in mind that the capital cost of hydro-electric works is very high, this proposal is indeed a bold and generous one for a small State like Travancore to make, with its unequal financial resources in relation to those of a big province like Madras. While such should be the line of future power development, a central power system linking up the various existing ones in Madras, Mysore, Travancore and Hyderabad is necessary for a balanced distribution of industrial and domestic loads in South India in the interests of the industrialization of the region. Hydro-electricity in South India is mostly State enterprise, as it should be, and hence co-ordination should be easier to accomplish. But the important fact that the concerned governments should remember is that power resources cannot economically be planned according to political boundaries, but require to be developed according to the economy of regions that may cut across these.

BEVERIDGE SHELVED?

When asked at a meeting in March 1943 whether the Government had accepted his scheme in principle or not, Sir William Beveridge had to confess that he did not know and added that he was not sure if the Government themselves knew. It is to be doubted if Sir William's knowledge in the matter has improved since. At no time since the publication of the Beveridge Report have the Government committed themselves to implementing either a part or the whole of it, but only *claim* to have accepted five out of the six principles of the plan. The rejected principle is of course the most important—a flat rate of subsistence benefit, which is to be the 'great leveller' of the plan. Out of the 23 suggestions set out in the Report, they rejected one—the conversion of Industrial Assurance into a public service,—conveniently left 6 open for further consideration, and again, *claimed* to accept the rest. Now, more than a year after the presentation of the Report to Parliament, it looks as if it will enter one of those pigeon holes of Whitehall from which no blue print is ever destined to return. Nothing better could perhaps be expected from the present Parliament and 'National' Cabinet. Hidebound Tories who got themselves elected on a fake and alarmist issue nine years ago still constitute the voting strength of the House of Commons, and their opinion on social policy is as meaningless today as their advice on the sanctity of the British Empire. The Prime Minister—what with his Marlborough tradition—is so obsessed with "exterminating the Huns" that he refuses to be bored by 'social insurance and all that.' Except for the occasional indignation of Mr. Herbert Morrison at social inequality and suffering, the Labour members of the Cabinet are completely merged with Mr. Churchill's great personality. The opposition in the House of Commons has been neutralized and hence its protestations are only examples of impotent rage. It may be recalled that during the discussion on the Report in the Commons the Labour Ministers voted (with the Government) against an amendment from their own Party demanding prompt action on the Report. In such a win-the-war-first atmosphere a reformer like Beveridge could only whistle for the winds.

It was generally expected that the Government would start implementing those points in the scheme which they claimed to have accepted by first setting up the proposed Ministry of Social Security. But this they have not done, though they have set up a new Ministry for Town and Country Planning, a subject far less urgent,—and having really to wait for the cessation of hostilities—than social security. The as-

surance given often that various departments are already working on the scheme has meant little so far by way of results, and it is also doubtful if the new Minister of Reconstruction, Lord Woolton, can help; for his job is, to quote the *Economist*, "to see that the decisions are taken, not to try to take them himself."

In these contexts the white paper on a comprehensive health service published by the Government last week is encouraging but at the same time looks suspicious. It is encouraging in so far as it covers (according to the cabled report) domiciliary as well as institutional, specialist as well as ordinary treatment, free of charge, though not exactly as contemplated by the Beveridge Report and though perhaps yielding ground to the British Medical Association. But hopes are not raised that the opposition of insurance and industrial interests will also be overcome, and the incorporation of this health scheme in "Mr. Churchill's Four-Year Plan for post-war policy" evokes the suspicion that the Beveridge Plan might be abandoned as such and only bits of it inserted into other schemes here and there and passed for Government's original. But Sir William Beveridge intended his plan to be accepted as a whole if Britain is to build a more contented society.

REFORM OF BANKING

Government are introducing a bill in the Assembly to give effect to the proposals which were made by the Reserve Bank towards the end of 1942 in regard to the capital structure of banks. Under-capitalization has always been a defect with our banking system and it has led often to overtrading in undesirable channels and to an unhealthy competition for deposits, particularly among the smaller banks. While measures to secure adequate capitalization are therefore welcome, it is doubtful whether the prescription of a fixed and mechanical ratio between authorized and subscribed capital, and between subscribed and paid-up capital such as is sought to be done now can by itself remedy the defect of under-capitalization, though the measure might be good as far as it goes. There is also another aspect of the question which should not be overlooked. The ratio of capital and reserves to deposits of banks has recorded a decline everywhere. There has in every country been a striking expansion in the volume of money, a good part of which has gone to swell the deposits of banks, and it is impossible that the conventional ratio of capital to deposit liabilities, viz., 10 to 12 per cent. can be maintained without resulting in the opposite evil of over-capitalization. The trend of modern banking progress points to the lesson that the business of banking is depending less and less on its own capital resources and more and more on deposits and that sound banking calls less for own deposits than for liquidity and prudence in loans and investments. It is therefore possible that in seeking to remedy a long standing evil we are exaggerating the importance of the bank's capital resources. This however does not invalidate the need for the present reform. The effect of the measure on the smaller banks for whom it seems mainly intended deserve careful examination however, since the contemplated reduction in the proportion of uncalled to paid-up capital might weaken them by providing for a smaller reserve fund they could draw on in an emergency.

DECIMATION IN BENGAL

When masses of destitutes in Bengal, under pressure of hunger, were drifting towards the urban areas, the Anthropology Department of the Calcutta University took the commendable initiative to have a sample survey of the destitutes and the result was an illuminating report. It is now reported that the Department has carried out another sample survey of ten of the famine-affected districts of Bengal. Full statistical tabulation of the survey has not yet been completed,

but the interim report published points to significant findings. The measure of the blunder and mess in which our Governments—Provincial and Central—find themselves today, is given by the fact that they are literally groping their way about in a complete statistical darkness. Not only have they no complete and authoritative statistical information regarding our food situation and have consequently to base even their broad plans on a structure of guess work, but they have no knowledge even of the casualties and incidence of diseases caused by the famine. Some time back Mr Amery said that death due to starvation and consequent outbreak of epidemic in Bengal would be only 1,000 or 2,000 per week. More recently, he said, with an air of equally culpable complacency that it "did not exceed one million." Recently, there was a gale in the Central Assembly about the source of Mr. Amery's information and the incident only showed up the pitiful mess in which the Government is fumbling. Competent non-official observers have been all along saying that the number of deaths in Bengal could not be below 50,000 per week. The Anthropology Department of the Calcutta University on the basis of its sample survey, now gives out that "it will probably be an underestimate of the famine to say that two-thirds of the total population were affected more or less by it" and that "the probable total number of deaths above the normal comes to well over 3-1/2 million," in about six months. This is a staggering figure and the rate of casualty exceeds that of the bloodiest of the gigantic battles along the two thousand miles of the Russo-German front. And doubtless, if the death-roll alone is near 4 millions, the number of those who have been permanently affected and devitalized must be counted in tens of millions. The incidence of mortality has varied from district to district and in the district of Howrah (adjoining Calcutta) the rate of 22 per cent. has been recorded. It has been reported that in individual villages half or even more of the entire population has perished. Infant mortality has been very high. The high death rate among adult men has left a large and economically helpless population of women and children and crimes and social evils are rampant. "Decimation" literally means "killing of one in every ten," and Bengal with a population of 60 million is being *literally decimated* and the health and vitality of the entire province undermined. The effect on the physical and mental development of growing children has been calamitous and Bengal faces the prospect of a stunted generation. The main scourges of the past 2 or 3 months—malaria and cholera—seem to have abated in some areas but small-pox is raging furiously in many districts. Not only has the health of the entire province got to be rehabilitated, but there is also the urgent task of economic rehabilitation. The Survey has also revealed the loss of cultivable lands of 25 to 30 per cent. of small peasants and professional implements of communities like fishermen and it is suggested that unless steps are quickly taken to restore lands to peasants and to supply implements to fishermen, etc., they would soon join the rank of destitutes and the economic fabric in Bengal would be torn up from end to end. One cannot be too much impressed with the gravity of the situation and the magnitude of the task of rehabilitation of the health and economy of this hapless province.

EXCHANGE RATES IN LIBERATED COUNTRIES

The problem of fixing exchange rates in the liberated countries is one of the first importance not only from the immediate point of view of the Allied armies procuring their supplies in those territories, but from the long run view of post-war exchange stabilization. As our Washington correspondent has rightly emphasized in his cable last week, the success or failure of post-war currency schemes must be gauged from the fiscal accomplishments in liberated countries, and yet the record of results ob-

tained in Southern Italy is definitely discouraging. It would seem that in choosing the rates of exchange the Allies have shown scant regard for the inherent value of the currency in the light of local costs, prices and supplies position, but have been guided by a desire to enjoy the immediate and temporary advantages of a devalued currency in respect of occupation expenses and by an anxiety to save the Allied soldiers the necessity of simple arithmetical calculations which would be involved in the event of the figure being other than a round one. The first exchange rate fixed for liberated territories under military occupation was the lira rate of 480 to the £ in Italian Somaliland adopted early in 1941 and subsequently applied to Libya. With Allied progress in Southern Italy, the rate for European lira was fixed in July 1943 at 400 to the £ and 100 to the \$, although even the critical condition of Italy's finances, monetary and price controls on the eve of Mussolini's collapse did not indicate so serious a decline in the internal purchasing power of the lira as to warrant 400 to the £. In fact, as Mr Paul Einzig has pointed out in a recent article in the *Banker*, expert opinion in London placed the lira rate at 150 per £. Similarly, soon after Allied landings in French North Africa, a rate of 300 francs to the £ and 75 francs to the \$ was fixed. But after discussions with the French National Committee, it was revised to 200 francs to the £ and 50 francs to the \$, mainly as a political concession to General Giraud. The result of the under-valuation of the lira in Italy is an immediate shooting up of all prices and an impetus to inflation, a state of affairs conducive neither to the prosecution of war nor to rehabilitation in peace. The danger of importing political considerations and ignoring economic realities in the fixation of exchange rates cannot be exaggerated. Subsequent upward revision (since the rates now fixed are admitted to be temporary) will be difficult and painful, once prices and costs get adjusted to them. The greatest danger to be avoided in the continental countries in the early post-war years is a possible run away inflation, and present Allied policies far from providing against it render it more real.

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SPECIAL ARTICLES

Oil Diplomacy in the Middle-East

(Contributed)

IT was with regard to the mineral oil resources of the Middle East that at San Remo and Laussane, the world first witnessed the naked exhibition of the pattern of international behaviour which has been termed "oil diplomacy." And it is again with regard to the oil reserves of the same region that we are reminded painfully that the array of international co-operation against the Axis powers we are witnessing today is only superficial, and the pathological conditions of the politico-economic system of the world which have been at the root of international discord continue to worsen. The unholy alliance between international finance and nation state, joining hands in a struggle for profits and power, and the hectic bid for monopoly in critical raw material resources of the world to that end, which have been the features of the existing world order, are all too evident to be missed in the present reaction of the U.S. to the recent discovery of oil in Saudi Arabia.

Mineral oil was first struck in Saudi Arabia in 1936, but the extent and richness of its occurrences were realized only during the early years of war. Extraction in 1942 was limited to 6 million barrels owing to shortage of equipment. But the oilfields of Iraq and Persia known so far are now considered to be mere fringes of an extraordinarily rich oil bearing belt stretching right across Arabia. In view of the decisive role of aviation, motor transport and other oil driven machinery in the present war and in the future peace, it was expected that this new factor would be of significance in the future of trade and diplomacy in the Middle East, and it has proved to be so earlier than could be expected. Relatively less threatened with the immediate vicissitude of war and better placed to plan her post-war destiny, the United States has gone all out to steal a march over other powers of the "Trinity" in this region—a conduct perhaps unexceptionable so long as nations play the game of power politics.

A committee of the Senate of the U.S. (the Truman Senate Committee) has staked out a spacious claim for a transference and allocation of all oilfields discovered recently or likely to be proven in future, while the Administration has formulated a plan in conjunction with the oil interests for the reservation of Saudi Arabian oil for the country. Asserting that the war is depleting U.S. oil reserves, the Truman Committee has urged the Congress that the Allies, particularly Britain, should be asked "to transfer to U.S. compensating volume of proven reserves outside the country." The obvious implication of this is the transference of reserves in the Middle-east which Britain has looked upon as her particular sphere. Not content with guaranteeing for the U.S. the reserves that are known so far, the Committee has further urged for an "agreement to be reached with the Allies for the allocation of the world's petroleum resources which will be discovered and proven in future."

Even President Roosevelt is apparently so impressed with the need for the reservation of world's petroleum for the United States that he considers it a question of such national importance as could not be made appropriately an issue for domestic politics. It has been announced that the U.S. Government will build 1,250 miles of pipeline connecting Abadan and Kirkuk to Haifa, at an estimated cost of 130 to 150

million dollars after sanction for the purpose has been obtained from the rulers of Kuwait and Saudi Arabia. An agreement has been reached with regard to the exploitation of Saudi Arabian oil between the Government and the leading oil interests represented by the Arabian American Oil Company (owned by the Standard Oil Co., of California and the Texas Co.), and the Gulf Exploration Co. (owned by the Gulf Oil Corporation). The pipeline constructed by the U.S. Government and the oilfields obtained under concessions from the weak rulers of Arabia would be handed over to the oil interests under certain conditions. The oil companies have guaranteed to repay the cost of construction and interest thereon within 25 years with such net profit to Government as may be agreed upon. They have undertaken to maintain a reserve for the U.S. Government of 1,000 million barrels of crude oil or 20 per cent. of total reserves in case the reserves are less than 5,000 million barrels. They will make oil in this reserve available for Government purchase at any time 25 per cent. below the market price in the Persian Gulf region or similar crude oil in the U.S. whichever is lower. The agreement further provides that the companies will not sell oil when in the opinion of the State Department such sales would be against U.S. foreign policy.

The ostensible purpose for the U.S. Government undertaking the project is that the exploitation of the oil reserves of Arabia would set off in part "the dwindling U.S. reserve" and "help to assure an adequate supply for the military and naval needs of the U.S. in view of the obligations which America must assume for the maintenance of collective security in the post-war world." But the entire deal is transparent and throws interesting sidelight on the pathology of the plutocratic state system. In 1938 out of the total world production of 270 million metric tons, U.S.A. alone produced 166 millions, while U.S.S.R. the second world producer, had only 28 millions to its credit. Further, the U.S. is in effective control over the production of South American supplies which are no less than 31 million metric tons, excluding those of Argentina and Mexico. With a control over more than 3/4 of world's production the case for the provision of 1,000 million barrels out of Arabian oil supplies for reserves and for the transference of all oilfields discovered recently and to be discovered in future is obviously a weak one for the United States. Even if we take for granted that the expectance of the oil resources of the United States, the richest oil bearing country in the world, is no more than fourteen years, one can be hardly impressed with a prior claim for her for a reservation of all actual and potential supplies, in case the scarce reserves of the world are rationed according to needs. Further there is nothing novel in the manner in which the U.S. is today whipping up her people to believe the dangers of running short of this strategic raw material and the needs of controlling its discovered and undiscovered supplies while denying other powers of the same. It is well known by now, the ways through which the interested industrialists interest their nation states in an enterprise of this nature. Commenting on the present deal, the American newspaper *P.M.* wrote "that this deal between the U.S. oil interests and the Government would cost 150 million dollars of public money to assure 650 million dollars and more to the oil interest on an investment of 20 millions, and would risk the U.S. armed forces in the enterprise."

The recent developments appear in their proper perspective when the increasing importance of the U.S. investment in the Middle-East oil during recent years is realized. Between 1929 and 1935 the U.S. investment in the prospecting and exploitation of Middle-East oil increased from 8 million dollars to 35 millions and have been increasing faster during the recent years. The recent interest of America in the Middle-East oil started with the acquisition of shares in a new pipeline constructed by the Iraq Petroleum Company in 1931. The standard Oil Co. of California erected a refinery in Bahrain and started in co-operation with the Texas Corporation prospecting and development in the region in 1935. In 1937 the Seaboard Oil Co. obtained exploitation rights for 75 years to "every foot of 270,000 sq. miles of Afghanistan." Although not yet tested Afghanistan is believed to be "probably the greatest untapped oil reserve in the world for it contains many natural oil seepages and at the present time oil is produced in large quantities north of Afghanistan and along the east." The Seaboard Co. has also obtained a sixty-year permit to drill for oil in Iran and construct a pipeline for both Iran and Afghanistan. The Gulf Oil Co. has purchased 50 per cent. share in a company which has obtained concessions in Kuwait and in 1939 the Standard Oil Co. obtained concessions in Saudi Arabia. It is obvious from this enumeration of the increasing interest of American companies in Middle East that the American investor has been pouring his money liberally for the prospecting and acquisition of potential Middle-East supplies with full confidence in the support of his nation State in his enterprise.

The highly cartellized oil interests have maintained wide disparities in the prices in the various parts of the world and have fully exploited their monopoly position. The worst sufferers under the circumstances have been the countries like India which are not in a position to launch on an enterprise of this kind in which political support to extort concessions from weaker States for a trifle and protection of those concessions is necessary. The political interest in the enterprise is more obvious. It is not only that the politicians acquiesce in the profits of their nationals, but that a control over the limited resources of this strategic raw material is an effective force in diplomacy. It is an endeavour to deny other nations access to essential raw materials. Considered simply on

ground of need, India should have a priority in the matter of the disposal of Middle-East supplies. She is a country deficient in supplies of this raw material which she needs not only to maintain the regional security in South-East Asia that she is expected to do in the post-war world but also for more pressing civilian needs. Reservation of Middle-East resources for future wars of America and their development under the monopoly of American oil interests would be a handicap to her post-war development. The diversion of Persian Gulf oil to the East Mediterranean port by means of the 1,250 miles of pipeline, which is contemplated, would add to transport cost of this oil to India and can be avoided if it is taken to some Persian Gulf port instead. Even Britain has a better claim than U.S. for the reservation of the Middle-East oil supplies in case world fails to devise an equitable basis of rationing of this scarce essential raw material according to national needs. She has no oil supplies of her own while the provision for her navy is so vital for her.

The scramble for essential raw material supplies has been a potent cause for international conflagration. Attempt at securing a monopoly by one power has lent to precipitate action by others to safeguard their supplies. Therefore, the present attempt of the U.S. to secure for itself Middle-East oil is indeed disquieting. For the sake of stable post-war peace economic disarmament would be as necessary as military disarmament and the disarmament of the victors would be no less necessary than that of the vanquished. The petroleum monopoly of the U.S. is a dangerous economic weapon which can give no tranquility to the rest of the world. The problem it presents is no doubt a difficult one for it is at once a private foreign industrial activity for the exploitation of weaker States, an international trust and combine, an enterprise with governmental regulation and participation and an economic institution sanctified with treaties and national agreements. Perhaps it may be necessary to strike at the root of the nation state system of politico-economic organization of human society itself in order to solve the problem effectively. War and waste would be inevitable so long as we tolerate the exploit for private and national motives. Rationing of scarce resources based on a realization of the needs of humanity in the various territorial units by a central international organization appears to be the only safe, though difficult solution which can prevent wars.

The I. L. O. and Reconstruction

(Contributed)

The 26th session of the International Labour Conference, to be convened at Philadelphia about the 20th April next, bids fair to be a momentous one considering the general importance of the items on the agenda of the Conference. The more notable items are: (1) the future policy, programme and status of the I.L.O.; (2) recommendations to the United Nations for present and post-war social policy; (3) the organization of employment in the transition from war to peace; (4) social security principles and problems arising out of the war; (5) minimum standards of social policy in dependent territories; and (6) report of the I.L.O. Director on important socio-economic developments in the world since his report to the last session of the Conference in November, 1941.

These items are only the different aspects of the fundamental problem of the post-war economic reconstruction of the world.

The International Labour Organization was created in 1919 against the socio-economic background of

laissez-faire prevailing before the last war; countries were invariably organized on a system of private enterprise and free competition, with social progress merely as a by-product. The main function assigned to the I.L.O. at that time was, therefore, to make possible an internationally co-ordinated social advance by defining certain international norms in conditions of work. During the last 25 years of its working, its horizon has widened from the "narrow domain of conditions of work" to "the infinitely more extensive area of conditions of life" itself, as the post-war reconstruction work, now undertaken by it, clearly shows. This change in the functions of the I.L.O. was due to the increasing measure in which *laissez-faire* was being eaten away by State control, and is the emphasis on the social objectives of economic activity.

These developments have been brought to a head by the war and the need has arisen to revise and restate the social objectives of the Allies; suggestions have been made that the preamble to the Treaty of Versailles should be replaced by a new declaration

indicating the lines of the new social faith. It is but appropriate that at a turning point in the world's history when the general social objective of economic security based on social justice must be the mainspring of concerted political effort, there should be such a solemn enunciation of policy, and that the I.L.O. should be charged with the task of implementing that policy. This necessitates a re-definition of the functions of the I.L.O., to make it competent to undertake this work, of which post-war reconstruction is but a beginning. In this connection there is the further need to define the relation of the I.L.O. to the various other international agencies created to tackle post-war problems. On the procedural side there is need to overhaul the machinery of the I.L.O., to enable it, for example, to develop regional conferences for the solution of regional problems and to organize a system of mutual supervision of the application of International Labour Conventions. These are some of the questions to be tackled to make the I.L.O. fit enough to organize social reconstruction of the post-war world.

During the last fifteen years, there has been a radical shift in perspective in economic matters. Chronic unemployment and the Economic Depression have taught the world that social and economic problems cannot be separated in international as well as national affairs. Prominence has begun to be paid increasingly to economics of consumption even to the extent of relegating economics of production to a secondary place. The question today is how to increase world consumption of goods, in other words, how to raise the standard of living of the masses. The war has given still further impetus to this shift in economics, and it is now accepted widely that the main post-war objective is freedom from want, defined as "a constantly increasing and widening standard of living."

If poverty and the social evils are to be eliminated, if mass unemployment is to be made impossible, and if a higher standard of life is to be sought and secured for all, international action on a scale greater than that of the inter-war period, as Mr. Phelan has emphasized, will be necessary. The illusion that prosperity can be achieved by strictly national action, irrespective of action in other countries, is now dead. Experiments along these lines were tried during the period of the Economic Depression, and the policies and action of each country did as much harm to the rest of the world as it did good to itself, with the result that endeavours to raise its own conditions were defeated in large part by the general impoverishment which others imposed on it. The importance of the efforts now being made by the I.L.O. to co-ordinate the principles and plans of social policy on an international plane, thus, assumes great significance. It is to be hoped that the discussions at the Conference will go beyond mere generalities and approach courageously the practical problems which arise in regard to international co-ordination.

While social policy is long-range in scope, there are certain transition problems from war to peace which necessitate careful planning even now, based on international action, with a view to minimizing the adverse effects of the change-over. The transference of millions of soldiers and workers, now in war production, to peace-time vocations is going to be the most urgent problem, as soon as the war is over. The demobilization of the armed forces and the conversion of workers in industry, agriculture and Government services from a war-time to a peace-time basis will create serious discrepancies between the demand for and the supply of workers in different occupations, different industries and different regions. It is important that these difficulties should be overcome as rapidly as possible in order that each national economy

may be able to meet peace-time needs effectively. Redistribution of personnel will require co-ordinated plans of re-employment, vocational training, organization of employment exchanges, public works programmes and finances, and all these require planning well in advance. Most of these aspects are already being studied at the national level. As this is essentially an international problem as well, the Conference will be formulating its conclusions on the essentials of post-war employment organization.

Social security is based on the arguments that no nation, however abundant its resources above and below ground may be, can afford to waste its manpower with impunity, and that "every country must maintain and increase the moral vigour and physical resistance of its population, prepare the way for coming generations and take care of those who have been eliminated from productive work." The conception of social security is still inchoate but it is of late rapidly gaining in definition as its principles get elaborated. Social security policy has to be planned as part of a larger programme which includes measures for promoting employment, and maintaining it at a high level, for increasing the national dividend and sharing it more equitably, for improving nutrition and housing, multiplying facilities for medical care, and widening opportunities for general and vocational education. As a preliminary to any planning of social security services for the post-war world, it is necessary to weigh the essential data given by experience and take our present bearings.

There will be widespread welcome in colonial and generally "backward" territories in the attempt now being made by the I.L.O. to focus world attention on the need to improve conditions of life and work in these areas and to prescribe certain minimum standards of social policy for them. There are several reasons why this should be brought about. It is now widely agreed that one of the main objectives of post-war reconstruction should be to redress the inequality which primary producers have hitherto suffered *vis-à-vis* the producers of manufactured goods. This can be achieved only through international action and international adjustment. Secondly, during the last few years a wave of nationalism is sweeping colonial and dependent territories, and unless this nationalism is canalized along constructive channels, the programmes and policies of some of these territories will reproduce the worst aspects of the reign of nationalism in the depression days of 1929-1934 with prospects of again endangering world peace. In the next place, the last four years of war have brought about a radical change in the world's economic make-up, mainly through the rapid and considerable industrial development in these colonial and hitherto agricultural areas, necessitating adjustments between these areas and the older industrialized areas. The developments which have taken place in regard to the general principles of colonial policy, its social objectives and the economic possibilities of attaining these objectives, all, therefore, require careful consideration and planning not only to raise standards in these areas but also to bring about an enduring economic equilibrium in the world.

These are some of the aspects of post-war socio-economic reconstruction of the world which the International Labour Conference will be discussing at its forthcoming session. Whatever may be the outcome of the discussions in terms of practical action, those discussions will, especially because of the participation of the representatives of employers and workers of the various nations, help to clarify the issues involved and to give a greater impetus both in the national and international fields in so shaping the post-war reconstruction work as to create a world fit for the common man to live in peace and free from want.

THE WORLD ABROAD

U. S. Demobilization Plan (From Our Washington Correspondent)

WASHINGTON, Feb. 22 (By Cable).

THE United States saw for the first time last week a clear pattern for reversion to peace-time economy when Mr. Roosevelt made public a comprehensive report on post-war adjustment problems by Bernard Baruch and John Hancock made after months of study. The initial reaction was cordial particularly in conservative political and business quarters and there is good reason to believe that the recommendations will obtain ultimate Congressional approval.

The Baruch report has tremendous importance, firstly, because it maps post-war economic plans affecting not only the United States but other nations as well; secondly, because instance by Mr. Roosevelt indicates that the President's thinking is steadily swinging away from New Deal reforms towards more orthodox business and financial philosophy. If Mr. Roosevelt is re-elected in November, it would seem to foreshadow four years during which the so-called radicals will no longer dominate the Washington scene.

The authors of the report are both widely respected in Wall Street. Mr. Baruch who piloted the United States economy during the last war has been studying problems regarding demobilization on behalf of Mr. Roosevelt and the war mobilization director, Mr. James Byrnes. Mr. Hancock is nominally Republican and a partner in the New York banking house of Lehman Brothers. Neither of them have even been regarded as a New Dealer.

The report reflects confidence in that the gigantic task of redirecting the nation's industry and man-power into pursuits of peace can be accomplished through advance preparation without paying the toll of economic collapse, depression and widespread unemployment. It has expressed confidence that if the reconversion is conducted in national interest with special groups restrained, the United States can anticipate "prosperity, sound and lasting in a world in which one half will need rebuilding." It has further added: "Winston Churchill said that he did not accept his portfolio to liquidate His Majesty's Empire and no American should accept a portfolio to liquidate American living standards."

The salient recommendations of Mr. Baruch and Mr. Hancock include firstly, the appointment in the office of Mr. Byrnes, a work director with power to develop integrated programmes, to study the demobilization plans of other nations and aid job placement for an estimated 20 million veterans and demobilized war workers; secondly, the appointment of a surplus

property administrator also under Mr. Byrnes to direct the disposition of war-time surpluses; thirdly, the withdrawal of Government from business as soon as possible when war ends; fourthly, drafting the post-war tax bill, sharply lowering business taxes to stimulate industry and employment; fifthly, termination of war contracts through procurement agencies which negotiated them in consultation with the Army and Navy War Production Board; sixthly, an early review of programmes for production of raw materials and for piling stock of imports by subsidies and premiums to marginal producers; seventhly, preferential treatment in reconversion programme to be given to small business whenever possible.

The principal point on which the Baruch report is likely to face Congressional opposition is its specific rejection of a proposal by the Senate post-war committee for a new office of demobilization with virtually absolute powers over post-war reconversion. Already some Senators have charged the report with giving too much authority to the Government's executive branch and not enough to Congress.

Thus Georgia's Senator, Mr. Walter George, who is the author of one pending piece of post-war planning legislation, reservedly praised Baruch recommendations, but added that "the philosophy behind the report is wholly different from that of the Senate committee. Mr. Baruch proposes to create an executive organization and we want an organization responsible to Congress. He wants a co-operative programme with the executive in control."

But the first comments from business men were approving. The New York *Journal of Commerce* said that the report "provides a practical working blue-print for the major phases of transition back to peace economy . . . without undermining our private enterprise system in the process."

The need for some form of concrete post-war planning such as the Baruch-Hancock report was emphasized earlier last week when the Commerce Department estimated that United States' business as a whole will have between 20 milliard dollars for plant and employment extension after its own 36 milliard dollar transition from war to peace-time production.

The survey through two Commerce Department economists, Smorris Livingston and Weiler said that although there will be individual firms in less advantageous position, "lack of funds will be localized rather than general, and uncertainty over adequacy of business funds has to do with requirements for expansion rather than with requirements for re-establishing pre-war volume of business.

Farm Produce and Price Policy (From Our London Correspondent)

LONDON, Jan. 29. (By Airgraph.)

THE Government's price policy for agricultural produce was in the frying pan these last few weeks. Tempers in the farming world had risen to such a pitch just before the delegate meeting of the Farmers' Union that the uninitiated might have expected that frying pan and policy with the Minister of Agriculture would all disappear in the fire itself. However no such

thing occurred. After some of the delegates had let off some steam they finally agreed on a rather tame resolution and on a request to the Prime Minister to receive a deputation. Mr Churchill did not think that the time was appropriate for seeing a farmers' deputation—he was evidently of the opinion that the Minister of Agriculture would be able to smooth out matters as he did in the House of Commons this past week.

The difference between the farmers and the Minister of Agriculture arose over the last rise in wages for farm labourers. This increase in wages would cost the farming community about £15,000,000 in a full year. On their reading of a Government pledge given in November, 1940, the farmers contended that *pari passu* with increase in wages there should be a similar increase in prices for agricultural produce. The Minister of Agriculture, on his side, retorted that prices had been raised already far enough to allow for the increase. It appears now that the Minister had stated at the time to the leaders of the Farmers' Union that the policy of the Government would be to allow rises in prices to compensate farmers for rises in the cost of production but that such increases would not necessarily be *pro rata*. This interpretation of the Government pledge was, however, not broadcast and the mass of the farmers had no knowledge of it. Ergo their accusation directed at the Minister that he had broken the pledge. If one reads between the lines of his speech in the House of Commons, one can detect, as one M.P. put it an olive branch. In fact he already announced increased price for milk to small producers.

These are merely symptoms. They do show how very difficult it is to devise any efficient policy of subsidies. In fact the farming industry is perhaps the most differentiated industry and any global benefits by direct or indirect (as in this case) subsidies will affect individual groups of farmers very unevenly. The governmental price policy for agricultural produce was instituted in parts before the war in order to keep as much land in cultivation as possible; with the outbreak of the war the paramount problem was to produce every ounce possible in the country to save shipping space and foreign exchange. The competitive element at once had to disappear. Rightly or wrongly the Government directed the ploughing up of much good grassland and the dropping with cereals even in districts unsuited to grain crops. So-called marginal land was simply ignored. The margin was put back to the fringe of the moors and the shores of the sea. It is clear that any global price policy has either to keep prices so high that farming on poor land pays well in which case the average farmer, and in particular the farmer on fertile land, will reap a harvest of large unearned profits while the industrial population has to pay prices for its food out of proportion to their own wages; or else, if the average farm is taken as a guide post, the farmer on marginal land does not earn his keep. This is, in fact, one of the contentions of the smaller farmers.

Mr. Hudson, the Minister of Agriculture stated that before the war the total output, including the farmers' own consumption, was about £290,000,000 a year. By 1942-43 it had risen to approximately £530,000,000. There are no reliable figures available for the quantity and price total of increased agricultural production; there has been a very considerable increase but it was caused not by increasing the rate per acre but by taking into cultivation previously neglected or semi-cultivated land. The original cost of tilling must therefore have increased the costs of production at least during the first two years on this newly cultivat-

ed land. On the rest of the farmland costs were disadvantageously affected by large changes in the cropping which in very many districts was detrimental to the rate of output per acre. Thus it is almost impossible to estimate just how much of the increase in money value of the total output consists of the proceeds of the additional produce and how much is offset by increased costs of production. The increase in farm wages costs in all about £51,000,000 a year thus bringing the total wages bill up to about £150,000,000. Thus, while before the war "other costs" and farmers profit amounted to £190,000,000 they now sum up to £380,000,000. Cereal and meat prices rose during the war period by roughly 60% whilst the price for milk rose only by about a quarter over that of 1939. On the other hand Fertilisers and industrial articles which the farmer has to buy also increased in price by a more or less equal percentage. Farm rents have so far been kept down, but where farmland has changed hands considerably higher prices were paid for it. The Minister of Agriculture was no doubt right in saying that the farming community as a whole was better paid today than before the war. On the other hand, the farmers are also correct in stating that a large number of them were little better and many worse off than before. Farming as a whole is more profitable but whilst the favourites, which probably consist of less than half the farms, get the cream of the increased prices and make good profits, the rest are not so very far above the pre-war profit line; indeed those farms which formerly would have been considered marginal farms and those on which unsuitable cropping has been imposed are probably worse off than before. This, of course, is inevitable where control is sought by a price policy which, naturally, always has to be global. If farmers did keep proper accounts—and not only a small minority as now—the Government might have divided the policy into a price policy on the one hand, and a special subsidy for marginal production, on the other. This would, however, involve a considerably more complicated apparatus of administration and it is not surprising that the Government is not offering this solution.

There was a significant passage in the early part of the House of Commons statement by Mr. Hudson. He said that the farmers are much more disturbed over the future than over the merits of the actual prices. So, no doubt, is the non-farming community. Is the Government to lay it down as a permanent policy that farm produce prices should be based on a costing plus profit basis? A policy which has lamentably failed in the war industries where it was applied for some time. Or must the farmer depend on his efficiency and technical knowledge to enable him to compete with his brothers abroad? If the various estimates of food supplies after the war are correct or near correct, then the British farmer will have time to adjust himself to the situation. Because in that case the policy of production at any price will have to be continued for some time to come. But this policy also has its dangers. We may find that by following this policy in parts of the world until the devastated countries have been rehabilitated, we have built up supply potentialities vastly in excess of what will be needed when those now devastated countries come into full production again.

Money Market

Treasury Bills' Rising Rate—Heavy Securities Offer from Up-country—Silver Prices Fluctuating—Share Market Recession—British and American Interest in Textile Machinery

(From Our Correspondent)

BOMBAY, Feb. 21.

In the money market there was a fair demand for funds from trade circles but it was not so intense as to cause any change in the interest rates. The demand for funds was mostly from cotton, sugar and bullion merchants to finance the movement of cotton and sugar. There were heavy purchases of gold from the Reserve Bank of India during the week which are estimated at the value of about Rs. 6 to Rs. 7 crores. The Banks were able to meet all the above demands without resorting to any inter-bank borrowings as they all were flushed with plenty of funds, thanks to the continued influx of deposits. The inter-bank call money was therefore unchanged at 1.4 per cent. so also three to six months deposits at $\frac{1}{2}$ to $\frac{3}{4}$ per cent. per annum.

Treasury Bills

The Treasury Bill rate, however, continued to pursue an upward trend, the rate for the week being as. 12.6 per cent. per annum, as against as. 12.0 per cent. in the previous week and as. 11.4 per cent. a fortnight ago. The authorities, however, do not view this rise with any dismay. They, on the other hand, feel satisfied that the Government is able to borrow as large amount as Rs. 8 crores at such a low rate of interest as a little over $\frac{3}{4}$ per cent. per annum even in the busiest season of the year, compared with double the rate they had to pay at this time of the year three years ago when the Government was borrowing only Rs. 2 crores per week. The Reserve Bank authorities will not view a further rise in the Treasury Bill rate with dis-favour on the ground that such a rise is perfectly in keeping with the trend of the usual seasonal trade demand for funds. The rates will again come down when the borrowings slide down from the weekly demand of eight crores to six in another three weeks. Barring the Imperial Bank, no other banking institution is taking interest in the call for Treasury bill tenders. As there is no competition the Imperial Bank who have heavy deposits with them are having their way in regard to Treasury Bills.

Securities

The week under review witnessed heavy offerings in the gilt-edged market, resulting in a slight decline in rates. Much of the selling was on account of upcountry holders and the securities most affected were $3\frac{1}{2}\%$. Government Paper, 3 per cent. '46 bonds and 3 per cent. the 1953-55 (Fourth Defence Loan) Paper which was quoted at Rs. 99.2 last week declined at one time to Rs. 98.12 but finished a fraction higher at Rs. 98.13.3 per cent. The 1946 Bonds are quiet at Rs. 102.4 as against Rs. 102.5 the rate at which the Reserve Bank recently sold substantial quantities. The 3 per cent. Fourth Defence Loan was offered at as. 2 lower than the rate which the Reserve Bank is now offering to the public. All offerings however, were being absorbed by big institutional investors, mostly insurance companies.

There is evidence to think that the heavy offerings of Govt. Securities during the week were mostly

due to those who have no inclination to buy Government loans but are forced to do so as a matter of obligation. It is significant to note that the bulk of the sales are attributed by the brokers to their clients in the upcountry centres both in British India and the Indian States. As a result of these sales, there was very little demand for the fourth Defence Loan and 3 per cent. 1946 bonds offered by the Reserve Bank of India.

It is now more than a month since the Government of India commenced sales of Prize Bonds. The Government has not so far released any information to the public indicating the trend of the progress of the sales of these bonds. The fact that the Government has chosen to remain silent on the sales of Prize Bonds is interpreted in market circles as that these bonds are not making much headway. It is stated that even in the initial weeks the Prize Bonds campaign did not make progress worth mentioning.

Gold Sales

Sales of small gold bars by the Reserve Bank of India in Madras, Calcutta, Cawnpore, Delhi and Lahore have not had any effect so far on the Bombay bullion market's capacity to absorb the yellow metal. On the other hand, the demand for gold by the local operators has been much larger than that of last week. It is estimated that total sales of gold by the Bank during the week under review would amount to the neighbourhood of 8 to 9 lakhs of tolas. The bulk of the sales took place in the first four days of the week when there were rumours that in view of the continued large scale demand the Reserve Bank would sell more gold only at a higher price. The rumours proved to be unfounded and during the last two days of the week the market assumed a sober and quiet tone with ready gold selling at Rs. 70-15.

Silver

In the Silver Section, prices fluctuated rather widely between Rs. 123.8 and Rs. 126.8 for forward delivery. Ready silver was quoted at a premium of Rs. 2, the rate at one time touching as high as of Rs. 128.12 on account of bear covering in the face of paucity of stocks.

Operators in silver did not pay much heed to the reports coming from London that the import duty on silver might be abolished with a view to depress the prices. Many seem to believe that the removal of import duty without actual import of silver cannot have any lasting effect on the local market. There are, however, some who do not agree with this view on the ground that, if the import duty on silver is removed, the local market can expect to get large stocks of silver from the Kathiawar and other Indian States, where large stocks of silver migrated from British India in the years 1940 to '42, provided, of course, the authorities are prepared to allow adequate transport facilities.

Leading Scrips

The share market continued to be easier all round during the week. The maintenance of dividend by the Kohinoor Mills at the '42 level of 40 per cent.

inspite of the 50 per cent. increase in its capital failed to impart any strength to textile shares, as the market, which all along ignored pre-budget rumours, suddenly gave in to such rumours. The complacent belief among a large section of the operators that the Finance Member would not announce any material increase in the existing level of taxation was rudely shaken by the Transport Member's announcement of a 25 per cent. increase in the Railway fares in face of countrywide protest against such an imposition. All market leaders such as Bombay Dyeings, Kohinoors, Centuries and Tata Iron and Steel Deferreds as well as Ordinaries suffered substantial recession on heavy sales by influential operators. In the textile section, Bombay Dyeings, which were standing at over Rs. 2,200 last week dropped to Rs. 2,090. Centuries declined from Rs. 1,285 to Rs. 1,065, but finished a little higher at Rs. 1,095 when the market came to know that the two big operators who are interested in this scrip for some special reasons were not liquidating their holdings. Kohinoors were freely offered in the earlier part of the week, with the quotation falling from Rs. 770 to Rs. 708. At the lower level it met with good resistance, as there was some diligent investment buying which took up the rate to Rs. 711 at the close. Among the others, Meyer Sassoons were once again in the lime light on revival of rumours about the change in the managing agency. After dropping below Rs. 230 earlier in the week these shares moved up to Rs. 245.

Tata Iron and Steel shares, too, suffered a heavy fall due partly to budget rumours and partly to the absence of any foundation for the previous week's report that the management of the Company was going to revive their scheme for converting deferred shares into ordinary shares. Tata Deferreds rapidly receded from the last week's closing of Rs. 2,212 to Rs. 2,067 and Ordinaries from Rs. 428.8 to Rs. 406. During the midweek there was a slight improvement, Deferreds and Ordinaries touching Rs. 2,115 and Rs. 415.8. At the close, however, there was heavy selling pressure as a result of which they declined to Rs. 2,062.8 and Rs. 408.8.

Among miscellaneous shares, there were no outstanding features. Some of the operators fancy Belapurs very much, probably in the hope that the management might celebrate the Company's Silver Jubilee which falls this year by the issue of bonus shares or by paying a much higher dividend. These shares are for the present somewhat quiet at about Rs. 530 owing to fears about the Government increasing the Sugar excise duty besides asking the Provincial Governments to introduce agricultural income-tax. Intelligent operators, however, foresee that, even if those eventualities were to take place, the pany's earnings would not be very much affected.

In the Banking section, there was a marked rise in the value of Imperial Bank shares owing to unconfirmed reports that the Bank will either be issuing new shares or be calling up the uncalled liability on the partly paid shares. The fully paid went up to Rs. 2,000 and the partly paid to Rs. 530, as against Rs. 1,972.8 and Rs. 497.8 respectively a week ago. There are also reports in certain section of the mar-

ket that, after the war, the Bank might launch upon foreign exchange business on a very large scale.

Cotton

The cotton upturn was short-lived and Jarilla March on Wednesday settled down to its routine trading.

Abnormal situation prevails in Broach, an important cotton belt in the Bombay Presidency. The picking season has commenced but there has practically been no movement of cotton. The Railways have not reopened booking of freight not on account of shortage of wagons but on account of coal shortage. Both Broach and Surti crops are accumulating and this has a sharp reaction on prices in the growing centres. The prices which are quoted at Rs. 525 at the commencement of the season sharply declined to Rs. 440 on Thursday last sustaining a fall of Rs. 85 in a fortnight's time. |

Country carts are being tried to get the bales out but only a fraction can be covered by these methods.

The suggestion that country crafts should convey the cotton bales from Broach to Bombay along the coast, is of limited value because Marine Insurance Companies do not quote after April owing to approaching monsoon. Country crafts can therefore be tried only for a month and the offtake too is bound to be small. A few hundred bales may reach Bombay by country craft but none to Ahmedabad.

Paucity of arrivals is bound to help the speculators to a certain extent. The cotton hold up has been to a certain extent responsible for severe criticism of the Railway Budget presented by Sir Edward Benthall in the Assembly on Wednesday.

Textile Machinery for India

Representatives of machinery industries both from America and England have arrived here by air and been having discussions with Indian industrialists for sales of capital goods after the war. They foresee starting of several new industries in India.

The textile industry will have to replace the spindles. One Mr. A. W. Rippon belonging to leading textile machinery makers in England has been meeting the industrial sub-committee of the Textile Control Board for starting textile machinery industry in India. Mr. Rippon has offered to supply a portion of capital from Lancashire and exert knowledge for starting this industry in this country. The Indian industrialists are impressed with Mr. Rippon's proposition but they are entertaining doubts whether they would be able to manufacture up-to-date spindles with the British plan.

Similarly American representatives are exploring the possibilities of selling American machinery for starting new industries in India. They too have offered to supply capital and bring in their expert knowledge.

Trade Demand for Funds—Further Currency Expansion—Stock Exchange—Outlook for Jute Industry.

(From Our Correspondent)

CALCUTTA, Feb. 22.

There has been a brisk demand for funds in the past few weeks. For the sixth week in succession, the returns of the scheduled banks show an increase in advances, the total rise under this head being as much as Rs. 24.88 crores since the beginning of the year. Bills discounted also are Rs. 1.2 crores higher at Rs. 7.94 crores, so that, the total increase in advances is Rs. 26 crores. Against this improved demand for funds, the working capital of banks has improved by only about Rs. 19 crores so that banks have been drawing on their cash balances. The total of cash balances in the beginning of the year was as high as Rs. 116.21 crores and it has been possible to draw from them without affecting the liquid position of banks. Against the total increase in advances by over Rs. 26 crores, the decrease in cash balances, both on hand and with the Reserve Bank, is nearly Rs. 38 crores. With the increase in total deposits of Rs. 19 crores in the same period it appears that the utilization of funds has been of the order of Rs. 57 crores of which Rs. 26 crores are accounted for by the advances. The rest of Rs. 21 crores has perhaps been invested in Government securities or stock exchanges. Even with the higher trade demand for funds, it appears that banks have found it advisable to invest in Government securities for the recent increase in deposits has been to mostly on account of time liabilities, the figure on February 11, 1944 being Rs. 168.03 crores against Rs. 157.28 crores on December 31, 1943. Demand liabilities have increased by only a little over Rs. 8 crores in the same period. The interest rates have not changed and call money rate is still quoting half per cent. in Calcutta and one-four per cent. in Bombay. The increased demand for funds has been disadvantageous only to the Central Government, the average discount rate on treasury bills having risen steadily in the last five weeks. At the auctions of treasury bills held this week, total amount of applications was higher at Rs. 14.74 crores against Rs. 13.34 crores but the discount rate has increased further to 12 annas and 6 pies per cent. per annum from 12 annas per cent. last week. Banks have shown a definite unwillingness to quote lower rates. Despite the large amount of applications very few tenders were on favourable terms to the Central Government. The offer for the next week has been maintained at Rs. 8 crores. The Bengal Government is coming into the market for Rs. 3 crores of three months treasury bills. With the large deficits for the current and next financial years it is very likely that tenderers might take advantage of the position and demand a high rate.

Reserve Bank

The returns of the Reserve Bank for the week ended February 11, 1944 shows a further increase in the note issue to Rs. 880 crores from Rs. 870.07 crores, there being an expansion of currency of Rs. 11 crores against sterling securities. Notes in circulation were Rs. 7.5 crores higher at Rs. 870.61 crores while notes in the banking department also improved to Rs. 9.39 crores from Rs. 6.98 crores. Sterling securities are Rs. 11 crores higher at Rs. 763.84 crores while rupee coin, too, declined to Rs. 13.42 crores from Rs. 14.49 crores. In the banking department, Central Government's balances are higher at Rs. 43.51 crores against Rs. 39.72 crores while other government accounts are

lower at Rs. 7.93 crores against Rs. 10.03 crores. There is a further sharp increase in bank deposits with the Reserve Bank to Rs. 63.35 crores from Rs. 56.84 crores. Balances held abroad are lower at Rs. 117.63 crores against Rs. 120.85 crores due to a transfer of Rs. 11 crores to the issue department, the net receipt during the week, therefore, being Rs. 6.8 crores.

Stock Exchange

The sudden weakness of the Calcutta Stock Exchange in the early days of the week under review and the vigorous late rally cannot be satisfactorily explained. The earlier weakness of the markets was perhaps due to the fears regarding the Central Budget and the unsatisfactory news from the fighting fronts. As there was a heavily oversold position in respect of certain counters, bears were eager to take advantage of the opportunity and minimize their losses. In the selling that took place in the first four days of last week, they actually succeeded in pushing down values in almost all the sections. It is said that the decline in prices in the Calcutta market was due to an over-bought position. The fact is however otherwise for a great difficulty is still being experienced regarding deliveries and the shares taken away from the market do not return for a long time. In normal times, capital expenditure proposed to be incurred in the budget constituted a bullish factor for the *engineering* section. But with the capacity of the engineering companies heavily taxed, the statement by the Transport Member that capital expenditure on a large scale will be incurred in the coming years has not had any effect.

The *coal* section has improved somewhat in the last two days and quite a substantial rise in prices has been recorded.

The *jute* section was steadier. The remarks of the Chairman of the Indian Jute Mills Association at the annual general meeting held on Friday last, throws valuable light on the position of the industry. There is no difficulty in marketing goods. The difficulty is only with regard to raw jute and coal. About raw jute the question has been satisfactorily solved with the quota of 8 annas of the basic acreage of 1940 for the next season. The position regarding coal is also expected to improve. On the question of requisitioning, it is expected that the strong representations made by Indian Jute Mills Association will have some effect and that not many mills will thus be affected. Above all, the statement that electrically-driven units will continue to work 54 hours throughout the month is a great bullish factor for the market. Therefore there would be a greater buying of shares of companies that can dependent for their electrical energy on the Calcutta Electric Supply Corporation. *Indian Irons and Steel Corporations* have recovered to their former levels.

Sugar shares have been quiet while *teas* have remained steady.

FROM THE PROVINCIAL ANGLE

Madras Letter

HYDRO-ELECTRIC PROJECTS—DEWAN OF TRAVANCORE'S VIGOROUS PLEA FOR DEVELOPMENT—FUTURE OF SUGAR INDUSTRY

(From Our Correspondent)

MADRAS, Feb. 18.

A vigorous plea for the development of hydro-electric projects wherever possible was made by Sir C. P. Ramaswamy Iyer, Dewan of Travancore, when he inaugurated the headworks of the Pallivasal Hydro-Electric Power Project this week. Without power neither transport, agriculture, industry nor manufactures could be developed to make India the equal of every other progressive country in the world. Experts in coal were of the view that the production of metallurgical coal in India was expected to continue at high speed only for thirty to fifty years and that was all the more reason why development of hydro-electric power was essential. It must also be borne in mind that the situation of the coal mines in India is such as to make the distribution of coal on an economic basis impossible. Sir Ramaswamy Iyer emphasized that development of power was particularly important to South India where there was great scope and it was wasteful to run the textile mills and other industrial undertakings with the aid of coal imported from North India. He made a straight appeal to the Madras Government for their co-operation in exploiting the resources of the Periyar waters for the purpose of hydro-electric enterprise. Electricity has so far been developed mainly for lighting and industrial loads; it is important that more attention is paid to harnessing it to agriculture. When the urgent need to solve the food problem in the country, by extending the cultivation of food crops, is realized, it will be easily admitted that South India should not lag behind in its efforts to develop hydro-electric power.

Future of the Sugar Industry

Problems relating to the future of the sugar industry were discussed by Mr. N. C. Mehta, Sugar Controller for India with the S. I. Chamber of Commerce when he visited Madras this week. The Chamber represented that restrictions in the movement of jaggery between province and province created uneven conditions and urged the need to instal without delay power alcohol plants under the Lease-Lend or other arrangements. It was emphasized that those connected with the industry should be taken into confidence by the Government in their plans to develop the sugar industry. The Government should take steps to increase the cane area and yield and to see that the cane cultivator was assured of a minimum price. Though the Controller was unable to give categorical replies to the several questions raised, he said that this year the cane crop was expected to yield 8,000 tons more and there would be a better quota for the different areas. Being a concentrated carbohydrate food, the idea was that larger and larger production and consumption of sugar within India should be aimed at. There was no prospect of having extra sugar mills in South India when the existing mills were finding it hard to get necessary cane supply. While on this question, it would be interesting to mention here that according to official statistics now available, the area planted with sugar cane in 1943 has risen from 121,691 acres to 147,980 acres. The crop had a set-

back in the early stages of its growth in parts of the province due to drought. The harvest has commenced and the seasonal factor for the province is estimated at 92 per cent. as against 87 per cent. in the past year. On this basis, the yield is expected to be 3,823,970 tons of cane, the *gur* equivalent of which is 417,810 tons as against 3,082,100 tons of cane with a *gur* equivalent of 327,240 tons in the previous year.

Grow More Food

"The grow more food campaign figured last year as the foremost of all the activities of the Agriculture Department," according to the review of the administration report of the Agriculture Department for 1942-43. The report details the concessions granted by the Government to increase food crops production and a reduction in the area under commercial crops. As a result of propaganda, the area under paddy in the presidency increased from 10.33 million acres to 10.38 million acres. Cultivation of potatoes and vegetables also received a fillip. Improved grains of paddy issued by the Department occupied an area of about 32 lakhs of acres as against 26 lakhs of acres in the previous year. To meet the increased demand for pure seed, seed farms were started in the Delta districts with part grants from the Government of India and the Imperial Council of Agricultural Research. During the period, 85 lakhs pounds of pure paddy seeds were distributed as against 55 lakhs in the previous year. A scheme for the distribution of iron and steel to agriculturists to make agricultural implements was introduced at the end of last year. There was a steady demand for ridge ploughs, as the Madras Ridger proved to be popular. One notable feature was the demand for tractor ploughing with the object of bringing more land under crops in the shortest time. The Government have since sanctioned the purchase of an additional tractor locally and propose to obtain four more from America under the Lease-Lend arrangements.

The City's Milk Supply

A special officer has been sanctioned to investigate the question of milk supply to and the evacuation of milch cattle from the city. He is to work under the Registrar of Co-operative Societies and has been directed to submit within a month a preliminary report giving an idea of the movement of the prices of cows' milk and buffaloes' milk in the city during the past three years, furnishing a rough estimate of the normal consumption requirements of the city and how the present supplies as can be gauged from the data readily available fall short of this estimate. He has also been asked to send a detailed report on the position of milk supply in the city and make specific suggestions for increasing and improving the milk supply.

The Stock Exchange

There was a decline in the volume of business done on the Stock Exchange mainly due to budget

uncertainties. In the share market, Bank shares continued to ride the high horse, with increases in their values, particularly local banks. Indian Banks (f.p.) were higher by ten points and were quoting Rs. 367. The Rs. 25 paid-up shares improved to Rs. 125-8. There was a good demand for Indian Overseas and the quotation rose from Rs. 103-8 c.d. to Rs. 112 c.d. Bank of Hindustans and Reserves were quoting higher by about two points at Rs. 42-12 c.d. and Rs. 132-8, respectively. Insurance shares, in the lime-light last week, were slightly easier towards the close, possibly due to some profit-taking, as there was no visible selling pressure. After the hectic trading in electrics, interest in electricity shares also waned and there was only a small turnover during the week. Share values were maintained in the textiles section, though here and there some drops in the quotations were noticed. There was selective buying for particular shares and a large turnover resulted in these shares. Ranga Vilas was one such active share and the quotation after rising by eighteen points to Rs. 247 closed slightly easier at Rs. 244. Rajalakshmis came in for business

Bombay Letter

NUTRITIONAL COMMITTEE—PROVINCE-STATE TRADE—AUGMENTING FUEL SUPPLIES

(From Our Correspondent)

BOMBAY, Feb. 19.

AS a recognition of the importance of the nutritional side of rationing, the Bombay Government have appointed a Nutritional Committee to advise them on this aspect of rationing. The Committee has been functioning since September last. As an advisory body the Committee makes its recommendations from time to time on the subjects referred to it by the Government together with its own suggestions. Among the important subjects considered by the Committee are the effect of rationing on the health of the people, the question of arranging demonstrations to labour class housewives of improved diets and propaganda at labour welfare centres on the dietary of labouring classes in Bombay. The Committee has also discussed subjects such as the desirability of fixing moisture contents of bread, propaganda in regard to wasteful and nutritionally undesirable habits and distribution of leaflets in connection with the nutritive value of *Bajri*.

Of particular interest to this Committee would be the effects of food rationing in England as described by Prof. J. R. Marrac, Professor of Chemical Pathology at the London University. The Professor said that the lessons of dietetics gained in Britain might prove to be one of the greatest contributions of the War. As instances of the highly beneficial results of people being fed in a scientific manner, he stated that the average London boy of 12 today was 2.4" taller than his father at the same age and the average girl was 2.1" taller and 13.4 lbs. heavier than her mother. Despite the strain of war difficulties on supply, infant mortality had also dropped to the lowest on record, namely, 49 per thousand. While death rate has gone down from 12.2 to 11.6, the birth rate has risen from 14.9 to 15.8 per thousand.

States and Crop Control

The Sangli Chamber of Commerce have put forward a very useful suggestion regarding the sale and movement of foodgrains. The proposal is that such Indian States as form a natural part of the

up to Rs. 307-8. The planting section was more active than for some time past. With a rise in the price of rubber in the Colombo market to 83 cents, speculation has been revived as to the possibility of the Government of India acceding to the clamour of the planters for a higher price for rubber. This has gained ground because of the recent increase in the basic price of tea sanctioned by the Government. Anyway, a brighter sentiment prevailed in this section and there were widespread inquiries for both rubber and tea shares. Midlands, Rajagiris, Cochin Malabars and Vaikundams came in for business at fractionally higher levels than those prevailing in the past week. O. Valleys came in for business at Rs. 16-7. There was greater interest in the new issues also and they have recorded fractional rises. In the Miscellaneous section, sugars continued to be active. Mysore Sugars were done up to Rs. 66. Chemicals were strong. In the Mysore group of industrial shares, Mysore Lamps had an active turnover on anticipations of a better dividend and the quotations rose by over three points to Rs. 43.4.

Province of Bombay be included within that Province for dealing with the sale and movement of foodgrains, groundnuts, *gur*, oil etc. The Chamber points out that a number of these States are inextricably mixed up with Bombay districts. Since both the district and the State authorities have controlled the movement of most essential articles and since District Magistrates insist upon permits issued by themselves for the passage across intervening territory of goods from one State village to another, local trade and industry have been badly disorganized. There is a lack of uniformity in prices and in some cases factories have had to be closed down for want of raw materials and fuel. The proposal of the Chamber is indeed a sound one and deserves to be thoroughly examined as to its practicability.

Agricultural Wages

The statistics of agricultural and mofussil non-factory wages compiled by the Labour Officer, Bombay, on the basis of monthly returns from representative talukas in each district in the Province, show that, as compared with the previous year, the rates of wages increased. The weighted average rates of wages for skilled, field and ordinary labour in the urban areas increased by two, six and eight per cent. respectively while they showed an increase of 5, 9 and 7 per cent. respectively in the rural areas.

Charcoal Supply

As a sequel to the improved supply position of charcoal following the introduction of a scheme for drawing large supply of charcoal from Government forests in the Province, the Government have decided to meet half of the requirements of Bombay from their authorized shops. One hundred additional charcoal shops authorized by Government will be opened shortly. The City's daily consumption is estimated to be about 600 tons out of which these shops will supply about 300 tons. In order to relieve the pressure on private charcoal shops in the suburbs, a few shops under Government supervision will also be opened there.

Bengal Letter

A SOMBRE BUDGET FOR 1944-45—PLEA FOR FINANCIAL ASSISTANCE FROM THE CENTRE—TRENDS IN JUTE WORLD —RATIONING DEFECTS

(From Our Correspondent)

ON the 18th February the Bengal Budget for 1944-45 was presented to the Assembly. For 1944-45 the revenue of the Government is estimated at Rs. 23 crores 7 lakhs, and expenditure at Rs. 30 crores 43 lakhs. So that the deficit proves to be Rs. 7 crores and 36 lakhs. The deficit for 1943-44, as revealed by the revised estimates, amounts to Rs. 10 crores and 10 lakhs. But the budgetary deficit for the two years, considerable as it is, does not by itself bring out sufficiently the deplorable and, indeed, wretched state of Bengal's finances. The most disquieting fact is that at the end of 1944-45 the closing balance would be a negative quantity coming to near about rupees eight crores and a half. Against this, however, it should be considered that the yields from the Agricultural Income-tax and from the enhancement of the Sales Tax were not taken into account in framing the Budget. But even if proper allowance is made for this omission, the financial position of the Bengal Government gives ample cause for anxiety.

Budgetary Position

The present state of Bengal's finances is largely an outcome of the exceptional and unforeseen circumstances brought about by the food problem and famine. These latter are matters in respect of which the Central Government too have their responsibility and as such they cannot but render adequate financial assistance to Bengal. That Bengal's own resources would be used to the utmost was made clear by the Finance Minister. In 1943-44 and 1944-45 he proposed to raise Rs. 10 crores more revenue than in the preceding years. He warned also that more taxes, besides those that have already been proposed, may have to be imposed before the end of the year. The public feeling here is that the Finance Minister has been rather too hard on this province in his attempt to satisfy the Central Government that the internal resources of the province are being utilized to the full extent. A famine-stricken province like Bengal can hardly be called upon to tighten the tax belt further without subjecting her to intolerable hardship and harassment.

The Destitutes' Bill

The Bengal Destitute Persons (Repatriation and Relief) Bill, 1944 has been passed by the Bengal Council. The Bill seeks to continue the arrangements made under the Bengal Destitute Persons Ordinance, 1943 which was promulgated with a view to repatriating and rendering relief to the destitutes wandering about in Calcutta and other urban areas. The insertion of a punitive Section in the Bill threatening with imprisonment destitutes who return for begging purposes has transformed it from a welfare measure into an unduly harsh piece of legislation. It would be tragic indeed if this return, prompt-

U.P. Letter

SIR D. L. DRAKE-BROCKMAN REVIEWS WAR ECONOMY—CRITICISM OF GOVERNMENT POLICY—ASPECTS OF RECONSTRUCTION

(From Our Correspondent)

CAWNPORE, Feb. 24.

THE presidential address of Sir D. L. Drake-Brockman to the 56th annual general meeting of the Upper India Chamber of Commerce is notable for its

ed by hunger and want, brought no better response from the Government than the use of the Government's coercive power for depriving the fortunate sufferers of their liberty. The fact of the return of the destitutes may well signify the failure of the Government to rehabilitate them properly. Will the destitutes pay the penalty for this failure by going to the prison? Punishment in this matter is absolutely unwarranted.

Jute Mills & Coal Supply

With tiresome monotony one has to keep on stressing the shortage in coal supply as the dominant element in the jute industry. The steam-driven mills have practically been brought to a standstill. Inadequate coal supplies have not only had their repercussions upon the industry, but have also affected the trade. The market for manufactured goods remains firm, there being scarcely any disposition to sell on account of the restricted production. Reports current about the possibility of requisitioning of mills have also introduced a cautious mood into the market. Commitments are avoided for this reason and also in anticipation of the receipt of some Government orders. In the raw jute section, especially as regards Marwari jute, prices show a slightly downward trend.

Production of Jute

Despite the uncertainties in coal supply the production figures of the jute mills for January show improvement, though it is difficult to say if this improvement can be maintained. The production in January is estimated at 86,202 tons. It may be recalled that in November also the production figure was almost of this order. In December there was a sudden falling-off. The fluctuations cannot but continue as long as the coal trouble lasts. While the coal trouble has affected the production of jute mills, this has produced its reflex action upon the consumption of raw jute by mills. Consumption from last July to January has been of the order of 27,32,000 bales. In the corresponding period of the previous year the consumption was more than ten lakhs of bales in excess of this figure.

Rationing Defects

Various complaints have been made about the rationing arrangement that has been introduced in Calcutta. The chief complaint is that the rice supplied from the ration shops is of very poor quality. Another complaint is that the quantity of ration, which is 4 seers of rice and *atta* (combined) per week is inadequate for manual labourers. The day-labourers, again, are at a great disadvantage because they do not have enough money at a time to buy weekly rations. Children below 2 get nothing except one *pa* of sugar per week. And yet in this country many children above 1 live on rice. The fact that no ration has been allowed yet for *Bhog* (offering to Hindu deities) has been a subject of bitter complaint.

outspokenness. Interest also attaches to it inasmuch as Sir Digby's connection with commerce and industry is of recent origin, and he retires this year from India. A retired Indian civilian, Sir Digby, a couple of years

ago, joined as the Chairman of the Raza Textiles Ltd. and the New Victoria Mills, Ltd.

Inflation

Referring to the problem of inflation and the expansion of currency by the issue of paper notes, Sir Digby said that as expenditure was largely on account of His Majesty's Government, sterling credits accumulated in London were reckoned to be sufficient backing for the issue of paper notes. What was in effect a promise to honour on some future, not very certain date, could not obviously command as much confidence as metallic backing, and not unnaturally the value of the rupees, as the numbers mounted, began to deteriorate, nor did the repatriation of sterling debt do much to retard the process.

Referring to the Government drive against inflation which was adopted rather late and the canvassing for borrowings on a huge-scale, Sir Digby said that though lending had increased, no considerable patriotic impulse behind the war contributions had disclosed itself, and among the poorer sections of the community, the industrial worker had not shown any great enthusiasm to help in spite of his increased earnings.

Reconstruction

Dealing with post-war reconstruction, Sir Digby said: "The publication of the Beveridge Report on social insurance attracted widespread attention, not only on merits, but in reference to the possibility of its application elsewhere, India included. But probably the most important event of the year from our present point of view was the issue of the report of the United Nations Conference on food and agriculture, which drew attention to the distressful condition of the common man, especially in Asia, in respect of food, health and nutrition, and the need for what may be called creative development. The attainment by India of a balanced economy by the development of industry and the improvement of agriculture, coupled with the extension of social services, was finally recognized as the goal which would give her the most fruitful results.

"In the order of precedence given to these social services by his Excellency the Viceroy in his address to the Associated Chambers, no one, I think, will quarrel with the general conclusions; but to the precedence given to communications over health (if health includes nutrition and the battle with disease and bad sanitation) I venture with due respect to demur. The objects sought in improving agriculture are primarily the increase of the produce per acre and the extension of cultivation, particularly of foodgrains, so that every man may have enough to eat. I do not desire to underrate the importance of good communications. But the benefit of them will go primarily to the owners of surpluses and the producers of commercial crops, and as the majority have not yet enough to eat and therefore no surplus, better communications will not be of direct advantage to them. More insistence, therefore, in my judgment should be placed on improving health than on improving communications.

Extravagant Hopes

"There seems to be a distinct danger of too extravagant hopes being entertained of the success likely to be attained in the battle for freedom from want, sickness and squalor, which is our aim. Fantastic statements about the amount of land available for cultivation have appeared in numerous articles based at best on figures of so-called culturable waste derived from old unscientific surveys and at worst on mere conjecture. The use of jeeps, and bull dozers is now being canvassed for purpose of reclamation whose ultimate fate is likely to be what some cynic described as a perpetual doze on ruins of their own creation.

"Proposals have recently been put forward by a group of Bombay industrialists for a 15-year plan of industrialization and improvement of agriculture which will, it is hoped, double the total produce in that period, and will cost a sum of money which makes the

demands of the Sargent Scheme look modest and the amount laid by the U.P. Government for post-war reconstruction a mere bagatelle. Those of us who have participated in the fight against the forces of ignorance, superstition, and inertia, not to mention privilege, sectional or party perversity, and governmental indifference, after the first flush of enthusiasm, for periods longer perhaps than some of the authors of the plan can remember, know that the battle for progress will be long and arduous; the progress made measurable by painful inches; and that the enemy will yield only to patient and persistent endeavour. On the other side, the exploits of the Russian armies have fired the imagination of Indians generally and the younger generation in particular who attribute them to the moral and material revolution brought about by the Bolsheviks prior to 1939. Why, they impatiently ask, cannot the same things happen in India? Some boldly advocate a communist revolution. While not denying that India may have important lessons to learn from Russian experience, it seems to me that sufficient answer is to be found in the fact that the conditions for an emergence of a dictatorship of the proletariat are not present in India; that the people to be dealt with who count are petty proprietors of land or substantial tenants and artisans of strong individuality and independence of outlook who could and would put up formidable opposition to forcible collectivization or regimentation of any sort. Both planners and impatient idealists have to be reminded that the ultimate objects of planning are human values, and that material advantages do not always bear the fruit or produce the harvest anticipated.

The Home

"Now the home is the woman's sphere. But in no speeches, dissertations or papers that I have heard or read, has this important half of the population been even mentioned. Even in their own line, the women of the poor know little of cooking, or of utilizing to the best advantage the narrow range of materials ordinarily at their disposal. Of foods which might with a little insistence be got and would vary and supplement their ordinary diet, they know even less. Of the care and feeding of children, they are almost wholly ignorant. But then, what urge or aspirations can anyone have if his or her only home is a one-roomed mud hovel, in which all domestic offices have to be performed? No better contribution in my humble judgment could be made to the fight for freedom from want and squalor than the appointment to the utmost extent possible of trained women workers, to instruct and assist the wives and mothers of the poor in home-making and cookery; and these will obviously be in a position to undertake maternity and child welfare.

"But without better houses, little impression will be produced. The chief impediment in the way of building good houses, apart from poverty, are out of date feudal privileges. Legislation should be passed to make it possible for village residents not only to obtain land for building houses of reasonable dimensions but to build houses of the nature they desire and can afford."

Control Measures

Dealing with the various control measures affecting trade and industry, Sir Digby said that if a balanced economy was to be attained, "ways and means must be considered for rehabilitating existing industrial concerns which have been worked to death during the past few years; of assisting or developing numerous smaller ones which have sprung up during the war; and of encouraging the establishment of new ones for which India possesses natural advantages or the establishment of which is desirable in her interest. With these questions is linked the thorny question of the utilization of the sterling balances. Further India's trade policy must be reviewed with a view to achieving these objects. For trade and industry are inter-linked."

Sind Letter

RATIONING OF FOODGRAINS INAUGURATED—IMPORTERS' REPRESENTATIONS TO CHIEF CONTROLLER—FIVE-YEAR PLAN FOR DEVELOPMENT OF AGRICULTURE

KARACHI, Feb. 17.

Municipal Finance

AT long last, the Sind Government has had to give way finally to the determination of the Government of India, and the rationing of foodstuffs, like wheat and rice, started in Karachi City and Cantonment areas on Sunday, February 13. A month later, the scheme will be extended to Hyderabad, the second largest city in the province. The experience of the first few days indicates a smooth running of the experiment. For one thing, the public are generally free from the fear of food shortage, which helps hoarding and black-marketing. Sind fortunately is a surplus province, and by way of extra precautions Government have also built up a reserve, to which imports of Australian wheat and Iranian grain will be added. While there is no question of the system failing owing to shortage of supplies or of rationed units being insufficient, it is feared that the quality of the rationed articles might not keep a uniform standard, and people who have been used to eating superior quality of rice coming from Dehra Dun, will now have to be satisfied with two cheaper varieties which Sind in main produces. A complaint heard from labouring classes is that the hours of opening of shops are not convenient to them, not to speak of the hardships caused to casual labour by the cash and carry principles. There is also the question of special provision for religious purposes and for the feeding of dumb animals as part of charity. In the main, Karachi's system is expected to be similar to Bombay's.

Importers' Woes

A plea for greater imports of manufactured goods consistent with the need to safeguard Indian industries and the need to urge for quotas on a quantitative basis rather than on value was made by the managing committee of the Buyers and Shippers Chamber, when they met on Monday Mr. Ramchandra, I.C.S., Chief Controller of Imports. Replying to the demands of the traders, Mr. Ramchandra stated that the main source of inconvenience was that the Government of India had no controlling voice in the fixation of imports at the country of origin. Adverting to the suggestion for a change in the principle of quotas, the Controller explained that the principle that had weighed with the Government in adopting the value basis was increase in the prices of all imported commodities after the war. At the same time, certain articles had been also fixed on a quantitative basis and gave wet dates as an example. Adverting to the difficulties expressed by soap manufacturers owing to restricted supplies of coconut oil from Ceylon, Mr. Ramchandra said that no special licence was necessary but the shortage of oil was real and could not be remedied in the existing circumstances.

The Karachi Municipal Corporation has obviously taken a leaf out of the budgetary experience of the Government of Sind, for, in order to make up the deficit in the municipal budget for the year 1944-45, the Chief Officer has suggested requesting the Provincial Government for a subvention such as the latter themselves have been receiving from the Central Government for seven years now. According to a statement submitted by the Chief Officer to the councillors, the expenditure of the Corporation has been steadily increasing, from Rs. 47.07 lakhs in 1942-43 to Rs. 59.73 lakhs in 1943-44 to Rs. 65.35 lakhs in the coming year. He points out that the main items responsible for rise in expenditure are payment of loan charges, dearness allowance to staff, expansion of health, medical and educational facilities to the citizens and increased cost of stores and other equipment. He, therefore, suggests that the Government might be approached to grant a subvention equivalent to the dearness allowance, and points out that the Government of Bengal have helped the Calcutta Corporation in a similar manner, besides also granting a loan. The Chief Officer has further suggested that Government should also be approached to waive recovery of Rs. 75,000 per annum for the supply of water from the Indus river until better times and to forgo the recovery of the electricity duty of Rs. 80,000 a year. Incidentally, it might be mentioned that Karachi received its first supply of water from the Indus yesterday, with the completion of a crore of rupees scheme.

The Five-year Plan

A five-year plan for the development of agriculture in Sind, estimated to cost Rs. 60 lakhs, has been adopted by the provincial board which met in Karachi during the week-end. The plan incorporates several schemes for research with a view to improving the quality of foodgrains and their yield, arrangements for better distribution of seed and for inducing graduates in agriculture to settle on farms. The importance of constructing at least another barrage in Lower Sind to utilize the waters of the Indus for purposes of irrigation has also been stressed in this connection. His Excellency the Governor, who addressed the Board, said that a balanced and co-ordinated economy was the crux of all planning. He also emphasized the need for betterment of *haris*, the actual tillers of the soil, and for maintenance of high standards of work and efficiency by the staff of the Department of Agriculture. The Governor also cautioned: "The poverty of Sind in mineral resources, about which we know so little, and its climate about which we know too much, will continue to militate (though not, I hope, altogether successfully) against its industrial development; on the other hand, Sind's potential agricultural development is very great." This observation, thought Sir Hugh Dow, was true of India as a whole and surely of Sind.

A DELHI DIARY

The Government of India had their first big Budget defeat today in the Assembly when they reduced the Railway demand for appropriation to reserves by Rs. 10 crores, the amount sought to be raised by increasing passenger fares by 25 per cent. The very fact that practically all elected members, with certain negligible exceptions voted for cutting down supplies showed the strength of opposition in the House. In none of the speeches of the Railway Member, Sir Edward Benthall, was there any new argument. Arguing as he previously did that more travel meant more prosperity, Sir Edward declared: "Actually the rise in the number of passengers travelling is in keeping with the curve in the rise in prices and the resultant greater prosperity among those who have goods or services to sell." He wanted to check travelling by making it more expensive. Sir Edward repeated also the plea that money raised by this increase was to be earmarked for improving the amenities of third class travel after war. The Finance Member came to the rescue of his colleague on Thursday when the "cut" motion was taken up. He put forward the general proposition that whatever brought money back to the Government was anti-inflationary. And he went on to say: "Government alone broadly speaking had made practically no increase in their charges, certainly nothing compared with the general increase in the charges of goods and services provided by private interests." If at any time there had been the hope that as a result of the Budget debates the two sides of the House would be able to arrive at a compromise, that hope was dashed to the ground by the speeches of two Government Members. It is still not finally certain what the Government's future attitude would be—whether they would insist on enforcing the increased fares or would be prepared to revise their proposals. It looks as if the Government have no intention of going back on their decision whatever the vote of the Assembly may be. So far as the Legislature, however, is concerned, it has made clear that it is definitely opposed to the increase.

It was made clear by Opposition speakers that the object of the "Cut" motion was to protest against the proposed increase in fares. The Transport Member, however, put his own interpretation on the financial effect of the motion. He said that if the motion was carried, it would only mean that the sum of Rs. 10 crores expected to be realized through the increased fares would instead of going into the reserve fund swell the Railway surplus and thereby add to the contribution to general revenues. The Transport Member did not categorically state that the Government would take this course, but the interpretation which he put upon the motion evoked spirited opposition from Opposition members.

Certain important questions raised in the course of the debates have so far gone unanswered. The twin evils of the present Railway administration—ticketless travelling and corruption—have been steadily increasing. They are both in their respective ways responsible for a good deal of the present congestion, but the Government's measures have proved ineffective. Then, again what have the Government done to relieve the Railways from the burden of free passes, and other concessions enjoyed by officials? No harm can ensue if at least as a war measure all these concessions are withdrawn, for there is no meaning in calling upon the public to travel less and at the same time continuing peace-time concessions which are a direct inducement to officials to travel more. One member in the Council of State made particular mention of the concessions given to military officers even when they travel on their private account. They are still entitled to the privilege of travelling in the first class by paying only second class fares. If the Government's object is to reduce travelling to strictly essential needs they cannot apply one standard to the general public and another to the

official classes. If the Government would only agree to appoint an independent committee to examine the question of wasteful or unnecessary travelling for which the Government Departments are directly responsible, much more can be done than the proposed increase in fares. Unfortunately the Government have, in framing their proposals proceeded on mere theories without caring to inquire into the actual effect on the poorer classes of the population. And that is, to some extent at least, due to the incapacity of the Government at the Centre, as at present constituted, to keep itself in touch with the people and understand their needs and difficulties.

As expected many members raised the question of locomotive manufacture. One Bombay member pointedly told the Government in one of the debates: "A Government anxious to help India's industrial development would have made sure of at least one thing: that steps were taken at once to speed up their manufacture, both in our own interests and those of the Allied nations." But what is happening as a result of the Government's neglect in the past? As one member reminded the Government in the Council of State, railway engines and wagons had been transferred abroad in considerable numbers for war needs elsewhere. He warned the Government: "Hundreds of locomotives and thousands of wagons have to be imported from across the seas. Today India's transport system is unprepared to bear the strain of offensive operations against Japan and needs to be overhauled and expanded." The apprehension regarding the expected imports is threefold—that they cost a great deal more than pre-war rates, that their quality is not so good and that these large imports may interfere with the proposal for starting locomotive manufacture in India on a large scale after the war. The Transport Member had nothing definite to tell the Legislature, for all that he permitted himself to say was that they were doing all they could to finalize the plans and get the machinery installed! It is no consolation to be told year after year that the necessary plans are being prepared. So strong is the feeling in the Assembly that the Government's policy is bound to be censured by means of another budget "Cut." It is difficult to understand why the shipping space now spared for bringing hundreds of locomotives cannot be utilized for bringing the necessary plant and machinery—to some extent at least—for starting important industries like locomotive construction. It is the Government's habit of continual delay that is responsible for the suspicion that the Government are really not in earnest about making India a big manufacturing centre for all railway industries.

The announcement that a certain portion of the Bengal Assam Railway has been handed over to American army led to heated questions in the Assembly. According to a statement made in the Assembly it is only "traffic operations" that are being handed over for control and direction by American forces who will employ a number of their army railway personnel. It was also admitted by the Transport Member that though American officers have not been regularly employed by Indian Railways, "on occasions American officers had been associated in work which affected the movement of their own war equipment and Stores." Some members took serious objection to the handing over of Indian Railways in this manner to American control without even consulting the Assembly. It was obvious from the Transport Member's answers that the Railways in these areas have more or less become an adjunct to the Army Department. The question which still remains unanswered is—if these Railways have become so closely associated with military preparations, why should not the whole cost of it be debited to the military budget?

ARGUS.

NEWS PAGE

It is stated that the Government of India regard total urban rationing as a fundamental part of their all-India food policy, and they have already made it clear that limited rationing schemes or "provisioning schemes" cannot be regarded as final; at best they should be regarded as bases for the introduction of full urban rationing.

Questions relating to standardization of occupational terms and wages of skilled and semi-skilled workers in India will be examined by four committees consisting of the Chairman, National Service Labour Tribunal, officers of the Technical Training Scheme and representatives of employers and employees, which are being set up immediately in Bombay, Bengal, Bihar and the United Provinces.

The Government of India have fixed the maximum price which can be claimed for hollow-ware scrap aluminium sold from February 19. Up to 31st March, 1944, no person shall sell or offer for sale hollow-ware scrap aluminium at a price exceeding Rs. 2 per pound. On or after 1st April, 1944, this price is fixed at Rs 1-12 per pound, and until further notice.

The loss on the working of the Cheap Grain Shops Scheme for railway employees, which has been in operation since the middle of last year, is expected to be Rs. 10 crores for the current year and Rs. 11-1/2 crores for next year, or Rs. 21-1/2 crores for both the years. There are now over 520 shops, of which 130 are in travelling vans. Over 7-3/4 lakh railway employees are receiving the benefit and the turnover is about a million maunds a month.

It has been decided by the Central Government that Standard Cloth which was hitherto compulsorily insurable under the War Risks (Goods) Insurance Scheme shall henceforward be only voluntarily insurable when it ceases to be owned by the manufacturers thereof. So long as it is owned by manufacturers, it will continue to be compulsorily insurable.

The British Government announced last week its plans for a comprehensive health service for the whole nation, thus releasing the first plank in Mr Churchill's four-year plan for Britain's post-war policy. Free doctors, medicines, hospital treatment, specialists and other services for every man, woman and child in Britain are proposed in a White Paper. It is claimed that this new free "all-in" scheme largely fulfils Sir William Beveridge's suggestions for a comprehensive health service.

To relieve the situation in Junagarh State where a deficit of millets is reported, due to a failure of crops, it is understood that the Central Food Department has made an immediate allotment of 7,000 tons of millets and 600 tons of wheat.

A British Commonwealth and Empire Conference, under the Chairmanship of Sir Stafford Cripps, Chairman of the Radio Board, has been taking place in London during the last few days to study war-time advances in Radio development in the light of its bearing on post-war Civil Aviation, and to examine the problems concerned. Technical aspects of the question only were examined. India was represented at the Conference by two officials of the Posts and Telegraphs Department and the Civil Aviation Directorate.

The tenth batch of Bevin boys comprising 79 trainees recently sailed for the United Kingdom. The

batch includes four nominees of various shipbuilding firms to receive special training in shipbuilding and ship repairs. This brings the total number of Bevin trainees sent for training to 563.

By an amendment to the Drugs Control Order, the maximum wholesale and retail prices of imported drugs and medicines produced by well-known manufacturers, fixed three months ago under the Order, have been revised, in most instances in a downward direction. The list of drugs included in the schedule of controlled prices has now been considerably enlarged.

Dr Leon Truesdell, Chief Statistician of population for the U.S. Bureau of Census, reported this week that the census for rationing, plus the numbers in armed forces, shows an increase of 3 per cent. in the U.S. population in 1943.

Jessenden Blanchard, President of the U.S. Textile Research Institute, has expressed his hope that the Chinese textile industry may offer a splendid opportunity after the war for American capital management in co-operation with the Chinese. He adds that prosperous China may turn out to be the greatest future market for American products.

A notification under the Hoarding and Profiteering Prevention Ordinance fixes the rupee equivalent of shilling and American dollar prices for the sale of books. Prices for retail sales shall be calculated on the basis of not more than Re. 1 per shilling for books from the United Kingdom and Rs. 5 per dollar for all American book publication, normal reduction being made in regard to wholesale transaction. Retail sale prices of newspapers, magazine and periodicals shall be calculated on the basis of not more than Re. 1-4 to a shilling or Rs. 6-12 to a dollar, as the case may be, subject to usual reduction being made for wholesale transactions.

The Seventeenth Annual Session of the Federation of Indian Chambers of Commerce and Industry will be held in New Delhi on Saturday and Sunday, the 4th and 5th March, 1944, under the chairmanship of Kumararajah Sir Muthiah Chettiar of Chettinad. Subjects on which resolutions are tabled are: Post-War Reconstruction, Bombay Industrialists' Plan, Food, Post-War position of Industries established during the war, Coal, Pharmaceutical and Drug Industry, Industrial development and Taxation of industries, Civil aviation, etc.

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Industry

The Jute Industry in 1943

THE first half of the past year might be described as more or less uneventful in the jute industry although not without its difficulties, said Mr. W. A. M. Walker, Chairman of the Indian Jute Mills' Association, in his speech to the annual meeting of the Association held in Calcutta on Friday last. Early in the year, he continued, as the result of considerable shipping space being available, the U.S. Government decided to make purchases of considerable quantities of hessian for quick shipment and although they made efforts to do so in the normal manner, the domestic ceiling price order which they had fixed previously handicapped them when it came to making large purchases in what rapidly became an excited market. With the consent of the Government of India, the balance of their requirements was placed on all mills and working hours increased to ensure delivery on time. That was a simple matter then—we had no coal troubles and hours were extended to meet the extra production required. A far different state of affairs existed when during May the U.S. representative again approached the Association for assistance in obtaining their requirements, this time of a very large order—Rs. 70 crores for delivery from July, 1943, to March, 1944. Though somewhat reluctant to continue this practice of placing these blanket orders on all mills, in view of the urgency of the matter and the great desirability of maintaining close co-operation and the friendliest of relations with our largest single consumer, it was decided to accept the order at prices which were then considerably below the current market rates and which, with the then existing prices for the raw material, could not be described as a very profitable deal. Maximum prices for jute manufactures were subsequently fixed on the levels ruling then in the open market, which were on a higher basis than that at which the American order was negotiated. But so far as the American order was concerned the profit margin on the raw jute ceiling prices was of a very modest nature and the Government of India were fully satisfied that on the subsequent maximum price schedule for jute goods, the margin of profit was under 20 per cent. and it must be remembered here that these were maximum prices so that there was ample scope for fluctuations of profit margin both downward as well as upward.

Towards the end of the year grave concern was felt by those concerned regarding the possible shortage of raw jute for the ensuing season and it became evident that, owing to the food situation in Bengal, it might be difficult to secure a crop of sufficient dimensions to meet the possible demands up to the end of June, 1945. The Bengal Government were naturally in somewhat of a dilemma since with prices on the levels existing at the end of the year, there was not a great deal of inducement to the ryot to sow a bumper crop of jute although it might well be required, nor could they feel that this could be encouraged in the face of the grow more food campaign and the necessity for making Bengal more self-supporting so far as food was concerned. A conference was held in Delhi early in January, and in return for the licensing of eight annas of the recorded acreage together with the promise of the Provincial Government to encourage sowings to the full extent of this acreage the Government of India have agreed to purchase all surplus crop both of the current season and the following season at a price not below the equivalent of Rs. 15 per maund for Jat Middles. At the same time it has been agreed that the present maximum price schedule

fixed by the Association in June, 1943, should remain as the maximum prices and Government are empowered to requisition jute at these prices. It has also been agreed that the Association's present maximum price schedule for manufactured goods should, with a few minor adjustments, remain in force. All these schedules will be given statutory effect in the very near future and so far as jute is concerned will remain in force until June, 1945.

The onus lies on the Provincial Government to ensure that the ryot receives the fair parity of these prices in the mofussil and if the Association can be of any help in attaining that very desirable end, its co-operation will be readily forthcoming.

It is to be hoped that this fixation of prices by statute will have the effect of stamping out black market transactions which have been somewhat more in evidence of late. The Government of India wish it to be fully known that they are determined to stamp this and hoarding out of existence to the full extent of their ability and will not hesitate to requisition either jute or jute goods to achieve this end. There has, however, been evidence of further very considerable dealings in both hessians and heavy goods of late at prices well above the Association's maximum schedule, and hence the warning is necessary that although "bazaar" interests have been protected in the past, if they continue these dealings they will accomplish but one result, their own destruction.

The subject which must be regarded as the most gloomy feature of the industry's working during the last half of the year is the shortage of coal. It began shortly after the introduction of our coal dumps by the shortage of wagons and was quickly followed by the disastrous breaches on the railway system following the floods in July last. An improvement in general transport, brought about by achievements on the part of the railways concerned, was followed by the repair of the breach in November last, but although arrivals of coal into this part of the province stepped up rapidly, the jute industry still appeared to be receiving little, if any, consideration. Despite the fact that Government fixed a rationing programme for coal as from 1st November, there have only been four weeks in which full supplies were received, the arrivals for the remaining period varying from 50 per cent. to 80 per cent. It is to be doubted if the seriousness of the industry's position is fully realized and the Government have utterly failed in such efforts as they have made to deal effectively with this vital problem. It might reasonably have been expected that an industry of such vital importance as ours is to the whole of the United Nations war effort and which itself has accomplished so much in its close co-operation throughout with Government, would have deserved some better treatment. This is the only large industry which on its own initiative has imposed upon all its members such severe rationing of coal and has by its efforts, achieved such remarkable economies in coal consumption. The reward for this so far has been curtailed supplies of coal. In the seemingly commendable arrangements for the distribution of coal proposed to be introduced in March, it is to be trusted that the jute industry will get a better treatment than it has received in the past.

Another major difficulty which has faced the industry during the past few months has been the ever increasing demand for space for military requirements

either for storage or other purposes. So long as this was confined to reasonable demands for godown accommodation and living quarters, there was little inconvenience suffered and members gladly co-operated to the fullest extent in making these available—in the first instance free of charge. The position, however, has rapidly changed and no less than 8 mills were requisitioned towards the end of last year, most of them as the result of voluntary surrender. We have recently been requested by the Government of India to consider the position once again in the light of the further large demands for space. Proposals were put forward by Government which practically amounted to a reconsideration of the rationalization plan, coupled with certain suggestions as to compensation arrangements. The Committee of the Association could not accept these suggestions since they feel them to be completely unworkable and not in any way to provide a solution to the very complex question as between various agencies and above all, the position regarding labour. The Government of India have already been warned that whilst theoretically the production of 100 per cent. at 54 hours can be doubled up in half the space, this is far from being the case practically and that the Association could not contemplate without grave concern the release at the utmost of more than 25 per cent. of our capacity. During the past year manufactures came to 898,674 tons on civil account and 114,037 tons on Government account—a total of 1,012,711 tons. The opening stocks of goods on 1st February, 1943, were 252,261 tons and at the close of the year 221,304 tons, so that no less than 10,43,668 tons of manufactured goods during the past year have been disposed of.

Orders placed through the Chairman as Adviser on Jute Supplies totalled Rs. 12.37 crores which was lower than 1942, the peak year of war supplies by the industry. The total supplies to Government direct amount to Rs. 54.67 crores since the outset of the war. The munitions supply section has continued to contribute its valuable quota to the war effort although here again there has been a reduction in quantity, only 16 lakhs of pieces being supplied last year as against 24

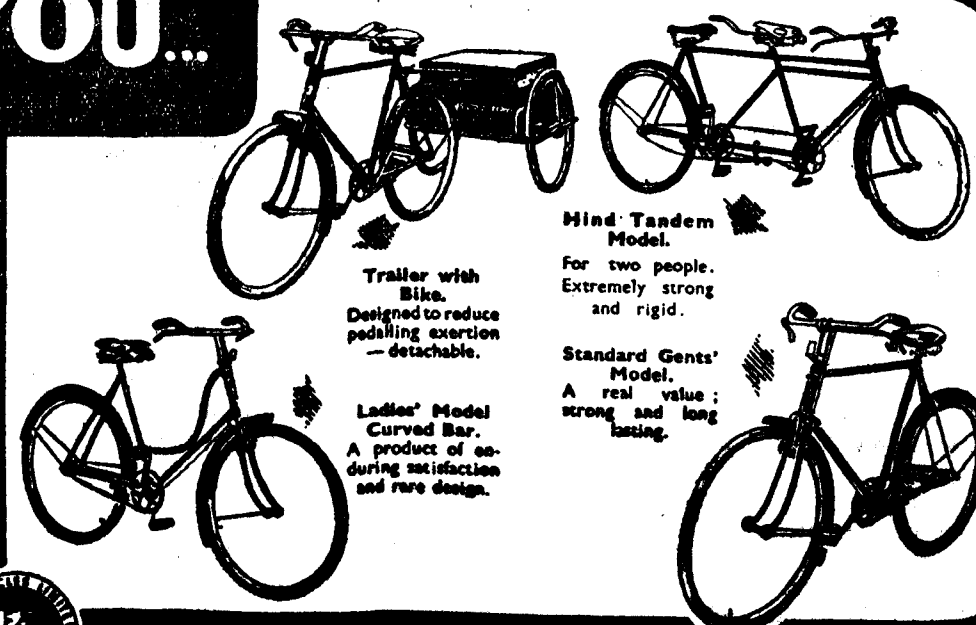
lakhs in 1942, chiefly due to shortage of raw materials and coal. It is likely that this section will be wound up in the near future on account of the coal shortage and other factors. It has been a voluntary effort without any measure of profit and has been appreciated by Government.

The past year has again been one of the lowest on record for labour disputes and such disputes as have occurred have been generally of short duration and have been satisfactorily settled between employer and employee without the necessity for adjudication by the Provincial Government. Outstanding above all other features has been the food problem. Through the excellent arrangements made by the Bengal Chamber of Commerce Foodstuffs scheme, mills in the Association were able to provide foodstuffs for their labourers at concession rates without a break throughout all this distressing period. On instructions from the Provincial Government, the Association was obliged to restrict the quantity of these rations to 5 seers of cereals per week but the supplementary items continued in full supply throughout the year. As things were, labour in many cases came to the rescue of their less fortunate brothers and as a result of the Association's policy and labour's self-sacrifice there has been comparatively little serious suffering in the industrial areas immediately surrounding Calcutta. A further notable feature contributing to labour tranquility was the granting of an amenity allowance of Rs. 4/4 per week plus cheap foodstuffs during the enforced periods of idleness.

The Research Department of the Association was started as an experimental venture in 1933. Its success has been so pronounced that members have unanimously agreed that it should now be placed on a permanent footing. Accordingly steps were taken to that end and in September, 1943, the constitution of the Indian Jute Mills' Association's Research Institute was completed. The problems which have engaged the attention of the Institute during the past year have been many and varied and the outcome of the work involved has been a very valuable contribution to the general well-being of the industry.

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FINANCE

Inflation—Some Pseudo Remedies

(Contributed)

OF the various anti-inflationary measures persistently advocated in this country, the raising of rupee loans by Great Britain to finance her expenditure in India and the sale of gold by the Government of India invariably claim pride of place. The suggestions have emanated not from officialdom but from quarters vitally interested in our national welfare. It is all the more imperative, therefore, to examine the efficacy of these remedies in checking inflation.

That the present method of financing the purchases in India by His Majesty's Government by placing sterling credits at the disposal of the Government of India is inherently inflationary in that it ultimately increases the volume of note circulation in India cannot be denied. That the adoption of an alternative method of financing Britain's war expenditure in India will stop further accumulation of India's sterling balances, which are at present a constant source of embarrassment to Britain and acute apprehension to the nationals of this country must also be readily granted. But what is difficult to grant is that once Britain decides to raise rupee loans to pay for her purchases in India these loans will have an anti-inflationary effect by mopping up the community's surplus purchasing power, which is at present impinging remorselessly on the steadily dwindling volume of consumers' goods. If true, this will be a consummation to be devoutly wished. But, unfortunately, it is not. For the contention assumes that purchasing power attracted by Government loans and bonds is purchasing power immobilized. This is a dangerous delusion.

Grant that Britain agrees to raise rupee loans to finance her war expenditure in India. What happens? His Majesty's Government is certainly not going to sit on the proceeds of the loans. It has to utilize them for paying the Government of India, contractors, industrialists and manufacturers for materials purchased. The Government of India and manufacturers in turn have to pay out the bulk of what they receive from His Majesty's Government to those employed in various kinds of factories connected with war work, government clerks, agriculturists, small traders, etc. Except those few who are able to save and choose to re-lend to the Government, all the other beneficiaries of Government expenditure spend the money they receive on consumers' goods. In the case of wage earners, peasants and petty officials who constitute the bulk of the recipients of public expenditure this is absolutely imperative. For them the question of saving simply does not arise since their entire income is expended on the satisfaction of their most elementary needs like food and clothing. Thus a substantial portion of the purchasing power that was originally lying idle with the richer section of the community and was subsequently shepherded into public treasury returns to the pockets of relatively more needy private citizens and must inevitably push up the prices of consumers' goods, unless, of course, care has been taken to appreciably increase the supply of such goods in the country. So long as the proceeds of the loans that are raised are not utilized for the production of consumable things which are likely to absorb the additional money that is pumped into the community as the result of Government expenditure on an unprecedented scale, every loan that is raised by Government is not

only not anti-inflationary but has just the opposite effect. This holds good not only of the loans that Britain might raise in India but also of the loans which the Government of India have raised in recent years, are raising at present and intend to raise in future.

As a matter of fact, loans raised by the Government of India since the commencement of the war have already tended to produce an inflationary effect because the major portion of the proceeds of these loans is being solely devoted to the production of war materials without any thought of augmenting the supply of consumers' goods for civilians either by imports or by production within the country. The only articles our Government has thought fit to import are Scotch whisky and razor blades. Does the Government expect the millions of our factory employees, agriculturists, petty state officials living on the margin of subsistence to walk home with a bottle of Scotch on pay day? While a primarily industrial country like Great Britain, despite acute shortage of manpower, has managed to double her agricultural output since the commencement of the war, it is a moot point whether the Indian agricultural output has increased by at least 10 per cent.

One can understand loans acting as a check on inflation in countries like Great Britain or America. There the proportion of money that is re-lent to the Government by recipients of government disbursements to total public expenditure is bound to be appreciably higher and to that extent government borrowing may be said to reduce potential demand for consumers' goods. This is rendered possible because (1) the bulk of the population in those countries had been above subsistence level even prior to the commencement of the war and is therefore in a position to save and lend to Government (2) additional income accruing to them as a result of the war has not been eaten up by a phenomenal increase in the cost of living (prices are rigorously controlled both in Britain and U.S.A.), and (3) the average citizen is inspired by patriotic motives and need not be told a second time to draw in his belt so that his country might emerge victorious out of this war.

All the three factors enumerated above are significant by their absence in India. With the vast mass of workers, farmers and petty employees of the Government chronic unemployment, unremunerative employment or under-employment has been the rule. Such of those whose economic condition has relatively improved on account of the war are naturally eager to satisfy their essential needs, perhaps for the first time in their lives. It is rabid nonsense to tell them, as some of our inane National War Front posters try to do, to save. They have to live before they could think of saving. The plight of the slightly more well to do classes is not more enviable. They are in receipt of dearness allowances ranging from 10 to 50 per cent., while the cost of living, compared to the pre-war level, has gone up by more than two and a half times. Above all, the eagerness to skimp and save and lend to the Government so that it shall carry on the war to a victorious end is singularly absent in India because of the existing political complications and the lack of a national government. Under such

circumstances and in the absence of an all-out drive to enhance the production of the consumers' goods, it is futile to expect any appreciable proportion of the Government expenditure to return to the treasury in the form of subscriptions to new Government loans whether raised by His Majesty's Government or by the Government of India. Subscribers to government loans in India, it must be remembered, are mostly institutions like banks and insurance companies and a microscopic minority who constitute the extremely rich and who at any time cannot help saving a large part of their fat incomes; they are not the middle-class and the lower middle-class sections of the population who benefit by governmental expenditure and whose demand for consumers' goods increases as a consequence.

Incidentally, what is true of loan disbursements is no less true of tax disbursements in India in so far as their effects on price level are concerned. Whether further taxation will stem the inflationary trends or not depends on whether or not the authorities are prepared to utilize the tax proceeds on furthering the production of consumers' goods.

Not so many months ago, it was enthusiastically argued by some that if only the authorities were to sell gold in the open market it would go a long way in absorbing the community's surplus purchasing power generated by conditions of war. In so far as the effect of this measure on prices is concerned, it is difficult to see in what way is the official sale of gold different from Government's attempt to attract the funds in the pockets of individual citizens through loans or taxes so long as the consumers' goods continue to be in short supply and so long as the Government does not propose to do anything about it.

Some 3,500,000 tolas of gold have been officially sold through the Bombay market since August 17, 1943. What has been the result? Besides bringing down the price of gold from Rs. 87 to Rs. 71 per tola and perhaps fetching handsome profits to some foreign government for whom the Reserve Bank of India was presumably acting as agents and to certain Bombay financiers who sold and covered, its effect on prices has been proved to be negligible. The reason is not far to seek. In spite of what the City editors of London journals may say about the absorption of gold by up-country agriculturists, those who have gone in for the yellow metal are confined to that small section of extremely well-to-do persons to whom gold offers at present the only medium of investment reasonably secure and liquid. Gold offered for sale did not and could not attract the average factory employee, peasant proprietor, landless peasant and members in the lower rungs of the black-coated professions for the simple reason that they do not have that much money with them to invest. True, the war has brought to most of them a certain measure of prosperity. But it is only relative. Whereas they were deeply sunk in squalor before the war, they are able to live a little better now which fact has translated itself into an enhanced demand for the essential things of life. Hence the unchecked onward march of prices. The

purchase of gold by a few rich individuals under these circumstances has not and cannot alter the basic factors of the situation.

Even such a well-informed journal like the London *Economist* has failed to realize this aspect of the question in its recent analysis of the gold sales in India. Like the curate's egg, the British journal's discussion about the official sales of gold in India is good in parts. It is quite on safe ground when it says that much of the gold that was absorbed recently by the Indian market was for hoarding rather than for speculative purposes. But it is difficult to grant its contention that the metal was absorbed by up-country agriculturists. What really appears to have happened is this: It is believed that as soon as the Government got the bright idea that they could arrest the inflationary trend by official sales of gold, they brought pressure on some of the Indian States which were known to possess fair quantities of gold to part with some of the metal to the Reserve Bank to help the latter secure an adequate supply. Of course, the States had to respect the wishes of the Political Department of the Government of India in the matter and sold a portion of their stocks to the Reserve Bank. But at the same time the States took care to buy the metal back through Bombay chokseys once the Reserve Bank started selling gold in the open market. Thus gold which first left the princely hoards for the vaults of the Reserve Bank of India would appear to have gone back to its original habitat.

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Soviet Survey

THE Supreme Soviet of the U.S.S.R., at its tenth session held in Moscow recently, approved the State budget of the U.S.S.R. for the year 1944. More than half of the total expenditure envisaged in the budget—namely, 128,400 million rubles—has been allocated for war needs. To get a proper idea of the enormous significance of funds set aside this year by the Soviet State to finance the country's defence, we may recall the figure of 70,900 million rubles which represented the expenditure on defence needs provided for in the State budget for the year 1941. The Soviet Government reckoned with the possibility of attack by aggressors on the U.S.S.R. and drew up the budget with a view to ensuring the proper defence of the country. But when the war broke out, the planned expenditures proved insufficient. In the second half of 1941 the U.S.S.R. spent on war needs 20,600 million rubles more than during the first half of the year when peace reigned. In 1942 the Soviet State expended on war needs the sum of 108,400 million rubles; in 1943 this expenditure increased to 124,700 million rubles.

The War Budget

The State budget of the U.S.S.R. proved capable of shouldering this heavy burden. The revenue from the population of the U.S.S.R. represents a big item on the revenue side of the State budget. About 13,000 million rubles were contributed by the Soviet citizens during 1941 and 1943 only to the Defence Fund and the Red Army Fund created at the initiative of large masses of people. The State Loans floated during the war have all been oversubscribed to. The second war loan of 12,000 million rubles floated in 1943 was subscribed to the amount of 20,800 million rubles.

The Supreme Soviet appropriated, for war expenditure in 1944, even bigger sums than in the preceding war years. It should be further borne in mind that, thanks to the successes achieved by the war industries in the Soviet Union, the prices of arms, ammunition and equipment to the Red Army have been considerably reduced. The reductions aggregate about 35 milliard rubles, and this lends still greater significance to the figure of 128,400 million rubles which represents the war expenditure of the U.S.S.R. in 1944.

The session discussed and approved of the reports regarding the fulfilment of the budgets of 1940, 1941, and 1942, and adopted the budget for 1944. The war expenditure of the 1944 budget constitute 52.3 per cent. of the total. Compared with 1943 the expenditure on the war is to be increased by 3,700 million rubles. At the same time, the Soviet budget of 1944 is also the budget for new rise in economic construction, the budget for a rapid revival of the economy and normal life in districts liberated from German occupation. Despite great destructions by fascist invaders in industrial enterprises, transport, collective and State farms, the Soviet Government found adequate reserves to finance enormous expenditures connected with the war. In her joint report on the findings of the Budget Commission Klavdia Nikolayeva says that in the current year the accumulation of socialist economy and industry remains, as hitherto, the principal source of revenue for the State budget.

Industry in War

The industry of the Soviet Union with its numerous new plants erected during the years of the war,

and with all its growing possibilities, stood out prominently in the speeches of deputies who partook in the discussion on the 1944 State budget, painting a picture of rise in the economics of republics and regions in the Soviet Union. It was stated that in the Chelyabinsk Region—one of the chief regions of the industrial Urals and a powerful source of supply of arms and munitions to the Red Army—the pace of construction now trebles that of prewar times. Last year in the Chelyabinsk region two blast furnaces were put into action. One of them was in Magnitogorsk which raised the number of blast furnaces there to six. The power and the fuel resources of the region are increasing. As a result of this, last year's output of industry in the Chelyabinsk region was three and a half times greater than in 1940 and the output of arms and munitions increased during the year by 30 per cent to 35 per cent. It was revealed that in Soviet Uzbekistan during the war years the industrial production increased by 50 per cent. The output of oil has doubled. Uzbekistan now has its own coal, and its metallurgical industry has been established. The rapid growth in industry required a sharp increase in the production of electricity and the whole Uzbek people actively participated in the campaign for electrification. During the war years four power stations have been built and put into operation and another ten are under construction. Among them is the famous Farkhad Power Station. During the war Bashkiria has become one of the most important industrial areas in the Soviet Union. Scores of large enterprises, evacuated from occupied districts and from those near the front have been set up and have started working in record time. Many of them have long since surpassed the pre-war volume of output and have mastered new forms of production for the front and the rear. Compared with 1940, the growth of industrial output in Bashkiria has trebled. The new oil-field in the Tulmazin district, opened shortly before the war, has increased the output of oil by 40 per cent.

It is significant that districts that had been under the heel of Germans are now beginning to play an important role in the provision of the front's needs. In the Moscow region, 27 districts had been fully and then partly occupied by the enemy. But now mines in the Moscow coal basin have been restored and their output of coal exceeds the pre-war level by 40 per cent. Fourteen industrial enterprises of the U.S.S.R. and R.S.F.S.R. (Russian Socialist Federative Soviet Republic) and 165 enterprises of the local industry and industrial co-operatives have been partly restored and have started working. During the war the industry of the Tatar republic has been producing over more goods. In 1943 it increased its output by 142 per cent as compared with 1941. Production in the defence industry has also doubled. Financing of the Soviet industry in 1944 will increase by 9,000 million rubles that is, by 63.6 per cent.

Rehabilitation

The Soviet State has already proceeded to tackle the great and difficult national task of rehabilitation, writes the *Izvestia* editorially in its issue of Feb. 5. The report has been published of the Committee of the Council of People's Commissars, U.S.S.R., for the economic rehabilitation of the districts liberated from German occupation in pursuance of the Council's and the Communist Party's resolution dated August 21, 1943. This report gives a clear picture of the scope, the scale and the tempo of the rehabilitation work

done by the Bolshevik Party and the Soviet Government. The report embraces the first period of four months and ten days of state work of rehabilitation: from August 21, 1943—when the resolution of the Party and the Government was adopted—to Jan. 1, 1944. The liberated territories and regions acquired, first and the most essential, the basis and foundation for the development of their economy. First of all, 630,830 head livestock which, in their time were evacuated to eastern regions and taken care of by the collective-farmers there, have now been returned and restored to the collective-farms of the liberated regions. The Government purchased and delivered to the liberated districts and sold to collective-farms another 250,613 head. Further 663,000 were received by collective-farms as result of the purchases made under advanced contracts. A considerable help in restoring the livestock industry of the liberated districts is being rendered by collective-farms and collective-farmers of the districts forming part of these same regions which were not subjected to occupation. In all, during these four months the liberated regions and territories have received 1,723,201 head livestock and, in addition, 516,853 head poultry. This laid a secure foundation for the complete rehabilitation of the livestock industry in the liberated regions.

The period covered by the report was the period of autumn sowing. One of the most urgent measures of assistance was to provide the collective-farms with seed. The Government assigned to collective-farms and State farms of the liberated districts 96,324 tons of winter crops seed. Thus was laid the foundation for future crop on fields which are again being cultivated by the fruitful labour of their owner, the collective-farmer. In the liberated districts have been restored 575 machine and tractor stations, 969 machine and tractor repair workshops and 9 repair factories. Three thousand five hundred and eighty-seven local officials from the Department of Agriculture and agri-

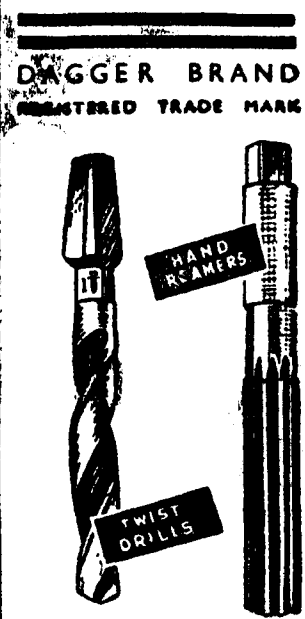
cultural experts have returned from evacuation to their former places of work.

From ashes and ruins have sprung up 326,461 dwelling houses in the town and in the country-side. Nearly 2 million persons, who had been left without roof to their heads and were taking shelter in dug-outs have now acquired homes. Twenty-five factories have been built for the production of building materials, and 20 saw frames have been started at 11 saw mills capable of producing, every month, material for building standard wooden houses in order to accommodate 800 families. 1,062,383 families have been entirely exempted from all forms of delivery of agricultural produce to the State. This includes 785,783 families of Red Army men and partisans. Immense work has been done to repair railways. In particular, 122 station buildings and hundreds of maintenances for workers, dormitories and roadside cabins have been rebuilt, as well as homes for railwaymen with a total living area of 600,000 square metres. Household plots have been assigned to 213,588 railwaymen's families. On December 1, nine Suvorov Military Schools, with 4,588 children, opened and, in addition 23 special trade schools with 9 thousand pupils; 118 special children's homes accommodating 14,391 and 36 distributing centres able to accommodate 2,300 while they have found permanent homes.

What has been done is only the beginning. The approved budget for 1944 appropriates 16,000 million rubles for economic rehabilitation in the liberated districts. The task is to fully employ these funds in order to expedite the rehabilitation of industry, agriculture, transport system and cultural institutions. And the report we read today shows that the work of economic and cultural rehabilitation in the districts liberated from the enemy is proceeding, and will proceed, successfully and that the national task of completely obliterating the consequences of German rule in these districts will be accomplished in a short time.



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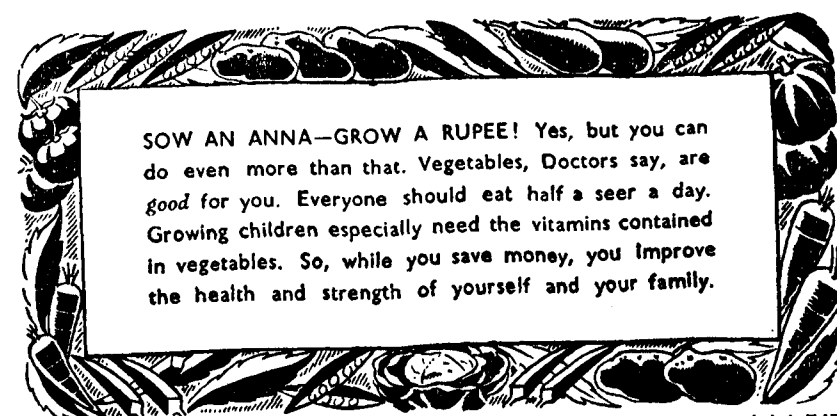


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AAA-545

LETTERS TO THE EDITOR

"TEMPO IN THE BOMBAY PLAN"

Sir,—Will you be kind enough to make clear to me the following points in the article, "The Tempo in the Bombay Plan" published in your issue of February 11, 1944.

(1) From the fact that out of the additional income in stage II, even after meeting the requirements of internal finance to the extent of Rs. 2,100 crores, there will be available Rs. 180 crores per annum. (900 crores in 5 years) and also that as a result of the expenditure of internal finance during stage I at about Rs. 128 crores per annum something will be available to increase consumption level during stage II, how does it follow as a logical corollary "that during stage II the volume of consumer's goods available will be considerably above that in stage I," as is mentioned in Para 5 of the article on page 204. It should only mean that so much extra purchasing power in the hands of the people will be available. Whether consumers' goods would be there or not will depend upon the investment made in the industries producing them. Further the investment of Rs. 2,100 crores would also be turned into purchasing power in the hands of the people at least to some extent.

(2) Why the increase in the supply of consumers' goods in stage II over that in stage I has been calculated to be Rs. $1\frac{1}{2}$ of $(180 \times 2.3 + 128)$, i.e., about 275 crores. Is it based on this that Rs. 128 crores represents investment in the 1st stage and 180 crores is the additional income per year in the second stage, which multiplied by 2.3 would give the total investment required to produce this income and the total investment thus arrived at has been halved because the ratio in consumption industries has been taken to be 2. If this is so, it is not clear how it is possible to arrive at investment in consumption industries in this way. If we have to calculate the increase in the supply of consumers' goods in stage II over that in stage I, I think the right method would be to find out the investment made in consumers' goods which would be fruitful in stage II. Taking it for granted that investment made in stage I would be fully fruitful in stage II, the increase in the supply of consumers' goods in stage II over that in stage I can be calculated thus $1\frac{1}{2}$ of $(310 \text{ plus part investment in agriculture, communications, education, health, housing, etc.})$.

(3) How it has been estimated in paragraph 6 of the article that the amount of consumption goods at the beginning of stage I will be Rs. 2,075 crores.

(4) To determine whether inflation is implicit in the 'Plan' or not what is required is the information regarding the extra purchasing power that would be placed in the hands of the people on the one hand and extra consumers' goods that would be produced as a result of the working of the plan on the other. What is the correct way to calculate both the figures?—Yours, etc.

P. N. MATHUR.

Banasthali Vidyapitha,
(Jaipur)

[Economic accountancy in a planned system can be done either in terms of money or more fruitfully, in terms of "real" resources and the correlated productive capacity of the community. The investment contemplated in stage I will generate an additional productive capacity which will make Rs. 3,000 crores of "real" resources in goods and services available to us in stage II. Consequently, even after utilizing the productive capacity necessary to provide for an internal investment of Rs. 2,100 crores, the Planning Authority would have considerable productive capacity at its disposal to enable it produce additional output of consumers' goods. How much would actually be produced would naturally depend on how much of

this available productive capacity is so utilized. Mr Mathur could no doubt estimate the increase in supply of consumers' goods in the way he suggests at the end of his paragraph (2). But part of the investment in agriculture is to produce not final consumers' goods, but raw materials for industry, etc. Similarly, we do not yet know what part of investment in communication, housing, etc., can be taken directly to produce consumers' goods and services and not producers' goods and services. That is why we proceeded from the other end by estimating the amount of additional productive capacity which would be available after providing for the scheduled investment. This volume of productive capacity can produce consumers' goods worth Rs. 180 crores per annum on the assumption of Ratio 2.3, but worth Rs. $1\frac{1}{2}$ of 2.3×180 crores per annum i.e., Rs. 207 crores if the Ratio is only 2. At the beginning of the Plan our national income is assumed to remain at the estimated figure of Rs. 2,200 crores, of which Rs. 128 crores per annum (internal finance) will be devoted to investment in stage I and the rest (about) Rs. 2,075 crores to consumption. The average period of production in cottage and small-scale industries is comparatively short and the continued investment of Rs. 128 crores (in consumption industries) can supply us further Rs. $1\frac{1}{2}$ of 128 crores per annum of consumers' goods during stage II. The method suggested by Mr Mathur in his paragraph (4) is substantially correct, but we only attempted to assess in a rough and ready manner and without going into unnecessary niceties, whether the rate of increase of disbursement of purchasing power contemplated in the Bombay Plan must needs be excessive in relation to the rate of increase of consumers' goods available in the system. We may add that the figures given in our articles are to be taken only as illustrative of the order of relative magnitudes involved.—Ed.]

"AVERTING THE SLUMP"

Sir,—In your leading article of the 24th Dec., 1943, you have pointed out that with a view to averting the slump that might overtake us after the war, it would be better to maintain the present price-level "rather than painfully struggle to adjust our entire economy to a low level." You have also pointed out that devaluation of the rupee will prevent the decrease in our exports and thus check an adverse balance of trade which would otherwise result if foreigners find our prices too high to make any purchases here. Having regard to our present inflation and its almost disastrous consequences to this country, I think your suggestions seem to be rather unsound.

If the present price-level is maintained, people with fixed incomes will suffer the most. They have already suffered most heavily from the effects of the present inflation; and now look forward to the day when the war will come to an end. We can allow the present price level to continue with advantage only if their incomes could be raised to an extent which will give them a decent standard of living—a suggestion, which, I think, is highly impracticable under our present economic conditions.—Yours, etc.

WAZIR MOHAMMAD.

Jogeshwari, Bombay.

[The point raised above is important and we invite the correspondent's attention to our statement on the same page, viz. "By no means does it follow from the above that war-time inflation should be continued in peace or that the present abnormal level of prices should be kept or pushed up still further. But a cataclysmic collapse as in 1929-33 must be averted at any cost." The correct rate of exchange for the rupee and the desirable level of post-war prices for this country are matters to be decided in the light of the circumstances in which India will find herself placed at the end of the war and not matters for categorical assertion now in the midst of so much uncertainty about the future course of prices and exchanges.—Ed.]

BOOK REVIEWS

TRADE OF INDIA: By S. A. Palekar. The Author, Vincent Chambers, Vincent Road, Dadar (G.I.P.), Bombay. Pp. 350. Price Rs. 6-8.

Though after the manner of many modest authors who seek to take away the wind out of the critic's sails Prof. Palekar accepts the "innumerable shortcomings" of his book, it cannot be said that he has struck a balance between theoretical and analytical discussion in it—for the attempt of which there is ample evidence in his treatment of the subject. It is little use, for example, recounting, as he does in the introduction, events in international trade from Mercantilism to the post-depression abandonment of the gold standard in their sequence without bringing out the essential relativity of fiscal doctrine to time and place. The two and a quarter pages he devotes to theories of the trade cycle are as superficial as they are irrelevant to a chapter giving a historical account of Indian trade development; while the elaborate narrative of the evolution of the Indian tariff and of the various trade agreements—most of them now in cold storage with the impact of war trade—is only text-book information. The really useful portions of the book, however, are those where Prof. Palekar describes how the finance of trade operates in actual practice and the functions discharged by intermediaries in India's foreign trade organization.

Sir Chunilal Mehta contributes a foreword to the book.

ECONOMIC DEVELOPMENT OF ENGLAND: By R. N. Dubey, University of Allahabad, Kitab Mahal, Allahabad, 1944. Price Rs. 5.

This volume written by an experienced University teacher traces the economic progress of Great Britain, in Agriculture, Industry and Commerce through various stages with a critical analysis of the part played by the State in this development. It is a suitable text-book for Indian students for whom it is primarily intended.

BOMBAY COTTON ANNUAL, 1942-43, No. 24. The East India Cotton Association Limited, Bombay. Price Rs. 2.

An authoritative and useful compilation which contains all matters relating to every branch of the cotton trade, with exhaustive statistical data on cotton (crop forecasts, acreage, production, ginning returns, receipts and exports, prices, consumption and stocks), on textiles (production of yarn, piecegoods, export of yarns and piecegoods, spindles and looms in mills, prices and progress of cotton mills), and also includes all important Government notifications. It is bound to be helpful, as a valuable book of reference, to all those interested in cotton and textiles.

INDIAN COTTON REVIEW: For the season 1942-43. Chunilal Mehta and Co., Ltd., 51, Marwari Bazar, Bombay. Pp. 41.

This annual publication—the sixteenth of its kind—presents a review of the raw cotton trade during the season, September, 1942, to August, 1943. Valuable statistics have been compiled by the *Review* independently of Government sources and those of the latter thus brought up-to-date in many cases. Acreage, exports, imports, consumption and price movements of cotton are covered in the earlier portions and the latter part deals interestingly with prospects for Indian cotton in the post-war world.

MYSINDIA: ANNUAL 1943. Edited and published by D. N. Hosali, 1-A, South Parade, Bangalore. Pp. 64. Price Rs. 2.

Excellent printed and got-up the *Mysindia Annual* contains a number of articles by competent writers on topics of current and future importance. Among them may be mentioned the two articles on aviation by Mr. John Spiers and Sir John Higgins, and the articles on collective farms and town planning by Sir Colin Garbett and O. H. Koenigberger respectively. Messrs. S. R. Ranganathan and N. W. Wilson write on books and libraries, and Mr. B. K. Kottar on Chinese poetry. The paintings "Black Princess" and "Javanese Dancers" by Srimati Shanta enhance the artistic merit of the publication.



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YODHRAJ,
General Manager.

COMMODITY MARKETS

(From Our Correspondents)

MADRAS, Feb. 18.

There was no change to report in the groundnuts market and quotations moved by eight annas on either side of Rs. 72-8. Arrivals were still meagre and firms were buying only in small quantities. Oil millers were interested and made some purchases. The British Ministry of food was still keeping out of the market so far as this coast was concerned. The demand for oil continued to be good and a fair volume of business was done. Cake ruled steady, but demand was subdued.

Skins and Hides

Tanned Hides were still ruling higher than the control rates and therefore it was impossible to do business with the United Kingdom. Heavier averages were in short supply and being required in connection with the orders of the Supply Department, very high prices prevail for these varieties. The increase in the price of skins announced has not helped the market as the price in the raw market has almost doubled itself. Therefore, all the other interests are left in the same position and business has become difficult to negotiate. Mr. J. Wright Henderson, Assistant Controller, Ministry of Supply (Leather Control), London, and Mr. Randall, Director of Tanning and Footwear, have arrived in Madras and they have now expressed their desire to meet Indian interests and discuss and assist them in removing as far as possible any difficulties they might have at present. In view of the fact that exports of tanned hides to the United Kingdom have shrunk considerably in recent months, they have also been anxious to make arrangements so that the supply of tanned hides may be increased. A conference is expected to be held early next week to which the representatives of the Indian interests have also been invited. Due to the high market for the raw goods, production in the tanneries have dwindled with the result that there have been negligible inquiries for wattle bark.

BOMBAY, Feb. 19.

Groundnuts

There was a slight improvement in groundnut prices during the week under report due mainly to short covering. Khandesh quality Bombay delivery March/April improved by about As. 4 and was quoted at Rs. 14-12 per cwt. while April/May position sold up to Rs. 14-13 per cwt. There was a premium of As. 7 for Murmagao delivery and the quotation for this for the February/March position was Rs. 15-3 per cwt. During this week, the Ministry of Food has bought a few thousand tons of groundnut at £32-7-6 per ton as against its previous price of £32-12-6 per ton. It seems that the Ministry is following a consistent policy of purchasing at reduced prices.

Seeds

Some business was done at Rs. 14-9 for Navlakhi delivery while for Murmagao delivery a price of Rs. 14-13 was paid in castorseeds.

There were sellers at Rs. 11-4, but hardly any business was transacted in linseed.

Cloth

Prices of cloth produced by manufacturers who do not spin yarn were hitherto not controlled. It is now decided that in cases where such manufacturers possess less than 25 looms on January 1, 1944, this exemption should not continue, but in those cases where they possess 25 looms or more, the exemption should be discontinued from May 1. This means that all such owners will have to stamp their cloth from

that date. Another amendment of interest to this market has been that the 20 per cent. margin allowed on the ex-mill price in case of yarn has been reduced to 15 per cent.

A plea for revising the maximum prices fixed for artificial silk and staple fibre yarn was made by a leading yarn merchant. He considers that these prices are neither fair nor justifiable. For instance, standard quality artificial silk yarn and staple fibre yarn which had touched Rs. 20 and Rs. 16 per lb. respectively during the boom remained practically steady around Rs. 12 and Rs. 8 respectively until the announcement of the price ceiling. Only a small quantity of yarn of irregular counts could be imported at Rs. 6 per lb. and the Government have fixed the maximum price of this at Rs. 3 per lb.

In the local piecegoods market, there was no activity of note to report. While consuming centres report small stocks and the need for goods, want of booking facilities has led to a 'wait and watch' policy in this market. Fears are expressed that if ceiling prices are further reduced, there may be confusion in the market. In such a case it remains to be seen how the goods for which higher ceiling rates are stamped will be disposed of, if it is to be done in competition with the goods stamped with the reduced ceiling rates. Regarding prices, Leopard cloth in all the dimensions are being offered from Rs. 2-1 to Rs. 2-2 per lb.

Cotton

The local Futures market recorded a drop of about Rs. 10 mainly as a result of the weakness in the spot market as well as in the upcountry markets where the weight of the movement of the Broach crop was felt. The spot market has been under the influence of the upcountry markets in Broach and Surat where a heavy decline in prices of about Rs. 100 per candy during the last fortnight was brought about due to the closing of booking by railway as well as the heavy movement of crop. At the time of writing, an improvement in the position has been brought about as railway booking is reported to have opened and a reaction in spot values, both local and upcountry, may be expected in view of the recent heavy decline.

There has been no development either in the foreign or export sections.

I.C.C. March latest quotation is Rs. 462-12 and May Rs. 457-12.

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HAPUR, Feb. 21.

Grains

(From Our Correspondent)

After displaying firm sentiment in initial stages, the local wheat market became quietly easy owing to favourable crop prospects and reports of further imports of Australian wheat at an Indian port, (the landed cost of such wheat is estimated at Rs. 7-5-0 per maund). Gram prices showed no changes while barley and peas markets declined by Re. 0-4-0 per maund in comparison with those of last week's. In view of the existing conditions, we do not expect any further bullishness in prices. The rains during the week have brightened the crop prospects and a good yield is anticipated. On account of rainy weather, the arrivals of wheat were poor, the daily average being 50 maunds. The stocks of wheat, gram and barley remain unaltered at 187, 4 and 9 khattis, while those at peas have declined from 62 to 58 khattis.

Gur

Prices were weak throughout the week in absence of exports. The weekly arrivals totalled about 40,000 maunds while in the previous week they were 48,000 maunds. The local stock is computed at 2-1½ lakh maunds.

Pulses

The pulses markets remained irregular and uncertain and there was a regular tug of war between the two opposite sections following divergent views regarding the issue of permits for the exports of pulses outside the province. No reliable information has yet been received here whether the U.P. Government would issue permits to the traders for the exports of Urad, but possibilities are well entertained for permits of Arhar, the stock figure of which is too large at such a time. The Arhar market closed at about Re. 1-6 per maund higher as compared to last week. The bullishness in Arhar prices appears to be temporary in view of the excellent crop and weather conditions and heavy stocks. The local stocks of Arhar, Urad and Moong are placed at 197 khattis, 20,000 maunds and 30,000 maunds respectively. The Kutch traders were the principal buyers of Arhar and Urad. Urad Baisakh opened at Rs. 10-0-9 and closed at Rs. 9-12-10½ touching the highest and the lowest at Rs. 10-2-9 and Rs. 9-10-9, respectively.

The latest quotations are: Wheat: Ready Rs. 11-6-6; Gram Rs. 10-10-9; Barley Rs. 6-10-6; Peas Rs. 6; Arhar Rs. 7-13; Gur Rs. 5-2-0; Raw Sugar Rs. 6; Moong; Jeth Rs. 8-9-9; Guwar: Fagun Rs. 6-6-6.

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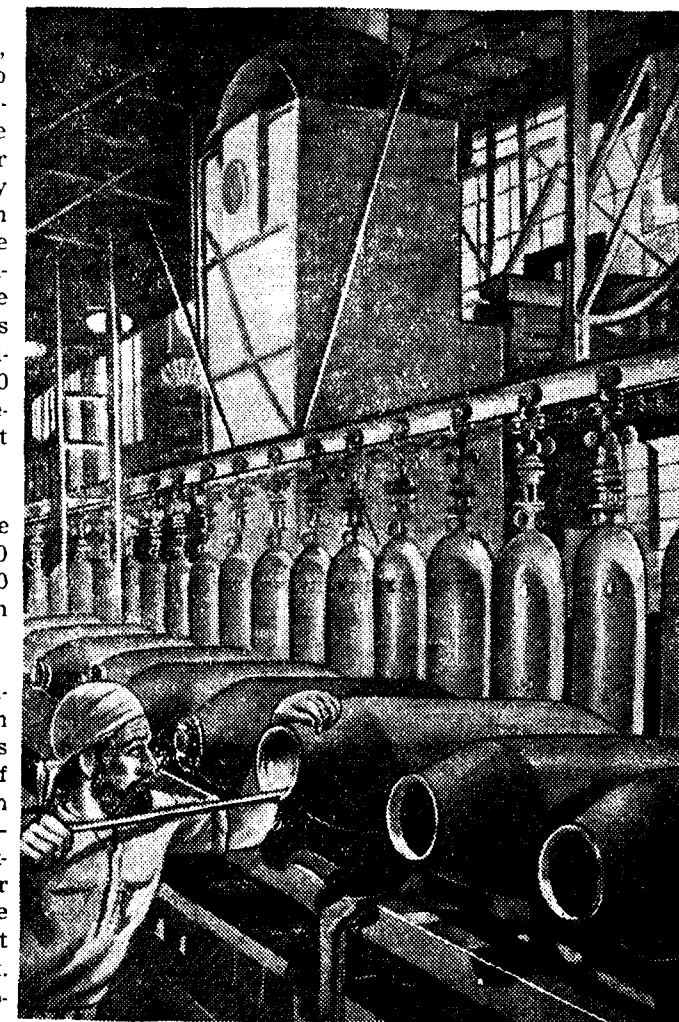
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CURRENT STATISTICS

BANK OF ENGLAND (000's omitted)				
	Feb. 16, 1944	Feb. 9, 1944	Feb. 17, 1943	Aug. 30, 1939
Total Assets	£ 1,009	£ 1,020	£ 1,107	£ 263,700
Public Deposits	8,700	11,200	6,600	31,100
Other Deposits	221,200	216,300	208,900	129,100
Of which Bankers' Deposits	167,400	162,000	149,500	90,100
Govt. Securities	205,500	202,800	173,900	113,100
Other Securities	14,900	15,700	19,200	31,000
Of which Discounts and Advances	2,200	2,000	4,100	6,400
Notes and coins	25,300	25,000	36,200	31,200
Notes in Circulation	1,075,800	1,076,000	914,900	529,500
Ratio of Reserve to Liabilities	10.99%	10.98%	16.8%	21.38%

U.S. FEDERAL RESERVE BOARD

(000's omitted)				
	Feb. 10, 1944	Feb. 3, 1944	Feb. 11, 1943	Aug. 31, 1939
Total Reserves	\$ 20,031,000	\$ 20,103,000	\$ 20,871,000	\$ 14,660,610
Total Bills Discounted	22,000	24,000	13,000	6,180
Bills bought in open market	..	..	550	..
Total U.S. Government Securities	11,169,000	11,781,000	5,719,000	2,426,190
Liabilities:				
Federal Reserve Notes in actual Circulation	17,085,000	17,040,000	12,397,000	4,609,280
Deposits — Member Bank Reserve Account	12,482,000	12,847,000	12,747,000	10,951,000
Ratio of Total Reserve to Deposit and Federal Reserve Note-liabilities combined	64%	62.9%	78.4%	86.9%

RESERVE BANK OF INDIA

Weekly statement of account as on February 4, 1944.

LIABILITIES		Rs.	Rs.
Notes held in the Banking Dept.	9,39,03,000		
Notes in circulation	870,61,37,000		
Total Notes Issued		880,00,40,000	
Total Liabilities		880,00,40,000	
ASSETS			
Gold Coin and Bullion:			
(a) Held in India	44,41,43,000		
(b) Held outside India	..		
Sterling Securities	763,83,96,000		
Total of A		808,25,39,000	
Rupee Coin	..	13,42,32,000	
Govt. of India	..	..	
Rupee Securities	..	58,32,69,000	
Internal Bills of Exchange and other commercial Paper	..	..	
Total Assets		880,00,40,000	
Ratio of total of A to Liabilities	91.847	per cent.	

BANKING DEPARTMENT

LIABILITIES		Rs.	Rs.
Capital paid-up	..	5,00,00,000	
Reserve Fund	..	5,00,00,000	
Deposits:			
(a) Government			
(1) Central Government of India	..	43,51,47,000	
(2) Government of Burma	..	40,44,000	
(3) Other Government Accounts	..	7,92,67,000	
(b) Banks	..	56,33,89,000	
(c) Others	..	12,47,79,000	
Bills Payable	..	3,18,18,000	
Other Liabilities	..	10,22,87,000	
Total Rs.	..	144,57,31,000	

ASSETS		Rs.	Rs.
Notes	..	9,39,03,000	
Rupee Coin	..	24,75,000	
Subsidiary Coin	..	1,71,000	
Bills Purchased and Discounted:			
(a) Internal	..	..	
(b) External	..	..	
(c) Government Treasury Bills	..	4,55,40,000	
Balances held abroad*	..	117,63,12,000	
Loans and Advances to Governments	..	1,20,00,000	
Other Loans and Advances	..	..	
Investments	..	8,21,40,000	
Other Assets	..	3,31,90,000	
Total Rs.	..	144,57,31,000	

* Includes Cash and Short term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	Feb. 11, 1944	Feb. 4, 1944	Feb. 12, 1943	Sept. 1, 1939
Held in the Banking Department	9,39,03	6,97,99	10,20,97	35,04,49
In Circulation	8,70,61,37	863,09,34	609,71,78	182,13,17
Total Notes	8,80,00,40	870,07,33	619,92,75	217,17,66
A. Gold Coin and Bullion	44,41,43	44,41,43	44,41,43	44,41,46
Sterling Securities	7,63,83,96	752,83,96	375,83,39	59,50,11
Total of A	8,08,25,39	797,25,39	420,24,82	103,91,57
B. Silver coin	13,42,32	14,49,25	15,31,02	75,87,11
R u p e e securities	58,32,69	58,32,69	184,36,91	37,38,98
Silver bullion under Coinage	..	..	..	..
Percentage of Reserve to Liabilities	91.847	91.631	67.79	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)				
	Feb. 11, 1944	Feb. 4, 1944	Feb. 12, 1943	Sept. 1, 1939
Cash	9,65,49	7,21,29	10,31,60	35,15,27
Balances held abroad	117,63,12	120,84,95	84,22,85	10,08,33
Investments	8,21,40	8,21,40	6,57,97	6,81,34
Bills discounted:				
(a) Internal	..	..	..	..
(b) External	..	..	..	..
(c) Government of India Treasury Bills	4,55,40	4,73,38	1,80,43	1,15,67
Loans and Advances to the Government	1,20,00	1,31,00	16,00	31,00
Deposits:				
(a) Government	51,84,58	50,33,74	34,03,07	14,89,43
(b) Banks	56,83,89	63,55,24	49,58,98	26,91,43
(c) Others	12,47,79	4,74,71	3,55,09	1,24,37

STERLING PURCHASES

(000's of £)		Total Amount Purchased.	Average rate.
1943-44:			
February	..	11,070	1sh. 6d.
March	..	17,779	1sh. 6d.
April	..	9,219	1sh. 6d.
May	..	8,721	1sh. 6d.
June	..	6,336	1sh. 6d.
July	..	7,006	1sh. 6d.
August	..	8,546	1sh. 6d.
September	..	8,371	1sh. 6d.
October	..	8,947	1sh. 6d.
November	..	7,476	1sh. 6d.
December	..	9,573	1sh. 6d.
January	..	11,130	1sh. 6d.

IMPERIAL BANK OF INDIA
(Comparative Statement)
(000's omitted)

	Feb. 11, 1944	Feb. 4, 1944	Feb. 12, 1943	Sep. 1, 1939
Fixed deposits, savings bank, current and other accounts	214,97,23	215,33,98	169,07,63	87,26,24
Government securities	146,97,18	143,42,81	120,38,50	51,02,78
Other investments	2,94,17	2,90,85	1,44,21	96,27
Loans	14,48,84	14,35,16	9,29,04	7,66,38
Cash credits and overdrafts	26,95,25	25,06,10	17,31,36	19,76,06
Bills discounted	5,02,39	3,81,45	4,12,02	2,94,74
Cash in hand and with the Reserve Bank and with other banks	23,30,09	35,33,58	26,27,15	14,68,87

SCHEDULED BANKS
(Comparative Statement)

	11-2-44	4-2-44	12-2-43	1-9-39
Demand Liabilities in India	508,99,76	507,24,21	358,53,61	134,36,49
Time Liabilities in India	168,03,15	166,15,98	117,51,55	102,24,34
Cash in India	23,00,40	23,15,52	15,16,18	6,69,92
Balances with Reserve Bank	55,28,67	65,55,44	48,32,07	25,17,19
Advances in India	185,74,91	180,17,90	108,71,92	101,52,16
Bills discounted in India	7,93,90	7,34,07	3,08,87	3,57,29

TENDERS FOR TREASURY BILLS

(In thousands of rupees)		Amount Tendered.	Amount Accepted.	Average Rate.	Inter-mediate	Sold in favour of Issue Dept.
Week Ending						
Dec. 7	13,73,75	6,00,00	0 12 3	..	1,40,50	..
" 14	14,02,50	6,00,00	0 11 11	..	1,34,00	..
" 21	14,26,25	6,00,00	0 11 0	..	1,79,50	..
Jan 4, '44:	10,77,75	6,00,00	0 9 0	..	6,06,25	..
" 11	8,55,50	6,00,00	0 8 7	..	5,94,00	..
" 18	12,11,25	8,00,00	0 8 8	..	3,94,00	..
" 25	10,76,75	8,00,00	0 10 4	..	1,10,00	..
Feb. 1	11,71,00	8,00,00	0 11 4	..	1,60,00	..
" 8	13,34,00	8,00,00	0 12 0	..	1,87,00	..
" 15	14,74,00	8,00,00	0 12 6	..	1,75,00	..

CLEARING HOUSE RETURNS

(In lakhs of rupees)

Period	Bombay	Calcutta	Cawnpore	Delhi	Karachi	Lahore	Madras	Total	Progressive Total
Total 1940-41	796,66	1,005,65	18,95	28,26	46,62	15,71	106,69	2,018,54	2,018,54
" 1941-42	1,046,77	1,230,09	30,33	41,06	58,50	26,61	135,30	2,568,66	2,568,66
" 1942-43	1,321,06	1,061,88	55,14	80,53	76,62	47,96	129,84	2,773,03	2,773,03
1942-43									
April	96,70	75,35	3,19	5,02	4,82	2,75	8,61	196,44	196,44
May	97,79	76,68	3,95	6,24	6,94	3,74	8,49	203,83	400,27
June	82,06	66,40	2,86	4,92	5,48	2,96	7,44	172,12	572,39
July	105,05	85,62	3,42	6,53	6,61	4,89	10,49	222,81	795,00
August	81,80	66,62	2,65	4,32	4,83	3,61	8,19	172,02	967,02
September	79,63	75,87	3,19	4,67	4,66	3,51	9,90	181,43	1,148,45
October	124,29	95,16	5,39	6,16	6,96	4,24	12,26	254,46	1,402,91
November	101,80	87,13	4,49	6,73	6,14	4,18	11,20	231,67	1,634,58
December	111,59	104,41	5,56	7,13	5,74	3,91	12,06	250,40	1,884,98
January	152,27	113,35	6,67	10,36	8,96	4,84	13,36	308,81	2,194,79
February	130,41	92,20	6,81	9,03	7,69	4,54	13,27	263,95	2,458,74
March	157,67	113,09	6,96	9,42	7,79	4,79	14,57	314,29	2,773,03

1943-44

April	195,60	144,50	8,94	10,56	9,31	6,62	17,67	393,20	393,20
May	154,55	121,09	7,63	8,35	7,52	5,07	14,36	318,56	711,76
June	130,96	120,90	6,48	7,74	8,25	4,51	13,95	292,79	1,004,55
July	170,79	153,77	7,11	9,58	8,96	8,25	17,25	375,71	1,380,26
August	140,07	127,87	5,64	7,70	6,69	6,24	13,60	307,81	1,688,07
September	132,17	139,31	8,96	8,61	8,12	5,27	15,33	317,77	2,005,84
October	163,01	139,07	8,73	10,43	9,48	6,80	17,61	355,13	2,360,97
November	148,40	140,39	8,21	10,15	7,28	5,69	14,30	334,42	2,695,39
December	197,06	156,00	10,27	13,22	9,69	7,35	23,59	417,18	3,112,57
January	173,40	143,41	9,07	10,24	8,40	5,86	14,76	3,65,16	3,47,773
Week ended January 7	33,86	32,40	96	1,63	1,96	1,25	2,45	74,51	3,187,06
" " 14	47,35	36,27	3,53	3,02	2,18	1,73	4,27	98,35	3,285,43
" " 21	41,86	37,40	2,23	2,53	2,14	1,41	4,36	91,93	3,377,36
" " 28	50,33	37,34	2,35	3,06	2,12	1,47	3,70	100,37	8,477,73

MATURITY OF TREASURY OUTSTANDING BILLS

Date	Amount	Date	Amount
20th February	5,675	24th ..	60,000
26th ..	60,000	6th April	60,000
2nd March	100	14th ..	57,900
3rd ..	59,975	15th ..	2,100
8th ..	3,550	21st ..	74,725
10th ..	51,975	22nd ..	5,275
11th ..	4,475	27th ..	825
17th ..	59,900	28th ..	78,275
18th ..	25	..	800

SUGAR POSITION

(1943-44)

(Figures in tons)

Producing Areas.		Production upto 31-1-44.	Dispatches during the period 23-1-44 to 31-1-44.	Progressive total of despatches upto 31-1-44.	Percentage of pro- gressive despatches to production.	Physical stock as on 31-1-44.
U.P.	.. ..	2,95,734	11,797	64,850	21.9	2,30,884
Bihar	.. ..	1,01,824	4,255	24,097	23.7	77,727
Bombay	.. ..	25,968	801	7,820	30.1	18,148
Madras	.. ..	11,199	1,608	2,914	26.0	8,285
Punjab	.. ..	4,044	349	586	14.5	3,458
Bengal	.. ..	3,837	41	211	5.5	3,626
N.W.F.P.	.. ..	2,180	443	977	44.8	1,203
Orissa	.. ..	836	3	9	1.1	827
Indian States		53,297	1,787	17,256	32.4	36,041
Total	.. ..	4,98,919	21,804	1,18,720	23.8	3,80,199
N.B.—Balance physical stock of 1941-42 and 1942-43 such as on 22-1-44 was 13,590 tons.						

INDEX NUMBER OF WHOLESALE PRICES OF GROUPS OF ARTICLES IN INDIA

(Base: Week Ending 19th August, 1939=100)

Groups	Average for			CALCUTTA				(Prices in July 1914=100)			
	June 1943	May 1943	June 1942					Jan. 1944	Dec. 1943	Nov. 1943	
				Food Grains	Cereals	Pulses	Sugar				
Food and Tobacco	303.3	294.8	152.3	234	232	317					
Other Agricultural Commodities	241.8	233.1	131.5	392	395	433					
Raw Materials	178.4	173.4	162.1	341	334	319					
Manufactured Articles	237.5	246.8	186.5	113	120	120					
Primary Commodities	237.5	233.8	152.3	369	378	588					
All Commodities	241.7	236.7	155.2	269	295	310					
Chief Articles of Export	243.9	241.1	147.2	241	237	229					
BOMBAY											
July 1914=100											
Commodities:	Oct. '43	Sept. '43	Oct. '42	Jute, raw	121	110	114				
Foodgrains	235	236	171	Jute manufactures	199	198	197				
Cereals	216	216	175	Cotton raw	155	161	162				
Pulses	301	307	157	Other textiles (wool and silk)	202	202	202				
Sugar	291	238	156	Hides and skins	101	101	101				
Other Food	292	297	165	Metals	301	301	303				
All Food	255	252	173	Other raw and manufactured articles	254	240	240				
Oilseeds	179	175	118	All Commodities	297	301	314				
Cotton, Raw	94	94	91	BANGALORE							
Cotton, Manufactures	282	282	223	July 1914=100							
Other Textiles	83	83	83	Particulars:	Aug. 1943	July 1943	June 1943	July 1943			
Hides and Skins	99	99	99	Food Grains and pulses	293	284	314	179			
Metals	522	566	783	Oil and Oil seeds	244	267	278	170			
Other Raw and Manufactured Articles	228	228	230	Other food articles	264	303	297	181			
Non-food	231	239	266	Textiles	277	296	356	165			
General Index	240	241	233	Others	349	349	389	200			
				General Index Numbers	306	213	185				

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939*

(Base: August 1939=100)

	Bombay	Ahmedabad	Sholapur	Cawnpore	Nagpur	Jubbulpore	Lahore	Madras
Nov.	104 106 120 170	111 111 129 188	108 103 130 196	105 112 143 224	105 114 131 190	107 124 141 214	123 115 143 191	107 112 120 159
Dec.	109 110 123 179	115 108 136 204	114 104 136 201	112 111 151 224	116 113 136 208	119 119 153 231	123 115 143 232	110 112 123 161
Jan.	109 111 130 193	111 108 130 237	110 105 132 201	114 110 145 225	111 111 138 212	112 119 148 228	109 113 143 204	109 110 119 184
Feb.	107 113 129 195	108 108 129 226	108 105 127 207	112 108 144 234	105 109 134 234	107 117 147 292	108 111 147 256	106 110 117 167
Mar.	105 113 130 198	107 108 132 237	103 108 132 219	109 106 150 246	105 108 133 262	109 121 155 278	110 109 145 254	107 110 117 173
April	105 115 131 214	107 111 136 256	101 107 136 223	110 107 149 268	106 113 138 291	110 124 155 279	110 120 148 287	108 111 121 176
May	106 116 135 214	105 112 141 271	103 107 142 234	109 108 155 299	111 113 145 317	112 122 158 309	101 113 155 278	109 110 123 177
June	106 116 145 224a	110 114 152 289	104 111 149 252	108 114 175 336	109 116 180 361	116 126 178 317	100 109 162 275	109 111 131 183
July	108 120 160 225	108 121 160 288	104 115 153 286	109 126 190 341	108 120 181 361	119 134 199 312	102 114 166 275	109 115 136 186
Aug.	109 125 160 227	107 126 168 293	104 118 158 266	112 130 203 339	111 125 183 354	117 131 202 319	102 120 177 286	110 117 140 185
Sept.	107 123 162 233	108 126 160 312	103 119 162 289	113 133 202 353	111 125 183 356	124 138 202 301	108 125 183 296	110 117 140 184
Oct.	108 119 164 236	108 126 166.103	123 177 286	112 134 206 349	117 125 184 273	124 138 202 301	111 133 186 320	111 117 155 185

Nagpur and Jubbulpore do not include housing.

(a) Figures from June onwards relate to the calendar month and not to the month ended 15th June as before.

(b) Fall in index is due to the taking into account controlled cereal prices instead of market prices.

(x) Revised figure.

† Indian Labour Gazette.

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Grade & Quality	Market	Unit	This Week.	Last Week	A Year ago.	Pre-war (1939)
				Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Rice (not in husk)	New Crop	Calcutta	per md.	16 0 0	16 0 0	15 0 0	4 14 0
	Basmati Sela	Amritsar		16 12 0	16 12 0	..	..
Wheat	Average quality	Karachi	"	8 0 5	8 0 5	5 15 0	..
		Hapur	"	11 7 0	11 10 0	..	5 15 0
		Lyallpur	"	9 11 0	10 0 0	5 1 0	2 5 0
Sugar	Marhowrah Crystal No. 1	Cawnpore		15 5 6	15 5 6	14 8 6	9 15 0
(Gur)	Chikna best quality	"	"	8 8 0	8 8 0	..	..
Tea	For home market	Calcutta		0 8 11	0 11 2	1 1 10	0 4 0
Potatoes	Desi	Cawnpore	"	4 8 0	4 8 0	..	..
Groundnuts	Bold	Bombay	per md.	10 6 0	10 3 2	..	..
Groundnut Oil	Expeller	Madras	per 500 lbs.	..	173 0 0	..	..
Castor Oil	Average	Madras	per 500 lbs.	..	205 0 0	172 0 0	..
Castor seeds	Average	Bombay	per cwt.	15 8 0	15 10 0	18 0 0	7 2 6
Linseed	Bold	"	per cwt.	12 4 0	14 4 0	13 8 0	6 12 6
Mustard	Toria 9% admixture	Karachi	per 656 lbs.	100 0 0	100 12 0	77 12 0	26 12 0
Cotton (raw)	Fine M.G. 4-F (Punjab) R.G.	"	per 784 lbs.	518 0 0	524 0 0	..	..
"	*Jarilla 2 1/2"	Bombay	per candy	467 8 0	473 0 0	..	..
Cotton Yarn	No. 10s.	"	per 10 lbs.	13 10 6	13 10 6	..	..
Jute	No. 20s.	"	per 400 lbs.	17 8 7	17 8 7	72 0 0	41 0 0
Jute Bags	Raw Firsts B. Twills 2 1/4 lbs.	Calcutta	per 400 lbs.	80 0 0	80 0 0	..	..
Wool (raw)	Kandhar (clean-ed)	Karachi	per 100 bags.	67 4 0	67 4 0	61 4 0	28 13 0
Cow hides	Best quality (Agras)	Calcutta	per md.	60 0 0	60 0 0	50 0 0	32 0 0
			per 20 lbs.	10 8 0	10 8 0	10 8 0	10 8 0
Goat skins	Best quality	"	per 100 pieces.	150 0 0	150 0 0	145 0 0	115 0 0
Tanned Hides	Best quality (cow)	Madras	per lb.	1 6 7	1 6 4	1 4 0	0 12 0
" Skin	Best quality (goat)	"	"	2 10 6	2 6 6	2 2 0	1 12 0
Shellac	T. N.	Calcutta	per R. md.	71 0 0	71 0 0	64 0 0	14 0 0
Kerosene oil	Superior	"	per 4 gins. in tin.	5 4 3	5 4 9	5 5 3	3 13 3
Coal	Selected Jharia (best)	"	per ton into wagon	12 8 0	12 8 0	7 8 0	4 12 0
Pig Iron	Foundry No. 1	"	per ton f.o.r.	104 0 0	104 0 0	94 0 0	89 0 0
Copra	Fair average quality	Cochin	per 684 lbs.	190 0 0	197 0 0	160 0 0	..

* March 1944

RURAL RETAIL PRICE INDEX NUMBERS

Base: January 1943=100

Name of Centre	Cereals	Pulses	Other articles of food	All articles of food	Fuel and Clothing	Miscellaneous
	Sept. 43.	Oct. 43.	Nov. 43.	Sept. 43.	Oct. 43.	Nov. 43.
EASTERN ZONE						
1. Bamra	157	146	133	185	191	195
2. Malbani	232	235	230	163	164	164
3. Rajapur	360	434	180*	189	228	213
4. Shanbargarh	179	..	..	180	..	110
5. Sonali	314	283	246	185	182	181
NORTHERN ZONE						
6. Multapi	130	131	136	123	119	118
7. Nana	110	110	124†	108	117	127
8. Salamatpur	150†	150†	141	118	119	101
9. Shujabad	139	142	142	113	120	121
10. Gujar Khan	152	148	..	148	150	..
SOUTHERN ZONE						
11. Krishna	152	163	157	103	103	103
12. Lakh	138†	140†	128†	127	153	155
13. Malur	144	144	144	137	144	152
14. Muniguda	138	143	125k	126b	131	121
15. Kudchi	150	150	†	138	143	161

* The abnormal fall is due to the fall in the price of 'rice' the only item included in the group.

† On the basis of price quotations for "rice" only.

‡ Price quotations are not available.

§ The fall in index No. 15 is due to the fall in the prices of tobacco and Soap the only items included in the group.

|| On the basis of the controlled prices for Kerosene oil.

|| On the basis of price quotations for "bajri" only.

a Figures for January 1943 are not available.

b Prices for only one item out of the three included in the group are available.

c Revised figure.

d Rise is due to increase in the prices of milk, oil and salt.

e Due to an abnormal rise in the price of onions.

f Due to rise in the prices of wheat and chola.

g Due to rise in prices of tobacco and bidis.

h On the basis of prices for shoes only.

i On the basis of prices for one quality of matches.

j Rise in the prices of sarees.

k Due to fall in the prices of Ragi and boiled rice.

l Due to rise in the price of gram dal.

STOCKS AND SHARES					CALCUTTA (FEB. 21).					
BOMBAY (FEB. 21).					JUTES—					
		This week.	Previous week.							
		Rs. a. p.	Rs. a. p.							
GOVT. SECURITIES					Alliance					
2¾% (1948-52)		99 14 0	99 14 0		..		457 0 0		452 0 0	
3% (1946)		102 5 0	102 5 0		..		..		407 0 0	
3% (1949-52)		100 13 0	100 3 0		..		181 0 0		..	
3% (1951-54)		99 13 0	100 4 0		..		285 0 0		..	
3% (1953-55)		93 1 6	98 13 0		..		..		225 0 0	
3% (1963-65)		98 1 6	98 9 0		..		66 10 0		67 8 0	
3% (1960-68)		98 2 0	98 2 0		..		588 0 0		590 0 0	
3½% (1947-50)		103 6 0	103 6 0		..		444 0 0		..	
3½% G.P. Notes		98 13 0	99 1 6		..		..		7 5 0	
4% (1960-70)		112 8 0	112 8 0		..		502 0 0		509 0 0	
4½% (1955-60)		115 8 0	115 8 0		..		117 0 0		..	
5% (1945-55)		105 15 0	105 5 0		..		790 0 0		805 0 0	
					..		..		292 0 0	
TEXTILES					STEEL & ENGINEERING—					
Poddar		..	495 0 0		Bhartia		17 12 0		17 9 0	
Ahmedabad		503 12 0	503 12 0		Indian Iron		35 14 0		36 4 0	
Bombay Dyeing		2111 4 0	2075 0 0		Marshalls		4 12 0		4 12 0	
Central India		453 0 0	458 0 0		Kumardhubi		9 7 0		9 4 0	
Indian Bleaching		221 0 0	228 0 0		Steel Corporation		27 6 0		27 9 0	
Kohinoor		717 0 0	711 0 0		Indian Steel and Wire Pro-		..		54 12 0	
Century		1095 0 0	1075 0 0		ducts		..		..	
Colaba Land		250 0 0	244 8 0		Jessep		23 4 0		23 4 0	
Phoenix		776 4 0	810 0 0		TEXTILES—					
Simplex		284 0 0	285 0 0		Kesorain		17 11 0		19 0 0	
Swadeshi		615 0 0	608 0 0		Cawnpore Textile		15 5 0		15 8 0	
Finlay		..	353 0 0		New Victoria Pref.		9 15 0		9 14 0	
Morarji		..	825 0 0		Dunbar		289 0 0		297 0 0	
New Great		..	445 0 0		COALS—					
Swan		..	376 0 0		Baraboni		..		3 1 0	
Apollo		..	5 5 6		Bengal		588 0 0		581 0 0	
Sassoon		..	20 2 0		Equitable		54 6 0		52 0 0	
Sassoon Defd.		..	4 3 0		Raneegunge		41 8 0		..	
Model		..	326 4 0		West Jamuria		50 6 0		47 14 0	
MISCELLANEOUS					North Damuda		10 3 0		9 12 0	
B.I.C.		..	6 7 6		South Karanpura		11 11 0		11 3 0	
Bombay Burma		403 0 0	430 0 0		Bhalgora		16 9 0		16 4 0	
Alcock		635 0 0	610 0 0		East Indian		32 4 0		31 6 0	
Belapur Sugar		234 0 0	236 0 0		Burra Dhemo		..		10 4 0	
Bombay Tramway		141 8 0	148 8 0		Burrakur		32 6 0		31 4 0	
Bombay Steam		680 0 0	687 8 0		MISCELLANEOUS—					
British Burma Petrol		3 1 6	3 4 0		Consolidated Tin		2 7 0		..	
Andhra Valley		1830 0 0	1835 0 0		Indian Copper		2 14 0		2 13 0	
Shivrajpur		..	76 0 0		B. I. C.		6 8 0		6 8 0	
Tata Oil		..	83 0 0		I. G. N.		144 0 0		138 0 0	
Tata Chemical		..	31 12 0		Burma Corporation		3 12 0		3 12 0	
Tata Power		1860 0 0	1852 0 0		Dunlop Rubber		64 0 0		..	
Tata Steel Ord.		411 4 0	408 0 0		British Ceylon Corporation		19 4 0		19 3 0	
Tata Steel Defd.		2072 8 0	2080 0 0		Titagarh Paper		28 14 0		28 6 0	
Premier Construction		227 0 0	..		Fongal Paper		..		222 0 0	
Associated Cement		220 0 0	219 0 0		Mysore Paper		..		31 10 0	
Indian Iron		36 9 0	..		Dalmia Cement		18 4 0		..	
Indian Copper		2 13 0	..		SUGAR—					
Tata Steel 1st Pref.		220 0 0	220 0 0		Samastipore		22 0 0		21 14 0	
Tata Steel 2nd Pref.		157 12 0	160 0 0		Buland		..		41 6 0	
Bombay Burma New		157 8 0	157 8 0		Eelsund		12 10 0		12 2 0	
BANKS—					Carew		32 2 0		29 8 0	
Central		92 8 0	92 8 0		Champaran		41 0 0		41 10 0	
Imperial (Fully Paid)		1990 0 0	2000 0 0		U. P. Sugar		32 14 0		32 8 0	
Imperial (Partly Paid)		525 0 0	515 0 0		Ramnagar		15 0 0		14 4 0	
Reserve		135 0 0	135 8 0		Upper Ganges		38 3 0		..	
India		232 0 0	234 0 0		TEA—					
New India		..	86 8 0		New Tarai		92 8 0		92 0 0	
					Lobah		16 2 0		16 4 0	
					Central Cachar		106 0 0		..	
					Hantapara		750 0 0		..	
					Hashimara		75 8 0		..	
					Killing Valley		33 0 0		..	

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The Budget

INDIA'S fifth war budget which Sir Jeremy Raisman presented on Tuesday last is unsensational. To an anxious public which had some how or other been prepared for all sorts of drastic measures in the name of anti-inflation, it came with some measure of surprise. There were two notable reasons for this. In the first place explicit recognition is given to the first principle of war finance which informed opinion in this country has incessantly demanded, viz., that a further substantial increase in the demands on India's resources "would impose a severe burden on her economy which has already shown distinct signs of overstrain and might even lead to a serious breakdown." How far this theoretical recognition is followed up in actual implementation, the events of the coming year will more than show. But past experience belies any sanguine expectations. Meanwhile official acceptance of the principle is a distinct triumph for public opinion in this country. In the second place, the tax proposals, onerous as they are coming on the top of the increased burden which the country has been carrying in the last three years, are nevertheless modest. From a Government which only a week before came forward with the atrocious proposal to impose a 25 per cent. tax on travel in the name of anti-inflation, any indiscriminate series of levies might have been quite well expected. Fortunately, the impositions are far less sweeping than what might have come from a Government with its present record of antipathy to public opinion and indifference to fiscal canons.

The facts of the financial situation are easy to narrate. True to past experience, the budget estimate of revenue for 1943-44 has proved an underestimate and

been considerably exceeded by the revised figures. Total revenue is expected to yield Rs. 254.50 crores which is Rs. 35½ crores more than budget anticipations. This amount is compounded of an increment of Rs. 36 crores under Income-tax and E.P.T., Rs. 494 lakhs under Currency and Mint, and Rs. 517 lakhs under Railways. On the side of expenditure, defence estimates come to Rs. 262.64 crores compared with the budget figure of Rs. 182.64 crores, and this increase of nearly Rs. 80 crores is accounted for by the increase in the prices of stores and the grant of improved scales of rations to Indian troops. Civil expenditure is shown to rise from Rs. 76.18 crores to Rs. 84.29 in the revised estimates, and it is gratifying to note that they cover such beneficial items as the grant of over Rs. 2 crores to the provinces for the 'Grow More Food' campaign and Rs. 3 crores to Bengal for relief of famine. The revised estimates thus show an improvement of revenue by Rs. 35.50 crores to Rs. 254.50 crores, and an increase of expenditure by Rs. 87.34 crores to Rs. 346.93 crores, leaving the current financial year to close with a prospective deficit of Rs. 92.43 crores.

For the financial year 1944-45 total revenue estimates amount to Rs. 284.97 crores as compared with Rs. 254.50 crores in the revised estimates for 1943-44. This sum of over Rs. 40 crores is made up of an increase of Rs. 36 crores under Income-tax and E.P.T.; Rs. 1½ crores under Excise, about Rs. 1 crore under Customs and Rs. 1.9 crores under Posts and Telegraphs. On the side of expenditure, defence expenditure, of course, continues to dominate the budget absorbing about 76 per cent. of total expenditure. The expenditure on revenue portion is expected

to cost Rs. 276.61 crores, i.e., nearly Rs. 14 crores in excess of the revised estimate for the current year. It is doubtful if even this represents the peak figure said to have been reached last year. The expenditure on civil estimates comes to Rs. 86.57 crores, nearly Rs. 2¼ crores above the revised estimates. Total expenditure comes to Rs. 363.18 crores, total revenue at the existing level of taxation is estimated at Rs. 284.97 and the prospective revenue deficit is Rs. 78.21 crores. These accord fairly with the estimates we made last week.

How is this deficit to be covered? The fresh fiscal proposals made in the budget are designed to account only for Rs. 23½ crores or less than one-third of the revenue deficit, whereas the bulk of the budget deficit as well as that of the wider inflationary gap between rupee outgoings and rupee incomings is expected to be met by an extensive campaign of borrowing. The right thing would have been to have left the whole of the deficit to have been covered by loans. There is nothing wrong in such a course. Indeed in the present economic circumstances of the country it would have been the only defensible method to be pursued. But that would be too much to expect from this Government which will not rest satisfied unless it imposes onerous burdens on industry and consumption.

The onerous new proposals are of two kinds, viz., ordinary taxation and measures of the nature of compulsory deposit. The provision for compulsory deposits concerns mainly with advance payments of tax on income from which tax is at present not deducted at the source will suffer under this proposal, as they will have the option to pay tax quarterly either on the basis of his last assessed income or on the basis of his own estimate of current earnings. This is a sort of Pay-as-you-earn with two per cent. rate of interest being payable by Government on the sums paid in advance. Under the E.P.T., the effect of the new proposal is to immobilize as deposits the whole of the excess profits remaining after E.P.T. and the income and super-tax have been paid, without changing the present rate of 66-2/3 per cent. It is certain that some at least of the new and financially weak concerns will suffer under this proposal, as they will not be able to have funds for their working capital, let alone normal expansion.

In regard to rates of income-tax, the decision to give relief at the bottom of the scale by raising the taxable minimum to Rs. 2,000 is quite welcome. The enhancement of the surcharge from 16 to 18 pies on incomes between Rs. 10,000 and Rs. 15,000 and from 20 to 24 pies on incomes above Rs. 15,000, in addition to the basic rates, may be justified on grounds of progressive taxation. But we would suggest that on all incomes up to Rs. 15,000, which have not increased after 1940-41, no additional tax burden should be imposed. The upward spiral of costs and prices took a serious turn only in the year 1941-42, and there is, in our opinion, a case for protecting those whose incomes have not shown any increase after the financial year 1940-41. The inflation has hit the fixed income-earners hardest, and some form of compensation for injury inflicted on them can be given by providing that no new burden will be borne by those whose incomes have not gone up since 1940-41 and that refund or rebate of the additional tax gathered in the last two years would be given. The large class of agricultural incomes and industrial incomes not coming within the ambit of the income-tax have also been injured by inflation. But inability to bring them under the fiscal machinery is no argument for not providing relief to those who can easily be helped by the prevailing tax machinery. Some such form of

rough justice is highly desirable in the present circumstances.

The proposal to increase the corporation super-tax to 3 annas in the rupee cannot be defended, if the object is not to impose additional handicaps on industry. But the decision to grant a rebate of one anna in the rupee on such of a company's total income as is not distributed in dividends except at fixed rates of dividends is a welcome recognition of the principle that profits ploughed back into industry should be differentially treated from profits distributed as dividends. We have more than once pressed for the adoption of this enlightened view of taxation and welcome this tardy and halting recognition of a principle which deserves extensive application in the interest of further industrial investment. Similarly, the limitation of the rates payable by insurance business to 63 pies, with retrospective effect to the provision for 1943-44 is good so far as it goes, though it is not adequate compared to what obtains in the United Kingdom.

Out of the new imposts to the tune of Rs. 23½ crores, indirect taxes are to account for Rs. 15 crores or nearly two-thirds. This is only a repetition of last year's experience. The enhancement of the tobacco excise duty so as to produce Rs. 10 crores must come in for the same criticism as the original levy of last year, viz., its regressiveness. The three new excise duties of two annas a pound on betelnuts, coffee and tea are also open to the same criticism. The yield of Rs. 2 crores from tea and coffee is definitely an underestimate, while the defence of the tax on betelnuts is ingenious, but invalid. As the Finance Member himself admits, the statistics of betelnut production are extremely scrappy, production itself is disorganized and diffused and the impost is a tax on an article of consumption which reaches down to every class. It is a necessity of life and the tax is regressive. The habit of tea drinking, and to a smaller extent, of coffee drinking is quite as widespread and the effect of the levies is found to be inequitable. The anti-inflationary effect claimed for these indirect taxes is spurious in the extreme. The burden is certain to be shifted to the consumers in the shape of higher prices, and the inflationary effect of the higher prices of these articles of mass consumption will more than offset the deflationary effect claimed for them. Being inelastic in demand, consumption is unlikely to be curtailed due to higher prices. The levy of an estate duty on non-agricultural property to be levied by the Centre and distributed to the provinces is also foreshadowed.

Sir Jeremy's observations on the larger issues of war finance, and in particular on the necessity of vigorous anti-inflationary measures now as part of preparation for reconstruction after war call for comment. He cleverly links up the two issues and lends plausibility to his present deflationist crusade by the plea that any scale of desirable economic development in the post-war period can be erected only on the sound and secure foundation of a strong financial system with growing tax revenues and effective borrowing technique. What he however significantly omits to see or say is that a self-financing and self-sustaining productive investment boom in the normal years of peace has very little in common with the war-time spectacle of self-defeating measures intended to drain off the continuing expansion of currency in face of the stagnant production, such as we see around us today. The Finance Member's remarks on post-war development are destructive and critical, not helpful and constructive.

Sir Jeremy's summing up of the Government's plan of closing the inflationary gap between total rupee outgoings and incomings is quite clear. The three

aspects of the plan are (1) stabilizing "the net overall demand placed on India's resources, compensating as far as possible for any inevitable increases by imports of food, bullion or other capital and consumer goods." (2) stiffening up in every way the rate of rupee incomings until it equals the rate of rupee outgoings. (3) extending price controls. But his optimism is some what premature. The mopping up of Rs. 279 crores in the twelve months ended January, 1944, and of an aggregate of Rs. 547 crores since the beginning of the war is indeed an impressive record. But whether the pace of borrowing of the last few months can be sustained for the rest of the war period depends mainly upon whether the Government of India succeed in prevailing upon H.M.G. to lighten the burden on India's resources and to release supplies for civilian use. Government's anxiety not to slacken war effort or repudiate commitments towards Allied nations is understandable. But success in reconciling the two is more than a matter merely of representations to H.M.G. Government's claim that in canalizing funds into desirable channels the importance of increasing production and supplies is recognized is falsified by the working of the control of capital issues, which has been unduly restrictive of company formations with post-war prospects, and by the failure of Government to import machinery, including the fertilizer plant which was recommended by a committee of their own choice. Pious wishes will not deceive anybody. Financial equilibrium such as is sought to be achieved by measures to equalize rupee incomings to rupee outgoings can never be a substitute for economic equilibrium and Government's war finance has been consistently neglecting this important aspect.

There is one proposal in the budget which will meet with country-wide acceptance. Each year from now on a part of the dollars accruing from India's exports to the U.S.A. will be set aside for after-war utilization, apart from and in addition to our current dollar requirements which are at present met out of the Empire Dollar Pool. The dangers of excessive holding of one foreign currency as reserve, and of being compelled by the 'transfer' difficulty to buy all our requirements from one country without sufficient regard to price and quality are all too real for a dependent country like India, and opinion in this country has been considerably exercised over the commandeering of our dollar securities, holdings and balances

without sufficient provision for industry. The present allocation is obviously no full remedy for the dangers, but it is good so far as it goes. We would suggest that the proportion of our exports to the U.S.A. to be held in this form should be clearly defined and strictly observed. Eighty per cent. would certainly not be excessive.

Considerable obscurity surrounds the working of the Financial Settlement and Mutual Aid, which requires clearing up. The assurance that the setting up of the Mountbatten command clearly does not mean a departure from the principles of the Financial Settlement is comforting, but 'Defence of India' is a very elastic concept of changing content according to the war situation and the allocation of expenses to India's account has not so far been given the searching examination that it deserves. Allocation cannot be satisfying except under impartial arbitration. Likewise, much uncertainty attaches to the Finance Member's statement that out of the total volume of lend-lease goods and services expected to be received in India up to the end of 1944-45 which is estimated at Rs. 350 crores India's share must at least be one-third or Rs. 117 crores. This seems to be nothing but arbitrary guesswork. It is doubtful if India has not already paid back under reverse lease-lend more than what she has obtained. Quite apart from these relative adjustments, the public is convinced that thanks to the callousness of the Government India has not benefited by or availed herself of the opportunities under Lease-Lend of revolutionizing her industrial structure both for war and peace to such an extent as she would have done, had her Government been truly national. The working of Lease-Lend in India is only a sort of annexe to the central receiving machinery in Britain, which, impartial American opinion has now shown, uses the device not only for obtaining war materials for herself but also for preventing essential machinery reaching India and Americans establishing business contacts in India. The country is yet to get a clear account of its working and the Finance Member has been evading the issue by magnifying the difficulties of accountancy. The financial aspect of the budget is the least of its defects. As a mirror of the nation's economic life, it assumes a degree of complacency and over-optimism which is wholly out of accord with the desperate economic situation of the country.

Agriculture and the Bombay Plan

THE Bombay Plan has been examined from various aspects and one of these has naturally been the place which has been assigned to agriculture in the whole Plan. Unfortunately, this discussion has not always been conducted on the technical plane and has tended to be affected by the unstated major premises in the minds of the critics and there have been charges and counter-charges which have assumed the colour of a political controversy. Thus, on the one hand, the Bombay Plan has been called a plan by industrialists in which the interests of agriculturists are deliberately sacrificed—in which, in short, agriculturists are in some way exploited for the benefit of the industrialists. On the other hand, others look with suspicion and even indignation at such profession of sympathy and concern for the poor agriculturists of this country and connect this profession of sympathy with the unstated but well-understood apprehensions in certain quarters that any concerted industrial development of India would be a serious menace to the comfortable commercial status quo enjoyed by some. As long as the discussion proceeds from such oblique angles, no objective assessment of the place accorded to agriculture in the Bombay Plan, is feasible. However, even those

who grant the need for rapid economic development, have sometimes expressed the doubt whether agriculture has received sufficient attention which is required in the interest of the overall target figures fixed in the Plan itself.

At the outset let us be clear of one fallacy. Because, historically, India has been in the main a primary producing country and her foreign trade has consisted mainly in exchanging primary products for manufactures, it is very tempting to believe that such a dispensation conforms to certain basic advantages as determined by the channels of 'comparative cost.' It is not necessary to go into an historical analysis of this phenomenon, but suffice it to say that competent students have missed in the situation the essential characteristics of equilibrium posited by theoretical considerations; they have declared that the world has been fed for long at much less than the true "real" cost, so that the cheapness of the money cost of producing in some of the primary producing countries was only symptomatic of grave economic maladjustments. It is quite possible for a country to specialize in primary production and yet enjoy considerably high standards of living, provided it

has some real natural advantages in some lines of primary production. The productivity in primary production in any country depends of course, as in manufacturing industry, on the volume of capital investment per head, but unless the country possesses real advantages in the shape of the richness of endowment in natural resources, increasing capital investment in primary industries will tend to meet rapidly diminishing returns. The following table showing the amount of land resources available per head in different countries together with the productivity in primary industries, is interesting as suggesting the inherent limitations of international specialization in agricultural production in a densely populated old country like India:—

Country	Arable and other cultivated land (acres per head)	Pasture (acres per head)	Productivity (L. U. per head)
United Kingdom	0.28	0.40	475
West Continental Europe	1.09	0.47	492
East Continental Europe	1.34	0.51	246
U.S.S.R.	2.35	5.70	88
U.S.A. and Cuba	2.66	4.40	661
Canada and Newfoundland	5.04	6.78	618
Australia and New Zealand	3.74	17.60	1728
Argentina, Uruguay, Chile	4.64	18.70	1202
India	1.29	0.52	158
China	0.55	1.78	150
Japan	0.23	0.11	120

The tremendous superiority in agricultural production of new and comparatively sparsely populated countries over old and densely populated countries requires no labelling. Although in India there is a considerable scope for improvement of yield by rationalization and scientific farming, we have necessarily to depend on progressive capital intensification in agriculture and in this, especially in view of the terrific pressure of our population we could hardly have any decisive or special long-term advantage over many other countries who are more advantageously placed.

But not everybody suggests that India possesses such considerable advantages for international specialization in agriculture that by such specialization she could attain a comparatively higher standard of living at a lesser "real" cost. Others have argued that in the interest of all-round development envisaged in the Plan, agriculture should have received more attention. And this carries us to the general question as to what should be the principles governing allocation of resources in a planned economy. These may be approached broadly from three points of view: the requirements of economic equilibrium, the necessity for minimizing the social cost of adjustment and, finally, extra-economic considerations, like defence requirements.

The Bombay planners have specifically emphasized that consistent with planning, the free choice of consumers in respect of consumption goods should suffer no restriction. The over-all rate of development will, of course, be fixed by the planning authority itself. The allocation of resources in the planned economy must consequently be guided by these two considerations. The pattern of consumers' demand at different income levels will determine the rates at which the various consumption goods industries will have to be developed; the *tempo* of the Plan will determine the allocation of resources as between consumers' goods industries and producers' goods industries; and, again, distribution of resources within the producers' goods industries themselves must be guided by the general time preferences implicit in the Plan. In other words general time preference will determine not only how

much of total resources will be devoted to producers' goods industries, but also, e.g., how much of these latter has to be devoted to immediate direct import of machinery, etc., how much of resources to be devoted to make machines domestically and again how much to make machines to make machines. Finally, we have to assess the possibilities of export markets in so far as our export trade can enable us to procure goods at advantageous terms of trade and at less "real" cost.

These being the general principles governing the allocation of resources in a planned economy, has the income target fixed for agriculture been too low? Agriculture is partly a consumers' goods industry and partly a producers' goods industry, because it supplies not only food but also raw materials for industry. Income from industry is scheduled to increase by Rs. 1,866 crores. Taking the usual over-all ratio of cost of raw materials and power to net product as 40:60, this would require raw materials and power resources to the value of about Rs. 1,200 crores. Nearly 75 per cent. of the investment in industries will be in basic industries in which cost of raw materials, etc., is a relatively smaller part of the net product (net value added) than in simple manufactures and consumption goods industries and in which further mineral and non-agricultural raw materials largely preponderate. Consequently the additional demand for agricultural raw materials which would follow the scheduled rate of expansion in industry would be of the order of Rs. 400 crores. To estimate the additional demand for foodstuffs, we have to take the scheduled rate of growth of national income and consider this along with the norm of distribution of national income and the income-elasticity of demand for foodstuffs at each individual income level. The average income-elasticity of demand for food can be estimated in the manner suggested by Professor Bowley and Mr. Allen in their *Family Expenditure*. In India, at the lowest income levels, demand for food shows some elasticity, but soon the stage of increasing inelasticity is reached. Available statistical evidences suggest that an increase of national income from Rs. 2,200 crores to Rs. 6,600 crores would probably lead to increase of demand for food to the extent of about one-quarter of the increment of national income, i.e., by Rs. 1,100 crores. We may check this figure from a different consideration. Agricultural income in 1931-32 mainly at harvest price was Rs. 1,166 crores. As 80 per cent. of our acreage is devoted to food production, this represents a food production of about Rs. 930 crores at harvest prices. According to the Bombay planners, our national minimum standard of living will require foodstuffs costing Rs. 2,100 crores at retail prices. In India, official marketing surveys have estimated that the producers' share in every rupee paid by the consumers is, on the average, about ten annas for linseed, nine and a quarter annas for wheat, eight and a quarter annas for rice, eight annas for potatoes and seven and a half annas for groundnuts—and these for commodities with more organized markets. On this basis the cost of foodstuffs to sustain the national minimum would be about Rs. 1,200 crores at harvest prices, and the production of food has to be increased by only about Rs. 270 crores. However, the trebling of the national income will provide a considerable part of the population a considerable margin above the national minimum. Even so, it is clear that the actual demand for food at the scheduled rate of increase of national income could not very much exceed about Rs. 600 crores in harvest prices or Rs. 1,100 at retail prices. We have also to provide for any additional demand for fodder and such items as timber for house-construction, railway sleepers and school furniture. The Bombay planners have scheduled the increase of agricultural income from Rs. 1,166 crores to 2,670 crores i.e. by Rs. 1,500 crores and this figure is calculated on the basis

of Dr. Rao's estimate for 1931-2 which mainly takes into account harvest prices. Consequently, we see that the increase of agricultural production scheduled by the Bombay planners, after satisfying the probable increased demand for food, fodder and agricultural raw materials at the increased level of national income and production, leaves an ample margin for meeting any probable increase (over existing level) in foreign demand for our agricultural products. It is indeed difficult to see how an increase of national income by 200 per cent. and of general standard of living by 100 per cent. could require more than 130 per cent. increase in agricultural production, having regard to the nature of demand for agricultural products. Here we may also refer to a misconceived argument advanced by some that income of agriculturists should be increased at a faster rate in order to provide adequate markets for the increased production of home industries. This is a strange argument which is also antagonistic to the usual (though mistaken) fear that the financing of the Plan will lead to inflation i.e. shortages of commodities in relation to the volume of purchasing power available. As a matter of fact, aggregate purchasing power disbursed by industries will be exactly equal to the value of total goods produced by industries and in a planned economy can be made equal to the aggregate volume of consumers' goods available.

If the income and production target fixed for agriculture is not too low in relation to the general rate of development envisaged, we have still to ask whether the rate of investment scheduled is sufficient to achieve the income-target fixed. Here recent investigations into farm accounts in our country do not give nearly sufficient data about cost conditions in agriculture in our conditions and we have to proceed by general considerations. It is quite possible that in our conditions there is a considerable scope for rationalization, e.g. in consolidation of holdings, so that a small investment may initially lead to large results. There is a certain amount of confusion in the Bombay Plan about the provision of working capital which adds to our difficulty in assessing whether the Plan has provided for sufficient investment in agriculture to achieve the target figure set. Investment for manufacture of fertilizers, agricultural implements, etc., are included in the investment provided for basic industries but are not separated and so it is difficult to measure the rate of capital intensification in agriculture which is provided for. We have also to remember that in India tractorization of agriculture does not provide the same scope as in the sparsely populated prairies in Canada or Russia. At the end of the Plan, working population engaged in agriculture and industry will be respectively 124 million and 55 million; as the total income produced will be respectively Rs. 2,670 crores and Rs. 2,240 crores, it is clear that productivity per head in industry will be just double that in agriculture and this appears a correct level in the light of relative productivity in agriculture and manufacture in other countries. Again we must remember that workers in agriculture are firmly rooted to the soil and offer greater resistance to occupational planning from above. Consequently, in order to minimize the strains of occupational adjustments, the rate of mechanization in agriculture must be so adjusted that the rate at which manpower is released from agriculture together with the rate of growth of population is no more than can be absorbed in industry. On account of the greater conservatism and social inertia of agricultural labourers and the greater imponderable sociological resistance which they offer to the introduction of new organizational set-up, it

is the natural line of least resistance for planners to start in the main from the industry end and thus convey the possible impression that "the planners seem to believe that agriculture will somehow adjust itself, if only industry is tackled properly." We have suggested in a previous article that the amount of investment necessary to achieve the target increase in agricultural income may possibly have to be somewhat increased and the assumed values of the Ratio in Industry and in agriculture may require a certain amount of adjustment in relation to each other in order to conform to our basic manpower factors. We may, however, compare the rates of capital investment in agriculture and in industry allowed for in the Bombay Plan with the actual rates which have taken place under *laissez faire* in different countries at different stages of economic progress:

Stage of economic development	Total capital investment (L. U. per head of working population.)	Farm capital.	Industrial and Commercial capital.
1.	About 500 (Japan, 1913), (Sweden, Norway, Hungary, 1880)	100	100-300
2.	1000-2000 (Great Britain, 1865, 1875) (Ireland, Austria, Denmark, 1880), (Austria, Hungary, Italy, Spain, 1913)	100-300	300-800
3.	About 3000 (Great Britain 1885, 1900, 1913) Germany, France, Sweden, 1913)	300-400	1200-1600
4.	4000-5000 (U.S.A., Canada, Australia, Argentina, 1913)	300-500	1600-2000

It is a well-known principle that economic progress is attended with a shift of population from primary to secondary and tertiary industries. Under the Bombay Plan we shall remain a predominantly agricultural country even after 20 years of "colossal" industrialization and the working population in agriculture will fall only at the rate of about ½ per cent. per annum from 65 per cent. to 55 per cent. in 15 or 20 years. An examination of the probable increase of internal and external demand for our agricultural products indicates that if an increase in agricultural production by more than the scheduled 130 per cent. is associated with a 100 per cent. increase in general standards of living and 200 per cent. increase in national income, it can only lead to slump in agricultural prices. Judged by the criterion of minimizing social strains of occupational planning, the general pattern envisaged by the Bombay Plan is about correct. If to this we add extra-economic considerations such as the requirements of our defence (which was argued in our article last week), it cannot be said that industry has got more than its proper share of attention in relation to agriculture. The plea of the Bombay planners for a more balanced economy comes not only for reasons from the side of supply (e.g. the population pressure on soil in a country with limited scope for extension of cultivation and prevalence of diminishing returns in agriculture) but also on account of demand for agricultural products and general instability of foreign demands

The Week's Notes

BRITAIN NEEDS CONTENTED PROSPEROUS INDIA

It is reported that officials of the External Affairs Department of the Dominion of Canada have frankly advanced the view that the strength of India's manpower, production and reserves might prove Britain's trump card in post-war rivalries. They foresaw the prospect of Britain's status as one of the "big three" resting ultimately on India's importance as a Commonwealth nation. Some time back Lord Halifax in Washington was pointing out that Great Britain with her small manpower and natural resources alone could not hope to compete with such great nations as the United States, the Soviet Union and China, and consequently he advocated a closer knitting together of the white Dominions. The *London Times* in its recent series of special articles on British foreign policy, in the same vein emphasized, "Britain would not be and would never have been a Great Power if Britain meant merely the people and the resources of the British Isles." But what is not realized is that in the setting of the emerging pattern of world balance of power, closer integration of the white parts of the empire is not enough and the political and economic basis of the empire has to be radically changed. For in this age of economic planning, it is absurd to hope that 60 or 70 million British whites (even if aided by the inefficient, exploited labour of 450 million ill-fed, ill-clad and ill-housed coloured population of the empire) can possibly compete in the rate of economic development—and consequently in the growth of potential military power—with 200 million free Soviet citizens or 500 million free Chinese citizens. What has to be realized is that the technique of economic planning is so much more powerful than the technique of colonial exploitation that it is only if the basis of colonial imperialism is finally abandoned and the colonies and India are taken into full and equal economic and political partnership with Great Britain that the British Empire can achieve the maximum rate of economic development which is possible for it by reason of its inexhaustible manpower and natural resources. It was argued in our article last week on "The Balance of Power" that in the context of the new international balance of power, the far-flung British Empire could be militarily defended only with a highly industrialized India. The Canadian officials clearly recognize the strategic importance of India. Only with a free and highly industrialized India could the British empire be a partner on equal terms among the "big three" and squarely face the American and the Soviet (and potentially also the Chinese) colossuses. Without a free and highly industrialized India within the British Commonwealth, Great Britain would soon be reduced to the status of a second class power. It is the supreme test of British statesmanship to ensure that a free and prosperous India remains voluntarily within the empire. We may recall that but for the lack of statesmanship of the Ministers of George III, the mighty United States would still have remained within the British empire, the power of which would have been immeasurably greater than today. The secession of India would be as serious an economic blow to the British empire as was that of the United States and a prosperous India would be an addition to the strength of the empire. Britain needs a free, contented and prosperous India.

NEO-IMPERIALISM

It is in this context that we must view with positive alarm the ominous press report about the post-war economic plans of Great Britain as envisaged in a

recent speech by Lord Woolton, the British Minister of Reconstruction. That the international economic position of Great Britain has recently greatly deteriorated admits of no doubt. Britain will have to take measure of her new economic position and plan constructively to maintain and improve her standards of living. Finding herself in a tighter economic corner, many in Britain have been thinking in terms of a new scramble for foreign markets and a more vigorous economic imperialism. A colonial research board has been set up and there is an increasing measure of interest shown in her colonial empire. And now it is reported that Lord Woolton, throwing aside all goody-goody pretexts about Britain's colonial responsibility and trusteeship, frankly and nakedly envisages (1) *statutory* provisions for securing adequate British exports to India and the Empire, (2) gradual export of investment capital to the Empire under State auspices, and, (3) increase of invisible exports under cover of an expansionist policy, i.e., monopoly of empire shipping and extension of her financial hegemony over the empire. The report that a responsible Minister of the British Government could be thinking in such naked terms makes most astonishing reading and, if true, betrays a lamentable atrophy of imaginative leadership in high quarters which augurs ill for the peace and prosperity of the post-war world. Here is an unabashed attempt to use political power to gain unilateral economic advantages in a way which is reminiscent of the early days of colonialism. There has been in evidence in Britain recently a distinct trend of opinion in favour of international monopoly, allocation of markets and frankly feudal arrangements. It is against these restrictionist idea that the *London Economist* in its issue of January 8, 1944, has raised its voice. As it put, "But what is frightening is the extent to which these ideas have been accepted by British business and labour." The root cause of this is the ancient and mistaken idea that the prosperity of Great Britain can be founded only on the backwardness of the colonial people. As long as we regard total world trade as something static in volume, the question necessarily assumes the form of a scramble for limited markets. But the restoration of an expanding system of international trade hinges decisively on the rapid economic development of the world, and especially of the more backward countries. By all tokens a prosperous India can provide an immeasurably better market for Britain than de-industrialized, and impoverished India. The same press message about Lord Woolton's speech adds, "Experts declare this policy will hinder Indian industrial development until such time when India can politically be free to devise and execute her own economic policies." That Lord Woolton should be speaking in such terms almost simultaneously that Lord Wavell was addressing the Indian Legislature and dwelling on the Government's plan for economic development of India, is a curious coincidence, but is nonetheless ominous for it.

THE ELUSIVE DOLLAR

The shortage of dollar supply had assumed the proportions of a major economic evil in the inter-war years and had quite a significant part to play in giving rise to the restrictive trade devices of the 1930's which culminated in the present hostilities. Will the world have to face a similar insecure supply of dollars after the present war too? The past position and future prospects of dollar are the subject-matter of a recent official American publication entitled "The United States in the World Economy" issued by the Department of Commerce. The findings of

the study are highly revealing. The supply of dollars in the 1919-39 period was not only inadequate, but also highly irregular and erratic. The inadequacy and erratic nature of the supply arose from the enormous fluctuations in the level of American business activity and national income. The wild variations in the dollar supply can be vividly seen from the following facts. The supply of dollars on both capital and currents accounts stood at the peak of \$10,350 million in 1919, but was more than halved within two years when it fell to \$4,853 million in 1921. Again in 1929 it stood at \$7,398 million, but declined to \$2,367 in 1933. Throughout America evinced a persistent tendency to an active balance on current account to a greater extent than was handled on capital account, and this disequilibrium was accentuated further by the inflow of foreign funds into America. So far as the future is concerned, the outlook is none too bright, judging from official findings. The governing factor in America's demand for the products of the external world is the level of her own activity. Even the optimistic assumption that America will sustain a high level of domestic employment and eliminate wide economic fluctuations does not point to a considerably enlarged American demand for other nations' products. Forces stimulating exports will, the Report says, be stronger than those determining imports. Exports consist of high standard of living products which under conditions of rising incomes abroad, are susceptible of striking expansion, whereas imports, whether of raw materials or manufactured goods, being strictly limited in variety do not offer scope for large increase. On the account of invisible items too, America would depend still less on others in future than she did before the war. What is the way out of this persistent tendency of the U.S.A. to have an active current balance? The Report suggests a reduction of U.S. tariff barriers to stimulate imports and possibilities of U.S. lending abroad. "It would be tragic indeed if the United States, after a period of renewed full participation in world economy, were to permit another abrupt fall in the supply of dollars to disturb the recreated international trading and financing mechanism, whether wilfully through increased trade restrictions, carelessly through misbehaviour of foreign investment or involuntarily through the improper functioning of the domestic economy." Will this economic wisdom be politically practicable after the war? In the answer to this question does the future of world economic equilibrium depend.

RAW MATERIALS FOR THE U.S.

The United States has published recently a report on the problems of post-war demobilization and adjustment prepared by Mr Baruch and Mr. Hancock, outlining a plan for a speedy reversion to pre-New Deal economy. The main recommendation which is of interest to nations other than the U.S. is the one urging for "an early review of programmes for production of raw materials and of piling of stock of imports by subsidies and premiums to marginal producers." Some such plans for the replenishment of the U.S. stocks of raw materials and their piling up for strategic needs have come to our notice during the recent months. They include, the establishment of an international bank for the development of raw material production and a commodity pool; a plan for the realization of lease and lend balances in the form of critical raw materials, for instance manganese from Russia and mica from British Empire; and obtaining concession for the development of minerals like oil and tin in the Middle-East and South America. The anxiety of the U.S. to safeguard her post-war raw material supplies which is revealed through the inclusion of the question in a report which might be ex-

pected to confine itself to a solution of immediate post-war problems, may cause considerable misgiving and apprehension among those who have never believed in the idealist purposes of the U.S. The problem of raw materials has been not one of natural scarcity but one of political control of alien powers in raw material producing areas. The world produces more than enough of important raw materials to meet all industrial needs, and they call for no subsidies and premiums for their production. Whenever such devices have been employed in the past by the Great Powers, their purpose has been to develop or maintain a colonial economy in the countries where they are practised, so as to integrate them economically with themselves. One might reasonably expect that in a world made safe from the threats of war, there would be no difficulty for any country in procuring their raw material requirements in return of their current balances of trade. The U.S. anxiety for her raw materials is somewhat inexplicable, unless she really believes (which cannot be) that the present war would have failed after all its sacrifices to guarantee her equal access to essential raw materials. The more probable (and disquieting) reason is perhaps that she herself is anxious to extend her economic imperialism in other parts of the world. If this be so, she would only be precipitating another international conflagration through her own premature distrust of post-war international economic and political co-operation.

AMERICAN ECONOMY IN 1943

A comparative statement just to hand, on the progress of the different branches of American war effort on the home front during 1943 reveals at a glance the severe stretching of the national economy for war production and finance and the rigorous curbing of domestic production and expenditure. During the year, war production increased by 50 per cent, and the value of lease-lend supplies rose from \$7 billion to \$12 billion. The per capita taxation which stood at \$237 in 1942-43 will be \$357 in 1943-44, an increase of over 50 per cent. Consumers' expenditures were kept down and recorded only a 3 per cent. increase. The curtailment in the output of civilian goods, taxation and the national savings schemes have evidently had a close effect. But the progress on the food front is not quite encouraging, the increase in food production being only 5 per cent. Though millions of the population are out of the country as members of the armed forces and receive food in some theatres of war on joint allied account and in some others as part of reverse lease-lend, it is essential that food production should continue to rise if the offers of supplies for relief and rehabilitation work, now being freely made, are to be kept up.

The shaping of the economy has involved the Congress and President Roosevelt in considerable fight with industrial, agricultural and labour interests; in no other Allied nation had so many obstacles to be got over in the economic sphere. Sacrifice on the part of these interests has been grudging. The reason is perhaps to be found in the strength of the still persisting isolationist sentiment, even as regards a war in the Pacific. On labour's side John Lewis and his Congress of Industrial Organizations have been very difficult to appease and have been most potent in obstructive tactics as the C.I.O. comprises mostly the workers in mass production industries. During 1943 there occurred 3,750 strikes involving nearly 2 million workers all over the country. The Congress and Roosevelt quarrelled between themselves over food subsidies to keep down cost of living and the effect of it could not have been satisfactory on the morale of either the farmers or the industrial workers. Dis-

satisfaction also prevails that in 1943 more attention was paid by the Administration to international economic reconstruction than to setting right the domestic war economy. The United States ought to take care during 1944 that its anxiety to prevent loss of the future at the expense of the present will not result in a loss of both.

CIVIL AVIATION

Introducing a bill for the licensing of air services, Sir Gurunath Bewoor stated in the Assembly that the Government had a plan of post-war civil aviation for India, which contemplated the establishment of daily air services on the main trunk air routes covering India north to south and east to west with link routes connecting the trunk routes at suitable points and with extension to the capitals of adjacent countries. It was further revealed that the services would cover an annual flying mileage of 7½ million which represented a five-fold increase over the pre-war mileage and that the plan would involve a capital investment of Rs. 3 to 4 crores and annual operating costs of Rs. 2 to 2½ crores. The public can judge of the merits of the Government plan only when full details are published in a few days as promised. But it is imperative that the country clearly defines what it thinks should be the essential ingredients of a national air policy. Decisions have to be made in regard to (1) the nature of the organization of internal air services and (2) India's share in international air transport. It is now generally accepted that the internal air services of a country are the sole and exclusive concern of that country and it is right that the Government are going to stand by that view. Government can give effect to this only by securing that the right of developing, operating and maintaining internal air services is vested in companies owned and controlled predominantly by the nationals of this country. But there are other matters, viz., the relative merits of state-controlled and operated services, monopoly corporation, and subsidized private corporation, on which Government must come to a decision. The Reconstruction Policy Committee is going to examine the question. But as urged by Sir Frederick James, an early formulation of air policy is called for and we hope that it will be done after full consultation with the existing Indian airways.

PART IN EMPIRE AIR CONFERENCE

On the question of India's participation in international air transport, Sir Gurunath gave the assurance that the Government's policy has been to develop civil aviation with Indian capital under Indian management and to afford trading and opportunity for employment to Indians, and in the case of India's participation in any through services, to ensure that such participation was not only financial, but technical and operational. The assurance is welcome. But the crux of its implementation consists in (1) India being represented at the Empire or world Air Conference by those commanding the confidence of the Indian business community, and not by British officials, and (2) India being offered a share in aircraft production and service commensurate with her vast area, population, scope for aviation development and strategic situation. Lord Beaverbrook said recently that 2,000 planes would suffice for the internal air services of Britain. It is possible that the output of an efficient or optimum aircraft factory will be beyond the internal aviation needs of a single country and that joint participation by many nations will be called for. In such an event India will have no objection to take part in a multi-national productive endeavour, provided her share in technical, operational and financial aspects is both real and adequate. Judged

either by the growing needs of internal aviation or by the part we are in fairness entitled to claim in international air transport, India's case for having the nucleus of an aircraft factory within her borders, which will at once provide facilities for technical training and research and offer possibilities of expansion in an emergency is irresistible. This is the touchstone on which to test the Government's sincerity. We have emphasized these conditions before, but in view of the importance of making the right decisions on the matter, we have invited public attention to it again. We hope commercial opinion in this country will unite to present an agreed demand to the Government.

THE ANXIETY COMPLEX

Nothing short of serious nervousness about the future of his community in India could have prompted Mr. J. H. Burder to deliver the sort of speech he did at the annual general meeting of the Bengal Chamber of Commerce last Friday. It was a combination of self-pity and patronage, and very few of the main points he made out stand close scrutiny. He started by saying that "injudicious articles" in the Press on the present food policy amount to fifth column activities. Perhaps he had the nationalist Press in mind, but we may point out that in the matter of criticising food policy, the Anglo-Indian and British Press in this country, as well as the foreign Press, have on many occasions been as denunciatory as the nationalist Press. It is to be wondered if Mr. Burder would class his community which owns these organs of public opinion as fifth column. He also knows that the Press in India is at present under control and surely he is not suggesting that the Government is abetting fifth column activities on its part?

Mr. Burder said that there was not enough appreciation in India of the fact that British capitalists pioneered industrialism in this country and bore the losses thereof. Whoever said that pioneering an industrialism in pastoral and semi-colonial areas involves losses? It is because capital fetches a higher interest and that at an increasing rate than at home that it is exported from metropolitan to undeveloped regions. Even assuming that British capital in India suffered losses initially, the logic of the system of which Mr. Burder is a member is that survival is proof of fitness. British industrialists might have suffered initial losses as part of subsequent profit, but it is puerile to claim sympathy for something that happened during the course of the economic process.

Equally untenable is his expectation of equality of treatment, in trade and commerce, for his community in India. He bases this upon "the past services" of British business to this country. Apart from the fact that such service has been of dubious value and that it has given Britishers a thoroughly disproportionate influence in the British administration of this country, Mr. Burder's expectation cannot be fulfilled either in principle or on practice. Indian opinion has rightly agitated in the past against the notorious commercial discrimination clauses of the Government of India Act, 1935, and the Cripps Proposals have conceded the right of a future national government to expropriate foreign interests in the country if it so desired. It may of course choose not to, but it is unlikely that it will not, as competition can only be between equals and Indian trade and commerce are not yet the equals of British capitalism in competitive strength.

TRENDS IN FACTORY EMPLOYMENT

War-time trends of industrial employment reveal that some significant changes have taken place in the inter-provincial distribution of the industrial population. The rates of development have been different in the different provinces, partly because of the unequal incidence of the stimulus of war expenditure, partly

because of strategic reasons, but mainly because of the fact that industrially advanced provinces have been better able to adapt themselves to the growing demands of the war economy. Factory labour in British India recorded an increase of 5,31,000 in four years from 1,751,000 in 1939 to 2,156,000 in 1942. Nearly 80 per cent. of this increase in employment is distributed among Bombay, Bengal, the U.P., the Punjab and Madras in descending order of importance. Bengal had occupied the first place in industrial employment before the war, Bombay, Madras, U.P., Bihar and the Punjab taking the next places. Under the stimulus of war Bombay has come very close to Bengal, while the U.P. has come very near to Madras and the Punjab has overtaken Bihar. In the city of Bombay alone, the number of factories rose from 1010 in 1940 to 1205 in 1942, textiles accounting for 26, engineering for 80 and miscellaneous for 30. While in all other provinces the absolute increase in the number of workers in other perennial factories is much greater than that in Government factories, in the Punjab it is slightly less than in the latter, which fact, together with the Punjab's outstripping Bihar's record, shows that direct governmental construction has provided the greater part of the industrial stimulus in the Punjab. The available figures would suggest that the C.P., Orissa, Assam and Sind have not received their share of war-time industrialization. Much the greater part of the increase in industrial employment in factories under private management took place in 1941 and not in 1942 though it was expected that the war with Japan would lead to great mobilization in the latter year. The percentage increase in employment is differently distributed among the different groups of industries: Textiles 18 per cent., Engineering 51 per cent., Minerals and Metals 49 per cent., Food, Drink and Tobacco 25 per cent., Chemicals and Dyes 30 per cent., Paper and Painting 11 per cent., Wood, Stone and Glass 58 per cent., hides and skins 13 per cent., Miscellaneous 90 per cent. The absolute increase was greatest in textiles, while the relative increase was greatest in hides and skins.

These figures of percentage increases are unreliable as basis for inferring the increase in industrial production which ought to have accompanied the increase in industrial employment. If we assume that industrial production increased in proportion to industrial employment, an increase of 5,31,000 from 1,751,000 to 2,156,000 indicates an increase approximately of 30 per cent. But possibly productivity per worker has declined due to the employment of imperfectly trained labour and high pressure working of machinery. Further, if a good part of the industrial employment

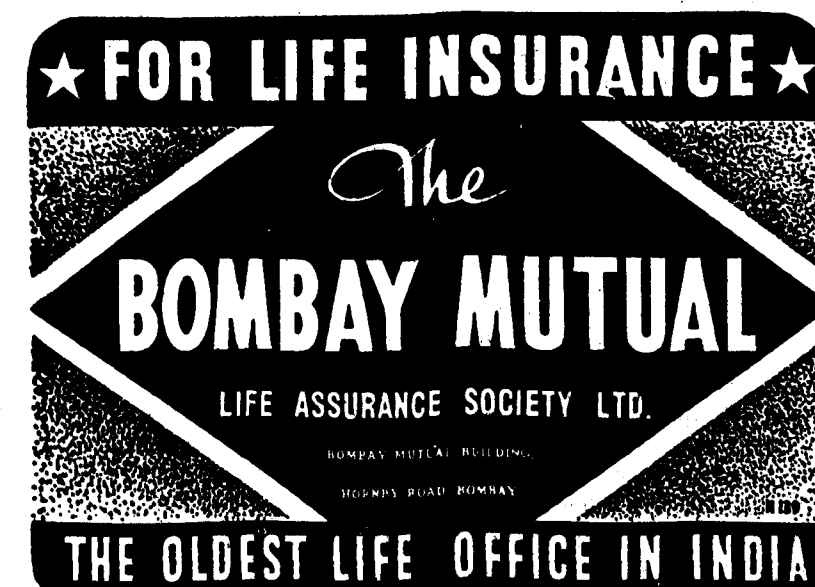
has taken place in ancillary services such as transport, docks etc., and not in the production of goods, as seems likely, industrial production must have recorded a less than 30 per cent increase. But the exclusion of figures relating to the Indian States and cottage industries impairs any sweeping generalization.

SEA-BORNE TRADE

Figures of foreign trade for October 1943 reveal that imports amounted to Rs. 832 lakhs and exports to Rs. 2,102 lakhs compared with Rs. 893 lakhs and Rs. 1,447 lakhs respectively in the month of September, 1943. For the seven months of the year 1943-44 ending October 1944, imports amounted to Rs. 60.45 crores and exports 117.67 crores against Rs. 66.62 crores and Rs. 111.31 crores respectively for the corresponding period last year. This indicates a decline in imports by Rs. 616 lakhs and an increase in exports by Rs. 635 lakhs, leading to a favourable balance in the seven months of 1943-44 of Rs. 57.21 crores, compared with Rs. 44.69 crores record in the same period last year; this is but a continuation of the war-time trends of the last four years.

On the side of imports, the Raw Materials group has risen by Rs. 648 lakhs to Rs. 31.87 crores, the significant increases being shown by raw cotton which went up by Rs. 259 lakhs to Rs. 10.07 crores, and oils by Rs. 257 lakhs to Rs. 15.89 crores. Raw wool rose by a crore of rupees, while metallic products rose by Rs. 95 lakhs. Imports of manufactured articles have declined as before. In the seven months under review they amounted only to Rs. 23.55 crores compared with Rs. 35.39 crores in the same period last year, a fall of Rs. 11.84 crores. The decrease is spread over all the items, with the single exception of dyes and colours which went up by Rs. 43 lakhs to Rs. 443 lakhs. Vehicles declined by over Rs. 4 crores, cutlery by Rs. 86 lakhs, and chemicals and drugs by Rs. 150 lakhs.

On the side of exports there was a net increase in the foodgroup by Rs. 1¼ crores, accounted for by an increase of Rs. 523 lakhs in tea and decline of Rs. 246 lakhs in grain and pulse. Tea exports came to Rs. 21.59 crores. The Raw Materials group fell by Rs. 219 to Rs. 23.25 crores, gums and resins declining by Rs. 138 lakhs, jute by Rs. 40 lakhs and seeds by Rs. 85 lakhs. It is interesting to note that raw cotton exports have totalled Rs. 4.5 crores as against Rs. 3.75 crores last year, rising by nearly Rs. 75 lakhs. Exports of manufactured articles came to Rs. 69.49 crores, i.e., Rs. 639 lakhs above the figure of last year. Jute has shown the biggest rise by Rs. 826 lakhs to Rs. 28.39 crores and cotton yarns and manufactures have declined by Rs. 195 lakhs to the level of Rs. 23.85 crores.



SPECIAL ARTICLES

Science And Social Needs

(Contributed)

THE subject of the relations between science and social development is again coming up for discussion. But it cannot be said that it is receiving sufficient study and thought, though in point of being fundamental to the shaping of a new society it is only next to political liberty. Its problem briefly stated, is to carry further and perfect the great work of conscious evolution, by which is meant that instead of allowing society to be overwhelmed by scientific advancement and to drift, the latter should be ordered and its application controlled consciously and deliberately so as to make it most utilitarian to social needs. This is essentially a work of co-operation between the social and the physical scientist, between the administrator and the research worker. In the past these two sets have run parallelly most of the time, intersecting only a few times and far between, and the present war is in itself a fitting climax to such a trend. Even in peace the social consequences of this have been disastrous to economic welfare, a fact to which the mathematician G. H. Hardy gave expression when he declared sarcastically that pure mathematics had no practical use, because "it cannot be used for accentuating the present inequalities of wealth." Thus the problem of the social relations of science is two-fold. Firstly it is a problem of assimilating scientific innovation—new discovery and invention—into the economic system, and secondly it is a problem of preventing anti-social effects in the process. These are unsolved so far. The advancement of science has far outstripped the ability of industry to absorb it. Both the scientist and the industrial system are to blame for this. The scientist has little knowledge of the social consequences of his work. He is biased, as Julian Huxley says, in favour of the narrow groove in which he works and is only indignant if you tell him so. He identifies the mere discovery and invention of things with progress, while real progress starts at the point of their large scale application to the methods of production, and is actually achieved when this increases wealth with minimum costs to society by way of technological unemployment and inequality in the distribution of the benefits. Even though he knows that there is an ever-increasing time-lag between scientific research and its use in the industrial system, the scientist has done little to plan and space his output with a view to meeting current needs. He has, for example, intensified the problem of obsolescence in industry. It has been said that in the past the designing of industrial plant has not been sufficiently flexible to reduce capital loss to a minimum, and where a particular obsolescence is a factor in cost it may be of concern as much to the consumers as to the capitalists. On the other side, science has been very prompt in catering to the demands of armament manufacturers for perfecting lethal instruments and by the very nature of the armament industry, the consequent obsolescence costs have meant additional taxation to the community. The metallurgical industries are basic industries and science is yet to give them an integration of productive processes comparable to that in the chemical industry, with the result that there is much wasteful experimentation in metallurgy. Developing the methods of food storage indiscriminately through prosperity and depression only aggravated tariffs because food exports increased as a consequence. Such are some of the social results of the erratic march of science which the scientist has consistently refused to face, under the cloak of an affected intellectual 'detachment.' Even as late as

1933, Prof. A. V. Hill, the present scientific adviser to the Government of India, was writing that science should not become tied to particular economic theories and should not meddle with politics if it is to make progress. But if his mission to India, where he wants a wedding of science and industry, and his pronouncement over the radio to the effect that if we get going with resolving practical problems in the application of science political problems will automatically get resolved are any indication, the scientist is making amends for holding perverted notions about progress in the past by now taking active interest in economics and politics, though in Prof. Hill's case it may not be in the right direction.

The sins of omission and commission in the application of science that can be placed at the door of the economic system are, however, far greater and much more serious. Taking the picture as a whole, demand elasticity and population growth under capitalism have been wholly inadequate to assimilate the vast accumulation of the results of scientific research: In a system of production motivated by consumers' preferences and profit, new techniques can be adopted by industry only when it pays to do so; or when consumers are made so science-minded as to demand the latest things, as few industries have the resources to risk experimentation in demand in the introduction of novelty. Even if they decided to do so they require to be convinced that the new capital expenditure that is called for is reasonably proportionate to the margin of advantage in use that a new discovery or invention may impart to an article—and this is certainly no business of the scientist to guarantee. As regards new industrial floatations, the capital market, and the 'share-pushers,' are almost wholly without guidance as regards new applications of science. The intermediaries in the capital market are so many in the existing system—each working for his or the institution's individual gain—that they can never agree to pay for scientific advice collectively and cannot afford to do so individually. Many new processes have to be tried on a large-scale if they must demonstrate their profitability, a thing for which the scientist rightly looks to large corporations. But these refuse to co-operate, because, the technical difficulties of the large-scale production of a new thing are very great before considerable ground is covered on a small or intermediate scale, and the large corporations do not consider the latter profitable enough to take up. Thus progress is held up, as it was in the case of the steam engine and electric power. Industrial monopolies represent the climax in the stifling of the application of research. They are so reluctant to disturb a settled market yielding high profits, acquired through contractionist production and cost-cutting. Aluminium is a case in point in the production of which monopolies were keeping up, until recently, a high price on low output though the utility of the metal in place of steel justified an increased output at lowered price to enable it to compete with steel. Lastly come the expensive and iniquitous patent laws which enable wealthy firms to buy patents and put them in cold storage for so long as it suits their hold on the market. Desirable innovations are held back so long as there is no risk of competition and let loose without any plan when threatened with it. The lopsided nature of technological progress is due to this tendency.

To what extent the obstacles to the application of science are intrinsic and to what extent they are due to the present economic system, it is very difficult to assess. It is obvious that most of the 'natural' conditions for the assimilation of science by industry are now absent. Expanding trade, rise in purchasing power, rise in population, all have rapidly disappeared. But the problem of the social costs of the application of science would still remain even under planned production and distribution. And in so far as the allocation of resources is deliberate under planning and not 'automatic' as it is supposed to be at any rate under capitalism, the problem is only made more difficult of solution. Some restriction on the introduction of technical change, either in number or in rate, appears inevitable. For this science also would have to be planned alongside the industrial system to be more in accord with social needs. At present the greatest example of planned science is of course Soviet Russia. The extent of integration between science and industry achieved by that country in consummating the third five-year plan is a marvel. But neither science nor the industrial system need make the existing framework a pretext to put off co-ordination.

We will now briefly consider the organization of research. As in pure science, research in applied science is carried on in the advanced industrial countries by the universities, the Governments and the industries themselves. Much of university research is also financed by Governments and endowments by industrialists. Industrial research is highly advanced in Germany and the U.S.A., and Governmental and university research are considerable in England. The most effective co-ordination of all the three is achieved only by the U.S.S.R. It has been estimated that Britain spends one-tenth per cent. of her national income on research annually, the U.S.A., six-tenths per cent. and the U.S.S.R., nine-tenths per cent. Under capitalism everywhere, industrial research is secretive, the freedom of the scientist curtailed and the standard of the results not very high. Owing to the very nature of the system inter-firm co-ordination of the results of research simply does not exist. In the case of large and powerful combines like the I. G. Farben Industrie, their laboratories give the lead to and control the development of science itself and, needless to add, in the interests of their own private gain. Apart from such large combines that can afford it, industrial research generally is stifled by recurring booms and depressions. In times of a boom firms are too busy enjoying the benefits of prosperity to devote any attention to initiating new projects or expanding existing research programmes, and during depression research is the most handy item to scrap in the name of rationalization. The period in between is not long enough both

to plan and carry out projects. But it has been demonstrated by the Department of Scientific and Industrial Research in England that, persisted over a long period, the return on the investment on industrial research is about 800 per cent. This is the result, by way of annual estimated savings to industry, of research financed by the Department over periods ranging from 12 to 16 years on processes in iron and steel, non-ferrous metals, electrical, cotton and food industries. Here again the lopsided development in the past lies in research being concentrated in the producers' goods industries to the neglect of the consumers' goods industries. A balance between these is maintained only in the U.S.S.R., where research is planned to meet social needs alongside the planning of the economy.

In India the application of science to the economic system has so far been lamentably inadequate. It has been so little that perhaps even the unplanned application of it as in the west would produce social gains far outweighing the costs of impact. The needs of raising our standard of living are so much—expanding population and potential consumer demand are so huge—that both industry and agriculture need not be deterred by the experience of the highly industrialized countries. It has been estimated that about Rs. 35 lakhs are spent annually on scientific research in India or less than one-hundredth per cent. of the national income. Much of the research is done by the universities, academic institutions like the Indian Institute of Science and by the Government through agencies like the Board of Scientific and Industrial Research and centres like the various institutes for research into several branches of agriculture. Research by industries themselves is negligible in relation to the country's needs, and for improvements in processes we are almost wholly dependent on western research. Development and co-ordination are both in the elementary stage. The National Physical, Chemical and Metallurgical laboratories to be established shortly and the report of the committee recently appointed to investigate the possibilities of co-ordinating scientific research in India may yet find a way out of the present stagnation. But it is obvious that political freedom to plan industry and the application of science to it is also necessary. How otherwise it will be possible "to get a move on now" as Prof. Hill would want us to, it is difficult to see. The fitting reply to Prof. Hill is given by one of his own kin in the Royal Society. "In order to release the enormous potentialities for scientific development in the Indian people," says Prof. J. D. Bernal, F. R. S., "it would be necessary to transform them into a self-reliant and free community. Probably the best workers for Indian science today are not the scientists but the political agitators who are struggling towards this end."

Chos And Waste Land Reclamation in the Punjab

(Contributed)

WHAT has so far been achieved in the matter of the reclamation of chos and waste lands in the Punjab by co-operative effort can be gathered from the following study of the problem in the district of Hoshiarpur selected for the purpose. The total area of the Hoshiarpur district is about 14,14,901 acres—out of which about 7,58,132 acres are under the plough. The remaining 6,56,769 acres is nothing but waste and uncultivable land. Out of the latter 2,53,714 acres have been rendered totally unfit for cultivation—for the time being at any rate by the action of the hilly currents popularly known as chos. Roughly the area laid waste by these chos is about 18 per cent. of the total area of the district. The district has also to bear the brunt of the devastating raids of the two rivers, Sutlej and the Bias, though it has the satisfaction

in the fact that many a hitherto waste tract is now an arable land through the canal system that has been built up. In effect, thus, the Sutlej and the Bias are not half as ruinous as are the big and small hilly rivulets and channels known as chos which have laid waste not less than 18 per cent. of the total area of the district. Even the best lands were virtually swamped by sand brought from the Shevalli range which is now nothing but a hillock of sand 30 miles in length and about 7 to 8 miles in width and by 1930 the condition became so serious that a considerable portion of the area of the district had been rendered quite unfit for cultivation. Thousands of wells in rural areas were rendered quite unserviceable and the time and money spent on their construction proved an economic loss to the peasantry. The efforts to improve matters should,

therefore, begin with the afforestation of the Shevalik range and the various *chos* leading to the plains should be made to flow through well walled courses and boundaries. The serious economic deterioration caused by the *chos* has been engaging the attention of the Punjab Government since years and genuine efforts are being made to convert again the barren range into a preserved forest. With this end in view a special piece of legislation known as the Punjab Land Preservation Act was placed on the Statute Book in 1900. Its main objected is to assist the preservation of the Shevalik by placing certain legal restrictions. The first practical step taken by them was the purchase of the hills for grazing under Section 4 of the said Act. The cutting down of all green trees was also put a stop to. The local inhabitants were naturally opposed to this measure, but when the Government were convinced that some of them would suffer substantially in removing their herds for grazing elsewhere it was decided to recompense deserving cases. It had thus to dole out a lakh of rupees to the agriculturists of the tract. When the period of three years for which these restrictions had originally been placed had almost run out fresh agitation was set agoing against the administration for the cancellation of the prohibitory order. Thanks to the timely intervention of the local officials the ugly situation was soon brought under control.

In 1933-34 a special forest officer was deputed to investigate and report in regard to the best ways and means for the preservation and extension of the forests in the range. While stressing the need for the preservation and further development of the area under the forests he recommended an early creation of a special department for the purpose. And it was soon realized that the Co-operative Department alone could give the right lead by organizing *Cho-Reclamation Societies*. Consequently, the Punjab Government decided in 1938 to appoint first one inspector and six sub-inspectors on this special errand as an experimental measure and actual work was taken on hand in November. It may be mentioned here that even prior to this organized effort, the Co-operative Department had already started about a dozen societies on its own initiative. But, however, their activities in the past were merely confined to the distribution of income accruing from the grazing lands. In the societies organized from now, special importance was attached to the preservation of the forests side by side with the reclamation of lands overrun by the *chos*. With the help of the Forest Department, the staff selected for the purpose was given some preliminary training. Almost everywhere work was started under their guidance; and their co-operation in full was sought for.

The following figures show the achievement of these societies:

Year	No. of Societies	Members	Working capital	Area of land under reclamation
1939	28	1602	14555	29093
1940	55	2683	21724	44054
1941	65	2972	31082	47285
1942	97	3798	33313	53620
1943	134	4917	64535	82000

The figures bear testimony to the growing popularity of such societies. The working capital and the area of land covered by these societies do not in fact reflect their true progress. It is only from the annual income some idea can be formed of the results achieved so far. The incomes of these societies for the past five years are:

1939—(Rs.) 15305; 1940—(Rs.) 23989; 1941—(Rs.) 37410; 1942—(Rs.) 71075; 1943—(Rs.) 92609.

While formerly not a pie could be earned from the lands under the *chos*, it is really stimulating to note that as much as Rs. 92,609 flowed into the coffers of these societies in the year 1942-43; and since their in-

ception five years ago Rs. 2,40,388 has been earned. In other words, the income shown has increased by about 6 times since then.

Encouraged by the success of the new enterprise, the Punjab Government appointed another inspector and four additional sub-inspectors on the scheme recently and the work of organizing of new societies is now in full swing. Since the close of the co-operative year on the 31st of July last 8 more societies of the type have been organized.

As legal protection in one form or another could not be dispensed with, the area of operation of a society is brought under the purview of Section 28 of the Forest Act as of Sections 4 and 5 of the *Chos* Act of 1900. For the protection afforded by the former Act the guards are paid for their services from the State treasury, while in the case of the latter they are the servants of the society.

The progress made in this direction is full of promise for the future. Apparently the new idea has caught the imagination of the people of the district; and there is now a greater appreciation of the scope and usefulness of such societies. Propaganda and demonstration have to a great extent removed the lurking fears and doubts of the peasantry; and they are now realizing the potentialities of the movement in this direction.

Briefly stated, the societies undertake to plant weeds and shrubs of such a nature which successfully place impediments in the running of *chos* to all directions. Instead, the water of the *chos* is now made to pass through certain well marked courses; and more and more lands are being reclaimed from year to year. Most of the lands since reclaimed have become a source of income to the zemindars concerned; and have in quite a number of cases added considerably to their paltry resources. The societies work in the hills as well as in the dale; and devote special attention to planting trees, *Sirkanda* and different kinds of grass. Besides, genuine efforts are made to the closure of grazing, terracing of fields and to the conservation of water. For the protection of plants and trees special guards have been engaged. Since 1939, 2,39,391 plants have been transplanted, and 6,752 trenches have been dug. 1180 trees have been grafted and 12660 acres of land have been demarcated. More encouraging than anything else is the fact that 259 acres of waste land have since been reclaimed and brought under the plough.

As the experiment is new, it is yet premature to surmise as to how long it would take to bring about the desired results in the 900 villages of the district requiring attention—as in this case we have to grapple with the forces of nature. We can, however, take satisfaction in the fact that at least a step in the right direction appears to have been taken. Given a fair wind and fine weather it will probably lead us to the haven of our aspirations; and ultimately result in a great economic improvement of the people of the tract.

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THE WORLD ABROAD

Congress Roosevelt Differences

(From Our Washington Correspondent)

WASHINGTON, Feb. 28. (By Cable).

EXPERIENCED political and economic observers foresee four principal potential results of last week's Congressional revolt against Mr. Roosevelt, culminating in the resignation of Mr. Allen Barkely as the Senate majority leader, and followed by sweeping Congressional approval of the two-billiard dollar tax-bill over President's veto. Political storms apparently subsided surprisingly quickly, but it is believed that repercussions, possibly worldwide, will be manifest during coming months.

They will include the following. Firstly, the Congress may enact specific formula limiting wage rises. This would stimulate labour discontent and perhaps cause spread strikes and thus impede the United States war effort. Secondly, Roosevelt may campaign for election on "blame Congress" platform pointing out that the Congress ignored his specific recommendations designed to curb inflation. Thirdly, Mr. Roosevelt's fourth term chances have undoubtedly been impaired by political strife but is still considered good. Fourthly, the Congress may not only oppose President's domestic proposals but his foreign policy also. The Legislature as a whole is admittedly less internationally-minded than the Administration.

The first possibility mentioned above was stressed last week when twenty prominent corporate economists and industrial relations executives, after conferring privately at New York, agreed on the need for Congressional action for controlling wages. There are campaigns quietly underway here, for legislation ending the powers which the Congress delegated to Mr. Roosevelt and the War Labour Board in the Stabilization Act of 1942 which expires next June.

That law provided wage stabilization through presidential direction at levels of September 15, 1942 "as far as practicable" and Mr. Roosevelt utilized the loophole offered by the latter phrase to authorize the grant of wage increases to correct alleged maladjustments and inequalities.

The Congress contends that under that interpretation President exceeded his powers. Hence the current movement to defeat the Administration wage stabilization policies and outlaw further wage rise. The principal objection is that the Congress is not inclined concurrently to halt rising cost of living. Unless the latter is also controlled abruptly, labour unrest will be widespread and consequences to American production would be serious. It is believed that Mr. Roosevelt might utilize the uprising of the legislators in a political appeal to the electorate, strengthened by reaffirming the appropriateness of his annual message to the Congress two months ago in which he urged for a National Service Law, a simple Federal ballot for soldier voting, continued subsidies to restrain food prices and adequate tax-bill to raise ten and half milliard dollars new revenue, thus avoiding battle against inflation. The Congress disregarded all those proposals. Mr. Roosevelt anticipating November elections can recall his suggestions and blame the Congress for failures on Home front.

Partially emerging from reasoning above is the growing opinion, last few days, that the President's dispute with the Congress harmed him politically, but by no means ended his fourth-term hopes. Nevertheless even if re-elected in November Mr. Roosevelt would probably find another hostile Congress thus endangering not only the domestic programme, but international post-war reconstruction plans as well.

Already, widespread fear is expressed that Congressional revolt might extend into the sphere of foreign policy. With comparatively few exceptions the nation's press exalted the Congress and denounced the President in the recent imbrogllo. Yet many conservative newspapers warned that the Congress reaction must not spread to relations with other countries.

The well-known columnist Mr. Walter Lippmann formulated one widely held viewpoint when he pleaded for Mr. Roosevelt reorganizing his Cabinet. Mr. Lippmann wrote: "If the President wants the new tax bill he will have to get a new Secretary for the Treasury and if he wants his other great measures enacted and does not want serious brawls that may disgrace the country and lower its prestige the world over, he should not halt with a change in the Treasury."

Few expect that Mr. Lippmann's advice will be heeded. Meanwhile the Congress always unpredictable, may rebel against the Administration's internationally co-operative sympathies. The first test may occur over the extension of Lend-Lease which the Congress repeatedly endorsed, yet which has been mentioned as the next target of attack by some legislators who consider Mr. Roosevelt an enemy only slightly less sinister than Hitler and Tojo.

Thus *New York Herald-Tribune* editorialized about Lend-Lease: "If it should be permitted to become entangled in current controversy the result would project domestic dispute into the critical arena of world affairs. The Congress has shown itself prompt to resent insult to its dignity and authority as a co-ordinate Government branch. It must now maintain that dignity and authority without pettiness or partisanship in the field of foreign affairs. That is where disunity would be fatal."

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Money Market

**FALL IN THE VOLUME OF TREASURY BILLS
TENDERED AND ACCEPTED—RESERVE BANK
—SLOW DOWN IN GOLD SALES—STOCK
MARKET CLOSED MOST OF
THE WEEK**

(From Our Correspondent)

BOMBAY, Feb. 28.

DEMANDS for funds continued this week but as in the past week, they were not so great as to affect the short term money rates. Deposits are in the upward grade and the Banks have no necessity to enter the call money market and the inter-bank rate for day to day funds therefore still stays at the same rate of 1¼ per cent. Lenders for short-term funds such as three to six months deposits are in abundance. Although the Banks freely take these deposits, they are unwilling to pay more than ½ per cent. for three months and ¾ per cent. for six months. One year's deposits, however, get better response at the hands of the Banks and earn as much as 1¼ to 1½ per cent. depending of course upon the nature of the Bank. The reason for this is simple. These deposits give the banks a free hand in regard to the disposition of their funds. If no other lucrative outlet is available, a Bank can at least invest these funds in Government Securities and earn a clear margin of over 1½ per cent.

Treasury Bills

The only marked feature of the money market this week was provided by the Treasury Bill results. It was generally anticipated that the Reserve Bank of India would absorb tenders to the tune of Rs. 2 crores as in the previous week allowing higher rate than last week when it had crossed ¾ per cent. which many believed would be the maximum limit. But the expectations of the Banks who tendered did not materialise. Their attempt to squeeze a higher rate from the Government failed this week and the Reserve Bank refused to accept all high priced tenders. As against an invitation of Rs. 8 crores, the Bank received offers to the extent of Rs. 10.46 crores. Of these, it accepted only Rs. 89.50 lakhs and rejected the rest which wanted more than annas 13 per cent. per annum. Of the accepted tenders, some were at the rate of annas 13 per cent. which was the highest rate allowed this week. The average rate works out at 12 annas 11 pies per cent. per annum as against 12 annas 6 pies per cent. last week and 12 annas a fortnight back. It may be mentioned here that this is the first time after many years when the Reserve Bank demonstrated to the market in such a forcible manner of its unwillingness to allow the rate to go beyond a certain reasonable level.

Other noteworthy features of the Treasury Bill results this week are the fall in the total amount offered from Rs. 14.17 crores in the previous week to Rs. 10.46 crores in the week under review and the reduction in the tender limit from Rs. 8 crores to Rs. 6 crores for the next week. The former may be attributed to the fact that some might have preferred to invest in the Bengal Government Treasury Bills, as generally the provincial bills particularly those of the Bengal give a better yield. The latter, namely the reduction in the tender limit to Rs. 6 crores, may be due to the Bank's desire to arrest an upward trend in the rate by keeping the weekly offtake of the Central Government in line with the maturities of its bills and also to facilitate the Bengal Government to borrow its next week's requirements with ease.

Securities

Very little business was reported in all the Bombay markets during the week under review as they all

remained closed from Tuesday it being a public holiday and the subsequent three days as a mark of respect to the memory of Mrs. Kasturba Gandhi. On Monday and Saturday last when it was open, the trend of the gilt-edged market was absolutely quiet on account of continued offerings from the up-country centres. 3½ per cent. Government rupee paper moved within a range of half anna and finished quiet at Rs. 98-12-0. The fourth Defence Loan was being sold at a discount of two to three annas. All offerings, however, were freely absorbed by insurance companies and institutional investors.

Reserve Bank

But for a slight decline in the silver coin on the assets side and a corresponding decrease on the side of liabilities the Issue Department of the Reserve Bank has witnessed little change during the week ended February 18. After an expansion of ten crore the total notes issued have remained almost constant at a slightly lower figure of Rs. 879.80 crores compared to Rs. 880.00 of the previous week. The Banking Department witnessed an increase in its transactions from Rs. 144.57 crores previous week to Rs. 153 crores. On the liabilities side it is explained mostly by the increase about Rs. 3 crores in the deposits of other banks, about Rs. 3.4 crores in others and over 3 crores in those of the Government.

Bullion

The bullion market too was in session only for two days in the week. During this short working period, there was very limited trading. The sudden fall in the upcountry offtake in gold and the uncertainties about budget chilled the enthusiasm of the operators who preferred to await further developments. Price movements both in gold and silver were very narrow. Spot gold moved between Rs. 70-15-6 and Rs. 71-0-0 while forward gold was quoted at par with the spot. At the close, however, there was a hardening tendency, with rate for forward delivery recording a rise of 1 anna 6 pies to Rs. 71-1-6. Spot gold, however, was up by less than an anna and finished at Rs. 71-0-6.

In distinct contrast with the past two weeks, sales of gold by the Reserve Bank this week were very slack, reaching a total less than 60,000 tolas as against 7 to 8 lakhs last week and 5 to 6 lakhs two weeks before.

In the silver section, scarcity of stocks was the factor influencing the trend of prices. Activity during the week was very much restricted. The rate for forward delivery moved between Rs. 123-8 and Rs. 124-10, the latter being the closing rate. The premium for spot silver tended to widen from a little under Rs. 2 over Rs. 3. At the time of writing (27-2-44) the spot is quoted at Rs. 127.12 while on Monday last when the forward was quoting at Rs. 123.8 it was quoted in the neighbourhood of Rs. 125. This high premium is no doubt due to the growing shortage of floating stocks in the local market.

Stock Exchange

The Bombay Stock Exchange too remained closed for the major part of the week under review. There was little fluctuation. The market seemed to be moribund, awaiting the Central Government's Budget.

**REJECTION OF OFFERS FOR TREASURY BILLS—
TENDERS REDUCED TO SIX CRORES—STOCK
EXCHANGE QUIET AND STEADY—
JUTE MARKET FIRM**

(From Our Correspondent)

CALCUTTA, Feb. 27.

DEMAND for money has not been very great though it is reported that banks have been able to find remunerative investment in Government Bills and there has been a large increase in advances in this manner. Some withdrawals on private account for gold purchases have also been reported. But fresh deposits and the continued expansion of currency have not caused any stringency in money conditions and call money rates are unchanged at ½ per cent in Calcutta and there are not many borrowers.

Treasury Bills

The important event of the week is the decision of the Government of India to reduce the tenders for Treasury Bills for the next week to Rs. 6 crores from Rs. 8 crores. The persistent rise in the average discount rate and the lack of interest shown by joint-stock banks have responsible for this decision. It was first time since the outbreak of the war when applications totalled much more than the amount on offer and the government found most of the tenders unsuitable for their purpose. There have been occasions previously when the total of application fell short of the amount on offer and the authorities were reluctantly obliged to give an increase in the rate. The fall in the amount of applications to below the amount on offer came about in the bombing days of 1942 and 1943. There were two other occasions in 1943 when the total of applications was below the amount of the treasury bills offer. On all these occasions the amount of accepted tenders constituted a good proportion of the total amount of applications. It was only last week that the total of applications was as much as Rs. 10.4 crores, though it represented an appreciable decline over the figures for the previous week, against the offer of Rs. 8 crores, and the Government was compelled to reject most of the tenders and the amount accepted was the small sum of Rs. 89.5 lakhs. Even this small sum has resulted in an increase in the average discount on treasury bills to twelve annas and eleven pies per cent. per annum from twelve annas and six pies per cent. in the previous week. The yield on Treasury Bills is not in accord with existing money rates and is very much higher. Having regard for the need for large-scale short-term borrowing and a clear policy Central policy it might be some understanding should be reached between the Government and the prominent lending institutions about the average yield on treasury bills such as has been agreed upon in the United Kingdom. In that case undue fluctuations in the average discount rate can be avoided and major disturbances in the money market eliminated.

The Bengal Government had to pay a higher rate on its requirements of three months' treasury bills the latest rate being fourteen annas and six pies per cent. per annum against thirteen annas per cent. last week.

Stock Exchange

The Calcutta Stock Exchange has been quite steady during the past week. Earlier in the week definitely firmer conditions were noticeable and a slight rise in prices was recorded for coal and jute shares. There was some covering on account of bears but in the latter half of the week there has been a tapering off in demand and business is very restricted. With the budget only two days ahead there is no disposition to enter into fresh commitments. It is generally felt that markets will not be affected to any great extent by the new budget proposals and that the upward trend will be resumed. But with the inevitability of

increase in taxation in war-time and the Finance Member's insistence on the need for more measures for furthering the anti-inflationary drive there is an air of expectancy. The general undertone is steady.

Coal shares improved in the early days of the week. The interruption to trading and the absence of business on the Bombay market for the most part of the week caused a quieter feeling and quotations were lower than the best levels for the week. *Equitable* improved to Rs. 55 from Rs. 52 though the quotation came down to Rs. 43-12. *Dhemo Main* were steady at Rs. 22-12 and *Burrakur* at Rs. 32-12. *West Jamurias* have provided the feature with a rise to over Rs. 50. *South Karanpura* were firm at Rs. 11-10.

Jute shares were inclined to be firmer following the reports that the industry was assured of regular coal supplies and that requisitioning might not affect the industry to such an extent as was originally feared. But there was some influential selling of *Howrah* and the quotation came down to Rs. 66-8. Other popular shares also are quieter. With the reports of the steam-driven units of the Andrew Yule group not making bad showing and with the uncertainties regarding the immediate future, business has been necessarily restricted. It is pointed out, however, that the faith of the investor, in this part of the country, in the future of jute shares cannot be shaken and that there might be a revival before long.

Engineering

Engineering shares have been uninteresting. The leading speculative counters, *Indian Iron and Steel Corporations*, were for a time easier at Rs. 35-12 and Rs. 27-2 but the close is higher at Rs. 36-2 and Rs. 27-6 respectively. When the budget is out of the way speculation regarding the interim dividend of the Indian Iron and Steel Company, Limited for the year ending March, 1944 will begin for, it is pointed out that the size of the dividend is dependent on the new taxation proposals. If there is no increase in direct taxation *Indian Iron* is being talked up to Rs. 40. But it is not generally recognized that the Steel Corporation, Limited cannot be in any way affected and that with the increasing earnings capacity of the Corporation the ordinary shares are very good for the long-term investor.

There is nothing of interest in other sections. *B.I. Corporation* have come back to Rs. 6-4 on the reports that there might not be any increase in the dividend for the year 1943 though cum-dividend transactions have resulted in a firming up in the rate.

Jute

The jute market has been firmer in the past few days. There has been greater buying by mills. The conclusion of business for forward positions has been responsible for the more liberal buying by mills. Holders also are not very anxious to do business as reports regarding sowings or the new crop are not quite satisfactory and there is a fear that much of the land intended for jute might be diverted to paddy. Only recently the Government of Bengal announced their decision to fix the quota for the crop at eight annas of the basic acreage of 1940 though at the same time they said that the ryot would not be compelled to grow jute. If production is on an average 1 lakh tons per month there might not be much surplus jute left. At the present moment demand is mostly for inferior grades so that there has been an increase in prices for bottom grades.

FROM THE PROVINCIAL ANGLE

Madras Letter

SCIENTIFIC RESEARCH SIR S. S. BHATNAGAR'S REVIEW—DEFECTS IN FUEL RATIONING—PRE- BUDGET HESITANCY IN STOCK

(From Our Correspondent)

MADRAS, Feb. 26.

THE complaint heard very often that Madras Province has neglected the importance of scientific research is now to be remedied to a large extent, thanks to the sympathetic attitude of the Government, the University of Madras and private munificence. Sir S. S. Bhatnagar, Director of the Industrial and Scientific Research Board who was in Madras on a brief visit addressed a meeting of the Research Students of the Madras University and stressed the need to develop scientific research in the province. He said that there was a wealth of talent available in the province and therefore, facilities should be provided to show them up, so that Madras would take its rightful place amongst the other provinces. Industrialists have already realized the importance of scientific research and have given large endowments for research in particular branches. But unless there was a large number of national institutions in the country which would do research work in particular branches, they could not achieve much progress. Sir Shanti Swarup explained the work done by the Board of Industrial and Scientific Research and promised that it would help Madras in all its scientific progress. He also complimented Madras on its leading part in regard to the tanning industry which has developed to a considerable extent. In this connection, it would be appropriate to mention here that the Madras University has proposed to start courses in technology. For the duration of the war the facilities available in the Engineering College are to be utilized, the question of opening a separate college being deferred for the present. This has been made possible on account of a munificent donation of Rs. 3 lakhs given by Dr K. V. AL. Rm. Alagappa Chettiar, a prominent mill-owner, who has already donated various sums for the promotion of technical education in the province. For the present, it is proposed to impart education in chemical technology only and the University has already approved the courses of study and has also sanctioned the necessary staff. Recently, the Academic Council of the University has also passed a resolution recommending that Road Engineering be included as a separate branch of study in the Engineering Degree Course. As road making on modern scientific lines is bound to figure prominently in all post-war plans of the country, special education in this branch of engineering is to be welcomed and it is to be hoped that the University will bestow thought and attention on this resolution.

Rationing of Fuel

It was nearly a fortnight ago that the restricted rationing of firewood was brought into force in Madras City. But the difficulties and the huge expenditure involved in getting firewood have not been resolved. The quantity allotted has been very inadequate and the public were banking on the hope that when the full rationing scheme is brought into force—and it was expected on March 1—their difficulties would end. But the date is receding away like a mirage. The plea that has been put forward is transport difficulties and hence poor arrivals to the city but why these difficulties have been insurmountable one is unable to comprehend. The city is also threatened by the fact that some of the hotels have been closed down due to lack of firewood and others are on the verge of being closed down. On the whole, rationing of fire-

wood has been very unsatisfactory and it is essential that the Government realize the gravity of the situation and take suitable steps to remedy it.

Gur Control

The Government have become dealers in *gur* overnight because of the *gur* (Jaggery) Control Order. Though Madras is a surplus province as regards jaggery, under the *Gur* Control Order, free export is not possible and therefore the Government have come in. The *Gur* Controller has fixed quotas for certain deficit areas and export of the quantity required to fulfil these quotas only is to be allowed. The Government have also appointed an Assistant Marketing Officer to arrange for these exports. He will enter into contracts with the dealers or producers in the surplus districts who offer to sell within the ceiling prices fixed for his guidance and will give them dispatch instructions as he receives the orders for supplies from the deficit areas. Dealers or producers, it is stated, will not in future be allowed to sell or export on their own account direct to merchants in deficit areas.

Stock Exchange

The Stock Exchange has been in an uneasy state during the period under review, at one time very steady on the ground that the worst fears regarding the Central Government Budget have been discounted and at another time nervous of what the budget would contain. There is no doubt, however, that if there is no serious inroad on companies, there will be a wave of investment buying in the markets. The results of the working of the various companies published so far, reflect the exceedingly prosperous conditions experienced in the past year. In the Government Securities market, business has been on a very small scale and the rates have shown a tendency to be fractionally lower. Three and a half per cent. paper was quoting a few annas under Rs. 99. Business in State Loans and Provincial Loans was also small and transactions reported were very few. The absence of first class scrips in the Fixed Interest Securities section was a serious handicap to business and there were good inquiries for this class of scrips. There was keen interest in the Banks section but at the close there was an easier tendency. Indian Banks fully paid touched Rs. 365, closing easier at Rs. 350 c.d. Indian Overseas, Bank of Hindusthans and Indo-Commercials were all fractionally lower on the week's trading. Insurance shares too were a little lower than last week. Textiles after being very firm closed easier. Mettur Industries reported a large volume of business as also Cambodias. Maduras were also in demand and this mill has declared a dividend of 30 per cent. as against 20 per cent. last year. Dhanalakshmis have declared a dividend of 50 per cent. representing a drop of 35 per cent. compared to 1942. With the bogey of agricultural income-tax hanging over the planting section, rubber shares were slightly dull but there was selective buying in particular shares. There was a wide range of business in tea shares. Chembra Peaks, O. Valleys, Vellamalais and Periakaramalais were active shares during the week. In the Miscellaneous section, sugar shares were keenly sought for. The Mysore group of industrial shares has been particularly brisk and a fair volume of business in chemicals, papers, lamps and matches.

Bombay Letter

ALLOCATION OF RESERVE BANK'S PROFITS FOR AGRICULTURE—SIR M. NANAVATI'S MEMORAN- DUM—PLEA FOR RURAL SURVEYS—CO- OPERATIVES FOR COTTON SALES—LAND SPECULATION IN AHMEDABAD

(From Our Correspondent)

BOMBAY, Feb. 26.

Preservation of Cattle

The importance of preserving useful dry cattle has been fully realized by the Bombay Government who are tackling this problem from all sides. The future supplies of milk and meat especially for civilian consumption were seriously threatened by the indiscriminate slaughtering that was going on for supplies to the military. In order however to prevent such a situation from developing, inspection has already begun of cattle tendered for slaughter at the military slaughter houses in Poona, Ahmednagar and Deolali and the Municipal slaughter houses at Bandra, Poona, Ahmednagar, Belgaum and Sholapur. On the other hand, a scheme submitted by the Bombay Humanitarian League for the establishment of centres for the preservation of about 4,500 useful dry cattle in breeding areas and in Pinjrapoles has been sanctioned by the Government. A grant of a subsidy of Rs. 32,500 towards the total cost of Rs. 37,500 is also being made by the Government to the League. The scheme provides for the transport of about 1,000 dry cattle to each of the cattle preservation centres and for the retransport of the animals to Bombay City when they come into milk. The administration of the scheme will be done by the League subject to supervision by the Director of Agriculture. The scheme has been sanctioned by way of an experiment for one year only.

Cotton Sale Societies

Judging from the results during the 1942-43 cotton season, it is satisfactory to note that the scheme for the organization of Co-operative Cotton Sale Societies in East Khandesh has been successfully worked. The main idea was to market under the "Agmark" scheme pure Jarilla cotton produced by members of co-operative societies and other approved cotton growers. The scheme was sanctioned by the Bombay Government in 1942. There were in all 16 Co-operative Sale Societies which obtained pure Jarilla cotton seed of higher pedigree from the Cotton Superintendent, Jalgaon. The seed was multiplied by the members and was ginned to secure a uniform type and was sold at intervals throughout the season, wide publicity being given to such sales. During 1942-43 season, the members were able to obtain a premium of Rs. 10—20 per Bombay candy for their cotton.

Land Speculation in Ahmedabad

The abundance of funds due to industrial profits has caused a good deal of speculation in land within Ahmedabad and in many villages surrounding it. Land values have gone up many times, and quick re-sale is also taking place. It is likely that the speculation in land values will result in an unplanned and haphazard growth of buildings in Greater Ahmedabad, unless steps are taken in time.

SIR Manilal B. Nanavati has issued a "Memorandum on the allocation of the Reserve Bank's profit to Agricultural Reconstruction." Sir Manilal's main idea is that half the profits of the Reserve Bank of India should be set apart for financing the setting up of an organization for the development of rural life preferably under the Imperial Council of Agricultural Research whose function should be expanded to make plans to promote research and sanction grants for agricultural reconstruction. The case for a well thought out all inclusive drive aiming at a simultaneous sustained improvement of all aspects of rural economy needs no argument in detail. The problem of finding funds for agricultural development, however, is one of the most stupendous which the country shall have to face in the post-war period. The problem which Sir Manilal envisages is that of finding the necessary funds to set up an initial organization to deal with these problems comprehensively even before the end of the War. For example, the author states that we may have to undertake a detailed land utilization survey in the light of which schemes of land reclamation, rural engineering, crop planning etc. can be formulated. Possibilities of extension of irrigation would have to be studied by experts who may have to be brought over from foreign countries. There is, in fact, hardly any sphere of agricultural development where such research investigation, planning and prospecting are not needed. Funds must be found for all these and it would obviously be desirable if they could be found outside the annual Budget. Under the present arrangement, whatever surplus there remains with the Reserve Bank after allocation to dividends goes to the Central Government and this contribution is then amalgamated with the general revenues of the country. The profits of the Bank have risen steeply since the War. In 1938 the surplus payable to the Central Government amounted to Rs. 20,95,000 while in the year 1942-43 this amounted to Rs. 7,49,81,000. If half of this surplus is allocated every year to a fund for agricultural reconstruction, then the organization which is in charge of this work will be assured of finance independently of the Government Budget.

Regarding the actual organization, the author's suggestion is that the funds so created should be entrusted to the Imperial Council of Agricultural Research because it is an all-India body with a fine record of usual work. It has a competent Secretariat. On its governing body there are men of all shades of opinion, technical experts, experienced administrators, business men with wide experience and substantial agriculturists. On its Council there are technical experts who put projects, discuss them and recommend them to the governing body.

U.P. Letter

SIR MAURICE HALLETT REPLIES TO CRITICISMS— AGRICULTURE AND FOOD POLICY—PROGRESS OF SUGAR CONTROL

(From Our Correspondent)

CAWNPORE, Feb. 27.

THE Merchants' Chamber of the United Provinces held their 12th annual general meeting on Sunday under the presidentship of Mr. U. S. Mehroutra. The Governor, Sir Maurice Hallett, could not be present, but

sent a long "message" meeting in detail all the points made against the Provincial Government in the presidential address. In the course of his message Sir Maurice Hallett said: "Your address contains once again a good many complaints. I use the word 'com-

plaints' deliberately. Dealing with the question of control, you make a comment which I can not pass over. You suggest that 'subscriptions to war loans or contributions to war funds do not entitle any in society to assume the role of a Government agent or to escape from the operations of control mechanism? If you have definite instances in which my officers have relaxed control because of contribution to the war fund, let me know details and I will be the first to take action to stop this form of bribery. May I now refer to charges based on inadequate information. You refer to the immediate necessity of increasing agricultural production. I hope you will recognize the steps which we have taken in this province in carrying out this campaign. We have increased many of our canals, we are putting down 200 more tube wells and some of them are already in action, we are considering whether we should not further expand our tube-well system. We are pushing on with schemes for the supply of better seed, manure, etc. to the cultivator, we are giving *tagavi* loans freely, in some cases without interest for agricultural improvements. In Bundelkhand, for example, the construction of *bandhis* is being encouraged with some success. I do not say that more is not needed; we must and will do more, but it is not fair to charge this Government or the Government of India with doing nothing."

Savings and Subsidies

Sir Maurice Hallett agreed with the Chamber President that the sheet-anchor in the present emergency must be increased borrowings and reduction of all expenditure not essential for the winning of the war. In the U.P. not only had the volume of agricultural indebtedness, by all reports Sir Maurice Hallett had received, been greatly reduced but as a result of their loans campaign, there were lakhs of small men in every district of the Province who for the first time in their lives, had now banking accounts. In spite of increased rates of duty, excise revenue had increased greatly owing to the increased spending power of the people. The Province's share of income-tax which had amounted to Rs. 41.85 lakhs in 1939-40 was, according to this year's budget estimates, as much as Rs. 181½ lakhs and the actuals were expected considerably to exceed this figure. The suggestion that Government had profited on its control of *gur* and oil seeds showed a misapprehension of the purpose of these

operations, continued Sir Maurice. Every month the Provincial Government was losing lakhs of rupees on its foodgrain operations and the extent to which Government could subsidize foodgrains as it was doing at present and thus bring down prices was dependent upon its own financial position. In the Provincial Government's opinion the gains made in the *gur* and oil seed transactions were made not at the expense of the consumer or producer, but solely at the expense of the middleman in other provinces where the price and distribution of these commodities were not controlled, and all gains had been applied to the financing of Government's foodgrain operations and in the reduction of their price for the benefit of consumers in this province and of deficit areas.

Sugar Syndicate's Meeting.

Resolutions demanding the relaxation of the control of molasses in the U.P. and Bihar, and deploring the undue and uncalled for interference by the excise staff in the day-to-day working of the sugar factories under the new Excise Act were passed at an extraordinary general meeting of the Indian Sugar Syndicate held here on Friday under the presidency of Mr. C. O. Malley. The meeting also fixed the basis of the Syndicate members' sugars of the current season, and adopted a proposal to reduce basic prices of 1930-40 sugar in accordance with the award of the arbitrators concerning that season's production. The resolution on molasses stressed that control had been specifically assumed to ensure adequate supplies at a reasonable price to distilleries for power alcohol and rectified spirit purposes. Control over entire production was not only against the spirit of the order but had been causing numerous hardships to factories.

Mr. N. C. Mehta, the Sugar Controller, who was present at the meeting, spoke on some aspects of control and drew a rosy picture of the industry in the post-war period. He was confident about the prospects of the current season's production and also about prospects for the ensuing season. He made a strong plea for improving the quality of sugar and standard of production. Mr. Mehta pointed out that the despatch position had been very healthy but envisaged that during the next few months the railways would have to give special attention to *gur* despatches from the U.P. which may entail to a certain extent switching over of wagon supplies intended for sugar factories.

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A DELHI DIARY

NEW DELHI, March 2.

INFORMAL conversations are proceeding in Assembly circles on the Finance Member's Budget statement and his new taxation proposals. It is likely that the unity maintained by the elected groups in dealing with the Railway Budget will continue undisturbed, for though party leaders have been reticent in expressing themselves on the General Budget lobby comments show no difference of opinion on essentials. It has been the Raisman policy to levy additional taxation at the rate of ten to fifteen crores per year—as a matter of fact the actual receipts have exceeded this figure. In his Budget statement last year Sir Jeremy went one step further and taking as his basis an anticipated deficit of Rs. 60 crores, "proposed to raise Rs. 20 crores or approximately one-third of the prospective deficit by new taxation." The fact that the revised revenue estimates show an improvement of Rs. 25 crores, discloses that the yield has actually been more. In the coming year the Finance Member expects to raise a further sum of Rs. 23½ crores by additional taxation—in addition to the sum of Rs. 10 crores which the increase in Railway fare is expected to bring. Throughout the war period the Finance Member appears to have proceeded on the principle that as far as possible one-third of the deficit should be met by additional taxation and the remaining by borrowing. Unfortunately, however, the actual deficits have been much more. The deficit for the year 1942-43 has exceeded the revised estimate by over Rs. 16½ crores. The revised figure for 1943-44 has brought the deficit to Rs. 92.43 crores as against the anticipated Rs. 40.19 crores, but actually it may prove to be much more. The deficit for 1944-45 has, after including the yield from the additional taxation, been put at about Rs. 55 crores, but lobby comments are very sceptical of this figure. The general expectation is that if the South East Asia Command offensive materializes on the scale envisaged, there is bound to be a big leap in expenditure bringing the deficit to double or treble the estimated figure.

Criticism in Assembly circles takes generally the line that the Finance Member has been far too conservative in his revenue estimates. Equally strong is the complaint that in his expenditure figures he has been guilty of considerable underestimation. Even according to the revised estimates the increase in expenditure during the current year is expected to be over Rs. 87 crores compared with the original Budget figure. It is no doubt not quite easy to forecast expenditure in war-time, but there is a feeling that Finance authorities of the Government of India have neither shown sufficient foresight nor adopted correct accounting methods. Some go so far as to allege that the Government have been deliberately overconservative in their expenditure estimates—particularly in the figures for 1944-45. The Finance Member has, however, made the definite announcement in his speech that:

"While the Defence estimates exclude the cost of forces serving in India in excess of ceiling strengths India also bears no financial liability for other units or formations employed in India on duties unconnected with her local defence or for measures such as those relating to expansion of administrative and maintenance organizations, the acquisition and holding of additional stocks and the improvement of internal transportation and port facilities which are incidental to the setting up of the South East Asia Command or to the utilization of India as a base for large-scale offensive operations against Japan."

Further clarification of this assurance will be demanded when the whole question of military expenditure is debated next week, but there are many who regard this assurance as merely illusory. Even according to the Bud-

et estimates, defence expenditure charged to Indian revenues is expected to go up to Rs. 276½ crores—excluding the capital portion of Rs. 24½ crores. This works out to nearly a crore per day, but it is apprehended that actually it may go up to much more.

On the subject of taxation, the general criticism continues to be that the Finance Member is throwing too heavy a strain on the slender resources of the country. Actually the Finance Member has been careful enough to avoid controversial items for taxation—those like salt, the post-card, etc. which may give rise to the complaint that he is attacking the poor man's living. As a sort of popular gesture he has volunteered to raise the taxable minimum for income-tax to Rs. 2,000—in reality a negligible concession—but he has tried to more than make up for it by increasing the higher rate. According to official explanations so far available, the Raisman policy is to select those items for taxation through excise duties etc. which may be described as luxury articles. According to my information the Government do not propose to modify any of their proposals—just as they are reported to have already decided to certify the 10-crore cut in the Railway Budget and go forward with their proposal to raise railway fares from April next. But what Assembly circles are anxious to raise for discussion is the general taxation policy of the Government of India. Since the beginning of the war taxation has already increased by 150 per cent. The way in which it has been apportioned is such that it weighs as heavily on the poor as on the rich. Even more important is the effect of this policy of heavy taxation on industry. It is feared that if this policy is pursued both industrial production and agricultural development will be adversely affected. Instead of stimulating industrial enterprise and encouraging initiative, the very effect of this taxation policy will be to render further industrial progress difficult if not impossible. There is a move in Assembly circles that the Government of India should be called upon to undertake immediately a comprehensive inquiry into the general taxation policy of the Government with particular reference to its effect on industry and agriculture.

Two other questions which are receiving prominent attention in Assembly circles are the Government's policy in regard to the utilization of sterling assets and problems connected with Lend-Lease and Reciprocal Lend-Lease. In regard to both, motions are expected to be tabled to secure clarification of the Government's intentions. The total cost of reciprocal aid given to the United States is over Rs. 81 crores according to the Budget statement. On the general question of India's dollar assets the Finance Member was addressed during question-hour on Thursday in the Assembly, but the answer was far from satisfying.

An interesting answer was also given by the Finance Member about the Government's attitude towards the expansion or establishment of non-Indian concerns in India. The Finance Member said: "This question raises two issues. The first concerns Government's policy in regard to the continuance and expansion of so-called non-Indian industries and businesses in this country and the establishment of new Indian concerns. The second relates to the administration of the control of capital issues in British India. I am not answerable for the former and therefore confine my reply to the latter aspect. In this regard the position is that capital issues in British India have been controlled since May 17, 1943, and in judging whether or not to permit an issue of capital the question whether the capital is likely to be subscribed here by Indians or non-Indians is not taken into account." This answer speaks for itself about the Government's policy!

ARGUS

NEWS PAGE

ABOUT two-thirds of the total population of Bengal were affected by the famine that ravaged the Province last year and the number of deaths above normal was probably over 3½ millions, states a Note submitted by Prof. K. P. Chattopadhyaya, Head of the Anthropology Department of Calcutta University, which carried out a sample survey of 10 of the famine-affected districts.

A \$400,000 immediate relief programme "to help to mitigate the after-effects of the recent famine," was announced in a statement issued jointly by the India Famine Relief Committee and the British War Relief Society of America. The programme at present embraces only the first four months of 1944, but it is expected to continue beyond then, according to need and the availability of supplies.

The Central Food Department is reported to have made allotment of the increased surplus of 25,990 tons of Sind rice. Travancore-Cochin will receive 16,000 tons and Bombay 6,000 tons. The balance is expected to be divided equally among Cutch, Mysore and Western India States.

The Allied proposals for Germany after the war include setting the upward limit to German production and drawing the line which Germany would not be allowed to cross between economic prosperity or peaceful well-being and economic expansionism which is synonymous with military imperialism.

Three important schemes of research involving an estimated expenditure of about Rs. 1,00,000 have, it is learnt, been sanctioned to be carried out at the Imperial Dairy Research Institute, Bangalore. The schemes relate to (1) chemical research on Indian *dahi* or curds, (2) detection of adulteration of milk with skim milk powder, and (3) comparative study of the chemical composition and nutritive value of *ghee*, ordinary oil, refined or deodorized oil, hydrogenated oil or *vanaspathi ghee* and body fats.

The proposed Bhakra dam in the Punjab which has been conceived to irrigate primarily the arid areas of South-east Punjab will have a height of 500 feet and the length of the lake to be created by it will be about 50 miles. Its construction is expected to be taken in hand as soon as the Punjab-Sind dispute over the distribution of the waters of the Indus is settled and the requisite machinery is available.

The area under Indian cotton during 1943-44 season is estimated at 19,261,000, acres representing an increase of two p.c. over the revised estimate on the corresponding date of last year. The estimated outturn is 4,934,000 bales, showing an increase of 10 per cent., states the official crop forecast issued by the Director-General of Commercial Intelligence and Statistics.

Export of registered Friesland cattle from South Africa to India will recommence shortly. It is stated that 30 heifers and a number of bulls are at present being acquired on behalf of the Government of India.

Lord Moyne is inviting the Governments in the Middle East to a financial conference to be held in Cairo during the last week of April. The Conference will discuss problems of bringing prices into line with the neighbouring countries and the world. The British and U.S. Treasuries have been invited to send representatives.

The use of waste oil and water as fuel for cooking is one of the measures being adopted by the R.A.F. in India to combat the present shortage of wood and coal. A simply constructed apparatus in which vapourised water and oil which fuse and become combustible can be used with a hundred per cent. result was demonstrated recently.

The S. African Minister of Finance Mr J. Hendrik Hofmeyr, in his Budget speech last week said that the decline of the goldmining industry as a revenue producer had a serious effect on the total yield of inland revenue. War conditions had very considerably reduced the industry's output.

The All-India final groundnut forecast for 1943-44 puts the area at 8,531,000 acres and yield at 3,323,000 tons. This represents an increase of 11 and 16 per cent in area and yield respectively as compared with the last year's crop. The condition of the crop is reported to be good on the whole.

In its annual report the United Kingdom Chamber of Shipping says that British shipping has a right to ask, even when demanding the fullest measure of freedom compatible with national needs, that it should not have to fight alone and unaided against State-subsidised foreign competition if that should recur. Nor should it struggle to maintain its services in a market flooded with surplus ships built for war purposes.

The Central Government's monthly accounts for December 1943 show that, excluding periodical adjustments and the transactions of Railways and Posts and Telegraphs, expenditure in the first nine months of the financial year 1943-44 exceeded revenue by Rs. 106¼ crores against Rs. 100¼ crores in the corresponding period of the previous year. Defence expenditure increased by about Rs. 45½ crores to Rs. 183¼ crores and Civil expenditure by about Rs. 2 1/3 crores but Revenue was better by about Rs. 41½ crores. Net receipts from Railways and Posts and Telegraphs were better by Rs. 5½ crores and Rs. 2 2/3 crores respectively. There has been an increase of Rs. 152 crores under Permanent Debt during the period.

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FINANCE

Central Budget, 1944-45

INTRODUCING the Central Budget for 1944-45 in the Central Assembly on February 29, 1944, the Finance Member disclosed a revenue deficit of Rs. 92.43 crores for the current year and a prospective deficit of Rs. 78.21 crores next year on the basis of existing taxation.

The salient features of the Budget are: The Financial Settlement stands. The setting up of the South East Asia Command does not of itself either add to or diminish India's liability for defence expenditure. The several anti-inflationary measures adopted by Government in 1943-44 are contributing in various ways and degrees to the desired result. Government's loan programmes have had a striking success, total borrowing (including sale of counterparts) amounting to Rs. 547 crores since the beginning of the War of which more than half has been raised during the last twelve months. Estimates for 1944-45 provide increased grants for scientific and industrial research. A Dollar Fund is to be built up, to be available for post-war development.

ACCOUNTS, 1942-43

The actual deficit for 1942-43 is Rs. 112.17 crores as against Rs. 94.66 crores anticipated in the Revised estimates for that year.

REVISED ESTIMATES, 1943-44

The Revised estimates of revenue for 1943-44 are expected to amount to Rs. 254.50 crores, an improvement of Rs. 35.50 crores over the budget estimates. There is a net increase of Rs. 87.34 crores under expenditure charged to Revenue, taking Defence and Civil expenditure into account. The current financial year is thus expected to close with a revenue deficit of Rs. 92.43 crores.

Taxes on Income, as a result of the measures adopted to speed up assessments, are expected to yield Rs. 138 crores against Rs. 102 crores envisaged in the Budget. E.P.T. is likely to yield Rs. 62.25 crores as compared with the forecast of Rs. 40 crores. This amount excludes some of the collections under the Ordinance issued last summer, which, for accounting purposes, are treated as deposits pending regular assessments. The share of the Provinces from the divisible pool of Income-tax will amount to Rs. 19.50 crores, Rs. 7.40 crores above the budget estimates.

EXPENDITURE—DEFENCE SERVICES

The Revised estimates of Defence expenditure for 1943-44 amount to Rs. 262.64 crores under Revenue and Rs. 38.30 crores under Capital. The details are:—

Revenue portion		(Crores of Rs.)
(1) Basic Normal Budget	.. .. .	36.77
(2) Effect of rise in prices	.. .. .	13.01
(3) India's war measures	.. .. .	204.53
(4) Non-effective charges	.. .. .	8.33

Total .. 262.64

Capital portion

(1) Air Force—Airfields	.. .. .	14.67
(2) Capital Outlay on Industrial Expansion	.. .. .	6.00
(3) Reciprocal Aid—Airfields	.. .. .	10.85
(4) New Construction for R.I.N.	.. .. .	2.58
(5) Capital Outlay on Tele-communications Scheme	.. .. .	4.20

Total .. 38.30

The increase of Rs. 77.52 crores in item (3) of the Revenue portion is due mainly to the rise in the price levels of stores and to the grant of improved scales of rations to Indian troops from July 1, 1943, as well as to the inclusion of a portion of the recurring expenditure on the air forces provisionally placed under suspense last year; also to increases in the strength of forces in India and to increased supply and services rendered by India to the U.S.A. on Reciprocal Aid terms.

SOUTH-EAST ASIA COMMAND

The setting up of the new South East Asia Command, stated the Finance Member, did not of itself either add to or diminish India's liability for defence expenditure. While this did not mean any slackening of the country's war-effort, "the Government of India have made it clear," he observed, "that no further substantial increase in the overall quantum of war demands on India's resources can be met without grave risk of an economic collapse and that an early lightening of her present burden by the release, for vital civil needs, of certain types of supplies and productive capacity at present appropriated for war purposes, is essential in order to counteract the unhealthy tendencies now manifesting themselves."

SERVICES' PROGRESS

Land forces reached during the year approximately the strength held to be necessary and sufficient for local defence purposes. Should the strength of troops in India at any time exceed this limit, the cost of such excess would not fall on this country. Further improvements in the conditions of service of others and other ranks of the Indian Army have been introduced or are in contemplation. A larger amount of money is now being spent on the welfare and well-being of the services than in any previous period, and, at the same time, a good deal of attention is being paid to the protection of the interests and well-being of the men's families.

The programme of new construction of ships for the R.I.N. is now well advanced and a considerable fleet of war vessels is now in commission. Units of the Royal Indian Navy have operated in British waters and participated in various operations in the Mediterranean including the invasion of Sicily.

Satisfactory progress has been made in implementing the Ten Squadron plan of the Indian Air Force. To back this Air Force steps have been taken to develop a maintenance organization. Some other measures of expansion have also been undertaken including the Indianization of the Balloon Squadron of the Air Forces in India and the inauguration of the Indian Air Training Corps.

FINANCIAL SETTLEMENT STANDS

The allocation of Defence Expenditure between India and the United Kingdom continues to be governed by the terms and principles of the Financial Settlement and developments in the war situation and the establishment of the South East Asia Command have not rendered it necessary to depart from these principles. In accordance with those principles India's liability for the cost of forces serving within her geographical frontiers is subject to the condition that such forces are both necessary and available for local defence purposes. The strengths of forces for such purposes at any time are subject to maximum limits, which are indicated by the Defence authorities from time to time.

"While the Defence estimates exclude the cost of forces serving in India in excess of ceiling strengths, India also bears no financial liability for other units or formations employed in India on duties unconnected with her local defence or for measures such as those relating to the expansion of administrative and maintenance organizations, the acquisition and holding of additional stocks and the improvement of internal transportation and port facilities, which are incidental to the setting up of the South East Asia Command or to the utilization of India as a base for large scale offensive operations against Japan."

CIVIL EXPENDITURE, 1943-44

Civil expenditure in the Revised estimates for 1943-44 shows an increase from Rs. 76.78 crores (budget) to Rs. 84.29 crores. An excess of Rs. 2 crores is accounted for under financial assistance to evacuees and families in India of British subjects detained in enemy occupied territories. Assistance to the extent of Rs. 2 crores has been given to Provinces and States in furtherance of the "Grow More Food" campaign. Central assistance to Bengal for famine relief up to Rs. 3 crores has also been provided for.

The question whether the somewhat uneven effects of the impact of war on provincial finances called for a modification of the provincial share of the Income-tax pool was examined but it has been decided that the situation does not call for any modification at present.

A scheme for the further liberalization of dearness allowances is under consideration. On the present basis a sum of Rs. 2½ crores has been provided for dearness allowances to Central Government servants, other than those paid from the Railways and the Defence Estimates. Provision of supplies for them at concessional rates will entail an expenditure of Rs. 41 lakhs.

The value of orders placed by the Supply Department rose from Rs. 184 crores in 1941-42 to Rs. 256 crores in 1942-43 and amounted to Rs. 129 crores in the first nine months of 1943-44.

FINANCIAL YEAR 1944-45: REVENUE

Total revenue estimates for 1944-45 amount to Rs. 284.97 crores as compared with Rs. 254.50 crores in the Revised estimates for the current year. Anticipating more shipping space for imports, 'Customs' revenue is placed at Rs. 27 crores as against Rs. 25.94 crores in the current year. An improvement of Rs. 1.25 crores is also expected under Central Excise. A sum of Rs. 10½ crores is expected to be collected under "tobacco," as against Rs. 9 crores in the current year. Corporation Tax and Income-tax are expected to bring in Rs. 174 crores, including Rs. 78 crores from E.P.T. The share of the divisible pool available to the Provinces is placed at the high figure of Rs. 23.69 crores. Posts and Telegraphs surplus is estimated to be Rs. 11.31 crores.

DEFENCE EXPENDITURE

The budget estimates of Defence expenditure for 1944-45 amount to Rs. 276.61 crores and Rs. 24.60 crores under the Revenue and Capital heads respectively, the relevant details being:—

Revenue portion		(Crores of Rs.)
(1) Basic normal budget	.. .. .	36.77
(2) Effect of rise in prices	.. .. .	15.05
(3) India's war measures	.. .. .	215.58
(4) Non-effective charges	.. .. .	9.21
Total	.. .. .	276.61

Capital portion

(1) Air Force—Airfields	.. .. .	10.00
(2) Capital Outlay on Industrial expansion	.. .. .	2.00
(3) Reciprocal Aid—Airfields	.. .. .	5.20
(4) New construction for the R.I.N.	.. .. .	1.60
(5) Capital Outlay on Tele-communications Scheme	.. .. .	5.80
Total	.. .. .	24.60

The decrease of Rs. 13.70 crores under Capital portion as compared with the Revised Estimate for 1943-44 is due to the completion of the bulk of airfields and a reduction in the capital expenditure on expansion of factories and dairies. The Telecommunications Scheme is expected to be completed next year.

MUTUAL AID AGREEMENT WITH U.S.A.

The Finance Member stated that, after preliminary discussions, it was agreed that the talks relating to the possibility of India's entering into a direct Mutual Aid Agreement with the U.S.A. should be suspended in view of the difficulty of determining India's post-war policy in certain respects at this stage. The Government of India, however, he said, had accepted the principle underlying Mutual Aid and continued to receive Lend-Lease goods and services from U.S.A. and to grant Reciprocal Aid in return.

The estimated cost of Reciprocal Aid to be afforded to the U.S.A. on present information during the years 1943-44 and 1944-45 is about Rs. 26 crores and Rs. 43 crores respectively. The total cost of such aid up to the end of 1942-43 was Rs. 12¼ crores. The estimated progressive total up to the end of 1944-45 is a little more than Rs. 81 crores.

It is not possible at present to say what the total financial benefits that India will receive as a result of Lend-Lease supplies from the U.S.A. during the same period will amount to, because the allocation of Lend-Lease goods and services received in India between Government of India and His Majesty's Government has not yet been determined. The total value of Lend-Lease up to the end of 1944-45 is estimated to be Rs. 350 crores. It is reasonable to assume, the Finance Member said: "that India's share in these benefits will not be less than one-third."

CIVIL ESTIMATES

Civil expenditure shows an increase of Rs. 2¼ crores, as compared with the current year, or an increase of Rs. 6¼ crores if the reduction of about Rs. 4 crores in the amounts transferred to War Risks Insurance Funds, consequent on the reduction in the rate of premium, is taken into consideration. It accrues mainly under the head "Interest" where the liability increases with increased borrowings and the success attending the savings campaigns. A contribution up to Rs. 1½ crores towards Bengal's expenditure on Famine relief increases the expenditure estimates. In connection with industrial research, provision has been made for a grant of Rs. 10 lakhs for the construction and equipment of glass and fuel research laboratories and for general planning for other institutions. The Council of Scientific and Industrial Research has been asked to draw up plans for a scheme of co-ordinated research, through a chain of research stations, on the assumption that Rs. 1 crore, spread over a period of 3 or 4 years after the War, will be forthcoming towards capital expenditure. The institutions in contemplation, besides the two mentioned above, are a National Physical Laboratory, a National Chemical Laboratory, and a National Metallurgical Laboratory. "This step" said the Finance Member, "will be regard-

ed as a practical expression of Government's resolve to foster the development of Indian Industry."

THE FINANCIAL POSITION

The financial position for the coming year can be summarised as follows:—

	(In crores of Rs.)
Civil Estimates	 86.57
Defence Estimates	 276.61
Total Expenditure estimates	 363.18
Total revenue at existing level of taxation	 284.97
Prospective deficit	 78.21

WAYS AND MEANS: COMBATING INFLATION

Dealing with the Ways and Means position, the Finance Member emphasized the need for greater efforts to "save and lend" in order to avoid the dangers of war-time inflation. "Goods and services are mobilized for the common end by a vast outpouring of Government money," he said, "and unless this is systematically reabsorbed on an adequate scale, it exercises an ever-increasing pressure on the reduced supplies available for civilian consumption." "We have all become conscious of the dangers of inflation," he further said, "an awareness which has been heightened by the series of anti-inflationary measures which Government themselves have launched and which are in operation today contributing in various ways and degrees to the desired result." He emphasized the supreme importance of more and more borrowing for the economic health of the country.

DEFENCE LOANS

Thanks to sustained propaganda, special efforts throughout the country and the favourable turn in the progress of the war, it was possible to attract in the current year a sum nearly three times as large as the total of the previous year. Subscriptions to Defence Loans from January 31, 1943 to February 1, 1944 amounted to the record figure of Rs. 115 crores. There was considerable demand for counterpart loans, the total amount invested from February 1, 1943 to January 31, 1944 being Rs. 93 crores. The total investments during the last 12 months amounted to Rs. 279 crores as compared with Rs. 93 crores in the corresponding period of the last year and an aggregate of Rs. 547 crores since the beginning of the war. As regards Prize Bonds, complete figures relating to the progress of their sale, which is spread all over the country, are not yet available. There has been a welcome improvement in small investments. Whereas in 1941-42 and 1942-43, the transactions in all forms of small savings resulted in net withdrawals by the public totalling Rs. 14 crores and Rs. 3½ crores respectively, they are now yielding net deposits at the rate of over Rs. 2½ crores a month and still show a marked upward trend.

The Finance Member announced that a scheme had been evolved for encouraging small savings by the employment of authorized agents on a commission basis whose function will be to assist investments from villages. In concluding his remarks on the Savings campaigns, he observed that "while we may take comfort from the encouraging response to the efforts which were continued throughout the year to attract support to public loans, it must be recognized that we have still a long way to go to achieve our purpose. The aim of our borrowing is not merely to meet our budgetary deficits but also to bridge the inflationary gap and there is no reason why, if the necessary concomitant steps are taken, we should not attain this target." Referring to the anti-inflationary measures adopted by

Government, he stated, in respect of enforcing physical controls, that "it is the Government's firm intention to take all possible steps to increase the effectiveness of the measures they have already adopted and to extend control in such further directions as the situation may from time to time demand."

MONEY POLICY

Dealing with the suggestion made in certain quarters that the rate of interest should be raised in order to attract more subscriptions to the Defence Loans, the Finance Member said: "The Government are convinced that an enhancement of the rates of interest would be infructuous and is fraught with the risk of heavily mortgaging the future development of the country, apart from its immediate ill-effects on the balance-sheets of institutional investors who have for the last four years steadily supported the securities market." "Nor," he continued, "can I see any advantage in the proposal that any other Allied Government should enter the field as a direct borrower, substituting its credit for that of the Indian Government."

Referring to the gold sales which the Reserve Bank has been conducting for the last six months, he said: "These sales afford an age-long alternative to those who do not, for one reason or another, wish to invest in Government securities, notwithstanding the advantages of the latter over investment in gold." The gold has been provided by H. M. G. and the U.S.A. Government from their own resources and the sale proceeds have been used by them towards their war expenditure in India. This, he added, has materially supplemented other anti-inflationary measures.

The sterling holding of the Reserve Bank, as on March 31, 1944, is expected to be about Rs. 950 crores. The total amount of sterling obligations of the Government of India so far redeemed amount to about 11½ millions.

Discussions are still taking place in regard to the British, U.S.A. and other plans for international monetary regulation in the post-war period. The discussions are still at a technical level without implying any commitments on the part of the Governments' representatives. After an opportunity has been afforded for discussion in the Legislature, the Government of India will be in a position to formulate their views. India will be represented at any Conference of United Nations which may be convened for this purpose. The Finance Member then said, "it is patent that one of the problems that will confront the world in the post-war period will be the orderly liquidation of balances acquired by various countries during the war and in considering whether India should lend her support to any scheme that may be put forward for international monetary regulation, one of the major considerations will naturally be the extent to which such a scheme assists in providing a solution for problems of this character."

PLANS FOR POST-WAR DEVELOPMENT

For raising the extremely low standard of living, plans for reconstruction and development, including a forward policy of industrialization, are being laid. The early implementation of these plans will be dependent to no small extent on external finance. This aspect of the problem was discussed with H.M.G. in connection with India's acceptance of the extension of Reciprocal Aid to raw materials and foodstuffs. In this connection, the Finance Member announced that H.M.G. have agreed, "as an integral part of the reciprocal aid arrangement, to set aside each year from now onwards a part of the dollars accruing from India's exports to the U.S.A., apart from and in addition to our current dollar requirements" which are met from the Empire

dollar pool. Such dollar accretions will be available for post-war development.

NEW PROPOSALS

Whether we approach the matter from the viewpoint of building the new India of our hopes, or from the viewpoint of mitigating the hardships and inequity of the immediate present, it is clearly our paramount duty to deal first with the menace of inflation. That danger cannot be said to be averted, nor can the upward movement of prices be regarded as securely arrested, so long as the total of our taxation and borrowing falls short of the total of rupee outgoings. The problem of closing this gap, or reducing it to innocuous proportions, has therefore to be tackled in a determined and systematic way. The Government's plan has three broad aspects. In the first place, we must control and stabilize the net over-all demand placed upon Indian resources, compensating as far as possible for any inevitable increases by imports of food, bullion or other capital and consumer goods. In the second place we must step up in every way the rate of rupee incomings until it equals the rate of rupee outgoings. In the third place, we must maintain and extend our price controls. These three methods of attack must all be pursued concurrently, and experience has already shown that they are capable of yielding the desired results. Our calculations show that during the current year the gap between total incomings and total outgoings of rupees was of the order of Rs. 250 crores. In the light of the remedial measures which we have already taken, and assuming the continued operation of the favourable factors now at work, we hope for a substantial narrowing of the gap in the coming year. The proposals which I have now to make are designed virtually to close the gap, and to check the insidious process which is capable of causing such unlimited misery to the people. It is an object worthy of sacrifice, and indeed without sacrifice greater hardships cannot be avoided.

"The proposals are of two kinds, measures of ordinary taxation and measures of the nature of compulsory deposit. The most important of the latter is a provision for advance payments of tax on income from which tax is not now deducted at source. The income mainly affected will be income from property and from business, profession or vocation.

"The main outlines of the scheme, which is being put before the House in an Income-tax Amendment Bill, are as follows: An assessee will have the option to pay tax quarterly, either on the basis of his last assessed income or on the basis of his own estimate of current earnings. Government will pay 2 per cent. interest on all sums paid in advance under the scheme but if the assessee's own estimate, which can be revised during the year, falls short of 80 per cent. of the tax determined on regular assessment, penal interest at 6 per cent. on the difference will be payable. No Penal interest will be payable where the assessee chooses to pay on the basis of his last assessed income. To secure compliance with the scheme, certain provisions of the penalties section of the Income-tax Act—Section 28—are imported, and failure to make payments under the scheme will be treated as a default. Credit for tax paid under the scheme will be given to the assessee in the regular assessment. The sums collected will be treated not as revenue but as deposits to be taken to revenue when the regular assessments are made.

"As regards Excess Profits Tax, our proposals make no change in the rate of tax, which remains at 66 2/3 per cent. Nor do they make any change in the proportion of the tax, namely, one-tenth, which is to be repaid to the assessee. But the compulsory deposit of

one-fifth of the tax which was prescribed in Ordinance No. XVI of 1943 is to be increased to 19/64 of the tax. The effect of this will be to immobilize as deposits the whole of the excess profits remaining after E.P.T. has been paid on them and income-tax and super-tax has been paid on the balance. This compulsory deposit has hitherto been payable in connection with provisional E.P.T. assessments made under the provisions of the Ordinance. We now propose that at the time of the provisional assessment a compulsory deposit of 19/64 of the tax provisionally assessed shall be paid.

In regard to rates of income-tax, we propose to give relief at the bottom of the scale by raising the taxable minimum from Rs. 1,500 to Rs. 2,000.

"In regard to incomes up to Rs. 10,000 no change is made, but on the slab of income from Rs. 10,000 to Rs. 15,000 the Central surcharge is to be increased by two pies from 16 to 18 pies, in addition to the basic rate of 24 pies; and on the balance above Rs. 15,000 the surcharge will be increased by four pies from 20 to 24 pies, in addition to the basic 30 pies. This latter rate will, of course, apply to companies and in every case where the tax is to be charged at the maximum rate.

"As regards super-tax, there will be an increase of half an anna in the Central surcharge on the slabs of income between Rs. 35,000 and Rs. 2 lakhs.

"Corporation-tax will also be raised by one anna to a rate of three annas in the rupee, but a rebate of one anna in the rupee will be given on so much of a company's total income as is not distributed in dividends other than dividends payable at a fixed rate.

"A special provision is being made for life insurance businesses by which the combined rate of income-tax and super-tax is limited to 63 pies, which was the combined rate for companies fixed by the 1942 Finance Act. It is also proposed to give retrospective effect to this provision for 1943-44. From these changes in rates the additional revenue is estimated at Rs. 8½ crores.

"In regard to customs duties, we propose to continue for a further period of one year the emergency surcharge on the import tariff which has been levied for the last two years. I need hardly repeat, in the present context, that this is purely a revenue measure. The rate of the surcharge will again be one-fifth of the basic duties except in the case of tobacco and spirits, where it will be one-half. The additional receipts from the increased surcharge on tobacco and spirits, which will come into effect at once, are roughly estimated at Rs. 1 crore.

"In the field of Central excises there are important changes. We propose to increase the rates of duty on unmanufactured tobacco and on cigars and cheroots and to introduce three new taxes. The tobacco excise is, in India as in other countries, an almost unrivalled means of raising revenue, and is destined to play an important role in the financing of post-war development. The present modest rates of duty were adopted in the initial stage to allow of the building-up of the wide-spread organization necessary for the operation of such an excise in so vast a country. Thanks for the efforts of the executive staff, the preliminary organization has been completed more quickly than might have been expected and it is now possible to raise the duty to a more productive level. The opportunity has been taken to recast the scale of duties in a somewhat simpler form. The additional yield from the enhanced duties is estimated at Rs. 10 crores; they will take effect at once by virtue of a declaration under the Provisional Collection of Taxes Act.

"The three new items which we propose to include in the Central Excise Tariff are betelnuts, coffee and tea and the rate of duty proposed in each case is two annas a pound. The arguments in favour of the excise on betelnuts are generally the same as in the case of tobacco; the total consumption is large and spread through all classes; it is not a necessity of life; and the average consumption per head is small, so that the impact of the tax on the individual will be slight. And since chewing tobacco is already taxed it is not unreasonable that a similar impost should be placed upon its rival. Betelnut has not been the subject of an agricultural marketing survey and full statistics of production are not therefore available, but on the data gathered by the Central excise staff the total annual yield from the rate of duty now proposed is roughly estimated at Rs. 2 crores. Like the tax on betelnuts those on coffee and tea have been introduced in order to broaden the basis of indirect taxation. Both are suitable subjects for an excise duty and the one could hardly be introduced without the other. At the rates now proposed the two excises are together expected to yield a total sum of approximately Rs. 2 crores in the coming year.

"The total estimated yield of our ordinary taxation proposals thus amounts to Rs. 23½ crores, reducing the prospective revenue deficit from Rs. 78.21 crores to Rs. 54.71 crores. But for anti-inflationary purposes we have to reckon the total effect of new measures of taxation and compulsory deposit, including the addition to railway fares, and this approximates to Rs. 100 crores. Together with all the other measures which are concurrently being directed to the same end, this will, we have every hope, firmly check the inflationary trend and facilitate the maintenance of all our controls. At the same time this programme will assist the prepara-

tions for post-war development, by providing for the regular building up by industry of the necessary reserves, as well as by fortifying permanently the revenue resources of the State.

"In the last-named direction much still remains to be done. In particular the Provinces, on whom so large a share of the building of the future inevitably falls, will need expanded resources. We have, therefore, under active consideration the possibility of an estate duty on non-agricultural property, which would be levied by the Centre, but of which the proceeds would be assigned to the Provinces. In spite of wartime taxation it is indisputable that enormous private fortunes have been made during the war, aggravating the great inequality which already existed. Even on a modest programme vast sums will be needed for the post-war development of the country, and there is manifest justification for a system of death duties whereby these large fortunes will be laid under contribution. We have encountered, as we expected, certain initial difficulties, but we hope to overcome these and to be in a position to place a carefully prepared measure before the Legislature at a subsequent session. I have no doubt that such a measure would not only fill a gap in the fiscal armoury of India but could serve a great social end.

"That brings me to the end of my story. The last five years have witnessed changes of a significance and magnitude which few, indeed, could have ventured to foretell, as India has been caught up ever more irresistibly in the rapid stream of world events. Who can doubt that she is destined to play a momentous part in the years ahead, when the last great effort has been crowned with victory, and men turn again to the fruitful task of peace?

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Consent of the Central Government has been obtained to this issue under Defence of India Rule 94a. It must be distinctly understood that in giving this consent the Government of India do not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

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Authorized	Rs. 2,00,00,000
Issued & Subscribed	„ 1,00,00,000
Called & Paid Up	„ 50,00,000

The Original Authorized Capital was Rs. 50,00,000 divided into 50,000 ordinary shares of Rs. 100 each; this has now been increased to Rs. 2,00,00,000 by the creation of 1,50,000 shares of Rs. 100 each; out of which the Directors have issued 75,000 shares at a premium of Rs. 5 per share payable on application. Rs. 50 only has been called per share as application and allotment money.

It is not intended to make any further calls for the present. The paid up capital will thus be Rs. 50,00,000 and the premium reserve will be Rs. 3,75,000 which will be carried into general reserve. The whole of the present issue has been fully subscribed.

The Company has been formed for transacting banking business of all kinds and generally for the several objects set out in the Memorandum of Association.

TRANSPORT

Planning in Transport

Wanted a Policy

By J. E. Castellino

TRANSPORT development must begin with the dissolution of the unhealthy marriage between the railway budget and the general budget. It needed a war to enable the successful scrapping of the convention of 1924 whereby the railways were required to contribute to the Exchequer an amount equal to one per cent. of the capital at charge. This amount of about 7½ crores is without question an indirect tax on trade and industry and inasmuch as the payment has to be made in bad times as in good, and the ordinary sound principles of supply and demand have to be abrogated, when it is most necessary to apply them. When trade is slack, traffic falls off; yet with every decrease in earnings, there is the necessity to increase rates! True, the payment could be met out of a reserve fund, but at a time when the reserve fund could be strengthened, the convention has been held in abeyance, as at present! The failure of railways to stand up to trade depressions is largely due to the absence of any long-term investment policy. The very natural anxiety to maintain full employment by ironing out the ups and downs of the trade cycles can no doubt be met by increased expenditure on railway works but is there anything very revolutionary in the suggestion that the railways should budget for a surplus in good times and for a deficit in bad times by increasing charges on upward curves and reducing them on the commencement of the fall? True, this would reverse the policy hitherto adopted, but there must now be a realization that the railway is a public utility service, whose one and only consideration must be efficiency with economy.

If economy demands the abandonment of the idea that the railway will be bolstered up by artificial restrictions on motor transport, its most serious rival and the abolition of the expensive divisional system and requires the pruning of staff and calls for greater effort, intensive research, searching analyses of working and periodical review of methods—all these innovations must be made. If efficiency demands a prompt response to mercantile needs, an adequate foreknowledge of trade conditions, a live policy of salesmanship, and a quick retort to competitive forces, then age-old fossilized methods of running the railways will have to be forsaken.

All this postulates the acceptance of the idea that the railway is the backbone of a land transport system. There is ample justification for this assumption. One of Hitler's greatest mistakes is now acknowledged to be the stress on road transport to the neglect of the railways. A single train-load of passengers or goods would require, at the least, a superb road and the use of 60 buses or 100 lorries! Low-priced bulky commodities and long distance traffic must for some considerable time move over the rails, and all road policies must take account of the necessity to maintain the solvency of railways. On the other hand, there is no justification for the belief that road transport is singing a prolonged alleluia to adolescence!

The development of the motor traffic has been phenomenal; and even in India where roads are proverbially bad, there are undertakings which operate buses and lorries over distances of 300 miles with a regularity, that is, however, a feature peculiar alike to the periodic disappearance of old hauliers as well

as the consistent appearance of new and hopeful adventurers.

There is no doubt that India suffers from a lack of policy in the matter of inland communications. As Lt.-Col. E. C. Smith, General Secretary of the Indian Roads and Transport Development Association, is reported to have said: ".....road transport is an enterprise without a head, it has no consistent policy or balanced system of development, in fact it is not under a single ownership or management, but dependent upon the many whims and fancies of the Municipal and District Councils and Provincial Governments....."

This haphazard growth of motor transport, and the indiscriminate building of roadways have reacted unfavourably on the railways as well as on the relations between the Central and the Provincial Governments. In a properly-ordered economy, it is inconceivable that over 20,000 out of a total of only 70,000 miles of macadamised roads would be built parallel to the Railways. This is chaos, supreme! The subcontinent of India, with a preponderance of agricultural population, needs a much greater road mileage than 300,000; ten million slow-moving bullock-carts and two hundred thousand fast-moving motor vehicles are insufficient for her needs. But a pre-requisite of sound economy is a plan, a vision of transport development. Until very recently, the idea that all inland transport agencies have a right place in a national system had not gained expression. Unfortunately it has not yet achieved reality.

It is this absence of a well-conceived all-embracing policy that has forced upon the railways the necessity to adopt drastic measures. The Wedgwood Committee, commenting upon the unsatisfactory conditions in which road services are operated, stated, "No reliable information is available as to the number of vehicles in use, the nature of the work which they do, or the districts or routes which they serve. The machines generally are in bad mechanical repair, and their operation is carried on in a haphazard manner, overcrowding of buses and overloading of lorries being the rule rather than the exception."

When in 1932 it was realized that Road development was fostered without due regard to existing communications, Messrs. Mitchell and Kirkness were placed on special duty to report on the state of Road and Rail transport. Their admirable report was considered at the Road and Rail Conference in 1933 where for the first time the ideal of co-ordination emerged as the legitimate end of all conflicting interests. Accordingly, the existing cleavage between the Central and the Provincial Governments was sought to be patched up by the formation of a Transport Advisory Council; and when the Wedgwood Committee reported on Road-Rail competition, Government were in a position to introduce legislation for (a) the regulation and control of motor traffic, and (b) the co-ordination of transport.

It is not necessary here to analyse in detail the various provisions of the Motor Vehicles Act, but what must be stressed is the triumph of commonsense which recognized, firstly, the desirability of continuing the

regulation of railways and, secondly, the need for regulating motor traffic, not so much in the interests of the Railways, but of the general public. There can be no argument over the utility of regulations in respect of all-India effectiveness of registration, maximum axle loads and speeds of vehicles, the licences of Drivers and hours of work and such other allied matters, and the provision of penalties for breach of rules; nor can there be any objection to the necessity for a permit from the Regional Transport Authority, and for compulsory insurance, (which has been postponed for some years). But what, one may reasonably ask, has been done to achieve co-ordination?

To the Railway, co-ordination has so far implied that its rivals will be subjected to stringent restrictions. To the Road Haulier, co-ordination appears as an ill-disguised attempt to cripple his future and he naturally looks upon the co-operation demanded between him and the Railway in the same light as does the nervous lady, who is invited to take a joy ride on a tiger's back!

The Local Governments have been authorized, in the case of Stage or Contract carriages to restrict or prohibit the plying for hire or reward and, in issuing permits, to fix maximum and minimum fares. On the other hand, while the Provincial Government is empowered to prohibit or restrict the conveyance of long-distance goods traffic by public or private carriers and to specify the route and area, no specific power is granted to regulate the level of chargeable rates or even to prescribe the maximum limits.

This is rather surprising. The British experience in working the Road-Rail Traffic Act of 1934 has made it clear that co-ordination will only be achieved by ensuring fair competition between rival services. In the past, the assumption that there is a clearly defined economic zone was too readily made, but conclusions reached after minute and impartial inquiries have dispelled the illusion that the division of functions between Rail and Road transport is clear-cut. In a general way, it can be stated that long-distance traffic is the forte of the Railway, but what is the economic zone for motor transport? And what goods must the lorries not be allowed to carry? It would seem that in ignoring the findings of the Transport Advisory Council in England, namely, that lorry freight rates must be controlled, the Indian politician has adopted the posture of a Noah awaiting the flood before enumerating the population of the Ark!

Apart from this vital defect, the ideal of co-ordination is not easy of achievement; for if co-ordination be defined as the working together of the various forms of transport services in such a manner as best to serve the interests of the travellers and the trader, and to aid the development of commerce and industry, there is no suggestion of one definite problem or one single remedy. The implications behind the ideal of co-ordination are threefold, namely, the economic allocation of functions as between the different means of transport, the formation or establishment of well-organized joint services, and the elimination of wasteful and unbridled competition.

Each of these objectives may be attained by a complete unification of transport agencies under one management or by voluntary inter-carrier arrangements or by unrestricted free competition. While the latter will hardly seriously be advocated, an inland transport monopoly is equally undesirable, for such an octopus of organization, even in the milieu of "Ma-bap-ism" would be intolerable. Co-ordination will therefore have to be achieved by the retention of profes-

sional motor hauliers as complementary to the railways.

If this view is accepted, (and extended to cover air and sea services) then an earnest attempt at allocation of functions will have to be made. This will call for bold and vigorous thought. In other countries, where railways are publicly owned, stringent regulations on road transport have been framed. In Germany, by an Ordinance of 1936, road contractors were grouped obligatorily into an association of carriers, and a schedule of rates was drawn up in agreement with the Reichsbahn so that the two means of transport are "productive competitors." France, formed by a decree of 1934 a co-ordinating committee charged with the object of sharing traffic economically between rail and road interests. By the Carrier Transportation Act of 1930, South Africa adopted the policy of limiting road transport to services complementary to the railways.

It may here be pertinent to dispel the popular illusion that road transport is cheaper than carriage by rail. Even eminent people are labouring under the great delusion that railways cannot compete successfully for traffic. At a recent road conference of Chief Engineers at Nagpur, the suggestion was made that if the rail charges on commodities now skimmed off by motor transport could be levelled down to those levied by Lorry owners, one great problem would be solved. What is not realized is that only the railways can cater for *all* the traffic, remunerative as well as unremunerative. Secondly, the experience of well-organized road services such as the Gwalior and Northern India Transport Company or the Nizam's Road Department is emphatic on the point that if proper allowances are made for interest on capital, Maintenance charges, Insurance costs and Depreciation of assets and strict regard is paid to loadable capacity and to Hours of Employment regulations, then the comparative cheapness of road services is not so demonstrable. In fact, it might well be a myth if full economic rent were demanded for the right of playing on the King's Highway.

The establishment of a Central Transport Authority charged with the supervision of Rail, Road, Coastal, and Air services is the first essential. If the development of coastal shipping and of aerial transport is recognized as a national asset, the policy will have to take into account the fact that coastal shipping is already remunerative while aerial services will probably need to be subsidized.

Therefore, in bold outline, the policy to be adopted would centre round the acceptance of the principles that

- (a) the railway system must on no account be subjected to unfair competition
- (b) the road services must operate on a complementary basis.
- (c) the coastal shipping must be fostered on a preferential basis and
- (d) air transport subsidies must not affect other interests.

If some measure of consent to these principles can be obtained, then the Central Transport Authority can be asked to formulate proposals which will shape the policies of the Railway Board, the Commerce Department, and the Provincial Transport Boards.

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Vital Statistics in Wartime Europe

The August number of the League of Nations *Bulletin of Statistics* contains, in addition to the usual series, special tables on Vital Statistics of European Countries, 1911-1942. Birth and death rates per 1,000 inhabitants and infant death rates per 1,000 live births are shown, based on the 1937 territories of the various countries.

Average birth rates were in general lower in 1921-1925 than in 1911-1913, and lower still in 1931-1935. In 1939, however, the birth rate was higher than in 1935 in Germany, in Austria and the Sudeten district of Czechoslovakia (in both of which the rate jumped by more than one-third between 1938 and 1939), in Italy, in the Scandinavian and Baltic countries (except Lithuania), in the Netherlands and in the United Kingdom. Birth rates in 1939 were highest in Malta (33.2), Roumania (28.3), Albania (27.9), Portugal (26.5), Yugoslavia (25.9), and in Greece and Italy (23.5), and lowest in France (excluding Alsace-Lorraine) (14.6), Luxemburg (14.9), Switzerland (15.2), Belgium and the United Kingdom (both 15.3), Sweden (15.4) and Norway (15.9).

The effect of the war on birth rates in certain countries is illustrated in the following table:

	1939	1940	1941	1942
Germany A	20.4	20.0	18.6	14.9
Germany B	20.4	20.4	18.8	15.2
Belgium	15.3	13.4	12.0	12.9
Denmark	17.8	18.3	18.5	20.5
Hungary	19.6	19.9	18.8	19.8
Italy	23.5	23.4	20.8	20.2
Netherlands	20.6	20.8	20.3	20.9
Portugal	26.5	24.8	23.8	24.0
United Kingdom	15.3	15.0	14.7	16.2
Sweden	15.4	15.1	15.6	17.7
Switzerland	15.2	15.2	16.9	18.5
Czechoslovakia:				
Bohemia and Moravia	14.7	16.7	17.3	18.3
A. 1937 territories.				
B. Including incorporated territories.				

It will be seen that only in Germany and Italy are the 1942 rates below those for the previous year. In France, excluding Alsace-Lorraine, approximate rates were: 1939: 14.6; 1940: 13.3; 1941: 13.0.

Average death rates were nearly everywhere lower in 1921-1925 than in 1911-1913, and fell again in 1931-1935. Death rates were higher, however, in 1939 than in 1935 in Germany, Austria, Belgium, Spain, Estonia, Finland, Ireland, the United Kingdom and Czechoslovakia (Bohemia, Moravia and Sudetenland). The lowest death rates in 1939 occurred in the Netherlands (11.5) and Switzerland (11.8), and the highest in Malta (20.0), Roumania (18.6), Spain (18.1), France and Portugal (15.5), Austria (15.3) and Albania (15.1). Death rates during the war years are in some cases rather uncertain; they generally exclude military deaths occurring outside the country concerned. The following table shows the rates for certain countries, 1939-1942.

	1939	1940	1941	1942
Germany A	12.3	12.7	12.0	..
" B	12.6	13.0	12.3	12.1
Belgium	13.8	16.1	14.5	14.6
Denmark	10.1	10.4	10.3	9.7
Hungary	13.7	14.4	13.3	14.6
Italy	13.4	13.6	13.8	14.1
Netherlands	8.6	9.9	10.0	9.5
Portugal	15.5	15.9	17.4	16.2
United Kingdom	12.2	14.0	13.1	11.8
Sweden	11.5	11.4	11.2	9.9
Switzerland	11.8	12.1	11.1	11.0
France, (excluding Alsace-Lorraine)	15.5	18.2	17.4	

Czechoslovakia Bohemia and Moravia	13.0	13.4	13.4	13.9
A. 1937 territories.				
B. Including incorporated territories.				

The infant mortality rates bear witness to the remarkable progress made in practically all European countries towards reducing the number of infant deaths. Compared with the 1921-25 average, infant mortality rates in 1939 were down by as much as 51 per cent. in Germany, 49 per cent. in Austria, 47 per cent. in the Netherlands, 35 per cent. in Hungary and Sweden, 34 per cent. in France and Switzerland, 32 per cent. in the United Kingdom, 29 per cent. in Denmark and Norway, 27 per cent. in Belgium, Finland, Latvia and Lithuania, and 23 per cent. in Italy. Corresponding decreases for Spain, where the 1939 rate was still high (135), and for Ireland, where it was comparatively low (66), amounted to only 6 per cent. and 4 per cent. respectively. Lowest rates in 1939 were 34 for the Netherlands, 37 for Norway, 39 for Sweden, 43 for Switzerland, 53 for the United Kingdom and 58 for Denmark; the 1938 rate for Iceland, the latest available, was only 28. Among the highest 1939 rates were those for Roumania (176), Bulgaria (139), Spain (135), Lithuania (122), Hungary (121), Portugal (120) and Italy (97). The movement of these rates during the war years is shown below for certain countries.

	1939	1940	1941	1942
Germany A	60	63	63	..
" B	62	65	64	70
Belgium	73	85	84	78
Denmark	58	50	55	..
France (excluding Alsace-Lorraine)	63	91	73	70
Hungary	121	134	117	134
Italy	97	103	115	..
Netherlands	34	39	43	40
Portugal	120	126	151	132
United Kingdom	53	59	62	52
Sweden	39	39	37	..
Switzerland	43	46	41	38
Czechoslovakia: Bohemia and Moravia	95	94	99	98
A. 1937 territories.				
B. Including incorporated territories.				

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CLEANINGS

SIR MUTHIAH CHETTIAR ON INDIA'S WAR ECONOMY

In the course of his Presidential address to the Seventeenth Annual Session of the Federation of Indian Chambers of Commerce and Industry, Kumara-raja Sir Muthiah Chettiar of Chettinad referred to the political situation in the country and held that the Indian commercial community had always held the view that political advancement of the country had much to do with its economic prosperity. "Our commercial organizations, although they may eschew active politics cannot remain impervious to the march of events connected with the Indian freedom," he declared: "We have as patriotic Indians to assist in all legitimate and constitutional efforts that aim at the political progress of the country."

Dealing with the food problem the Kumararajah expressed the view that a proper control of the prices of foodstuffs and rationing in all urban areas were both necessary if the food problem is to be solved and that the policy of using the existing links of wholesalers and retailers for the procurement and distribution of foodgrains should be fully restored without any more hazardous amateur handling of this vital matter of food supply by Government Revenue officials.

Referring to the question of inflation the Kumararajah pointed out that the evils of inflation were not merely due to currency expansion but in addition to the mounting prices of goods and the scarcity of the ordinary articles of consumption which are the necessities of life for the common man. The needs of the Army and the industries of constructional work all over the country have brought together millions of workers, skilled and unskilled and it is the pressure of their income on the reduced supply of the necessities of life that has brought about the evils of inflation. Providing these to the working classes will help them to expand their increased incomes with profit and use to themselves. The Kumararajah criticized the Government's policy of importing the wrong type of consumer goods, particularly luxury goods as an anti-inflationary measure. "It is really by affording to the common man what he needs most, like foodgrains, timber for his house, bricks, kerosene and cloth to wear, that a check can be put to the evils of inflation." Such imports are not only not useful in checking inflation but may prove positively harmful to the growing industrialization of the country. The Government induced Indian capitalists to start new industries when Britain and America has neither the capacity for manufacture nor the shipping space to move many goods but now that the position with regard to these has eased a little the Government is tending to prefer imported articles to indigenous ones. The Kumararajah asked for an unambiguous assurance from the Government that these industries will be assured of continued protection during and after the War.

Referring to the export trade of India, the Kumararajah said that a virtual monopoly has been created for a few big importing and exporting houses, mainly foreign, and the Indian business men are gradually being squeezed out altogether from India's foreign trade. "It is time that this monopoly was broken and that a system of licensing introduced which will give a fair share of business to Indian commercial houses." The Government should promote an Indian Commercial Corporation which alone will be responsible for the purchase of goods in this country and if necessary hand over the goods at port to the U.K.C.C.

Dealing with sterling and dollar balances, the Kumararajah pointed out that these represented the value of goods supplied by India to Great Britain, to the Middle East and America at controlled prices, for

which payments have not been made either by imports or by cash. The time was now ripe for the Government of India to build up its own dollar resources on at least current balances and not allow these balances to be merged in any Empire Pool. Whatever balances remain in the Empire Pool, to which India has also contributed should be strictly divided according to the respective contributions made.

Dealing with post-war reconstruction, the Kumararajah pointed out various directions in which reconstruction was urgent and necessary such as Hydro-Electric and Irrigation schemes, heavy industries like Chemicals etc., Fertilizers, Locomotives, Ship-building, Aircraft and Motor (Automobile) Industry. "Let us make the common man prosperous by adding a little more light and life to his existence, by making the village a little more attractive, by bringing to it the amenities and results of modern science and technical skill." He hoped that the various schemes of reconstruction will be characterized by thoroughness, bold planning, and a proper appreciation of the needs of the country. In this connection he welcomed the plan of economic reconstruction for India which was recently published over the signatures of eminent public men, industrialists and economists.

INTERNAL COMBUSTION ENGINES

The need for mobilizing the resources available in the country for the manufacture of internal combustion engines and for organizing a central research workshop for the purpose is stressed by the final report of the Exploratory Committee on Internal Combustion Engines, a summary of which is published in the January issue of *The Journal of Scientific and Industrial Research*. The survey undertaken by the Committee has revealed that four firms were manufacturing internal combustion engines in India and that a very large number of workshops were engaged in the manufacture of various component parts in ferrous and non-ferrous metals for standard engines. Considering that there is enough scope for production of special steel required for the manufacture of internal combustion engines and that a variety of lubricants and fuels are also available in India, the future of the internal combustion engine industry, according to the survey, appears to be bright.

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EMPLOYMENT EXCHANGES

Eight employment exchanges have started functioning at Calcutta, Bombay, Ahmedabad, Madras, Cawnpore, Lahore, Nagpur and Delhi, and another exchange for Sind is expected to begin work at Karachi very shortly, in pursuance of the scheme evolved by the Central Government for the placement of technical personnel. The exchanges are collecting information in respect of employers who desire to engage technical personnel and personnel who seek employment. Workmen wishing to register themselves at an Employment Exchange are asked by the Exchange staff to supply particulars about their age, technical education, experience, etc. The employers are also asked to notify vacancies to the Exchange and both these sets of information are kept by the Exchange on a card index system. When a vacancy is notified the Exchange staff goes through its records and selects the most suitable person or persons and asks them to interview the employer. The employer concerned is requested to state whether the candidates appeared for interview, whether they were taken into employment, and if so, on what wages, and if rejected, the reasons thereof.

A provisional list of occupational classifications, with kindred occupations placed together and index numbers allotted to main classifications and sub-classifications has been drawn up for the use of the Exchanges. In view of wide variations at present existing in the use of occupational terms this provisional list is not exhaustive, and detailed sub-classification has been attempted in respect of "Engineering"

and "Building, Furnishing and allied trades" only. In course of time, however, the scope of Employment Exchanges will be widened so as to cover skilled occupations in other industries and the Exchanges will do placing work in respect of personnel employed in other industries and covered by the schedule to National Service (Technical Personnel) Ordinance, 1940, some of the main industries being Chemical, Printing, Vulcanizing, Mining and Metallurgical and Oilfields and Oil Refining industries. At present the Exchanges register skilled and semi-skilled workers in two grades laid down on a wage basis. Grade I covers workers who are receiving Rs. 2 per day and over in the cities and suburbs of Bombay and Calcutta and Re. 1-8 per day in other areas. Grade II covers persons receiving Re. 1-8 and over but less than Rs. 2 per day in the cities and suburbs of Bombay and Calcutta and Re. 1 and over but less than Re. 1-8 per day in other areas. At a future date it may be possible to grade persons belonging to each occupation on the basis of their skill.

Attached to each Employment Exchange is an Employment Committee, with representatives of both employers and labour, to advise on all matters connected with the working of the Exchange. A Central Exchange has been opened at Simla to co-ordinate the work of Provincial Exchanges who have been asked to send a periodical list and trade categories of persons for whom they are not likely to find employment locally and of vacancies which they cannot fill locally. The Central Exchange will, thus, form a rough picture of the distribution and availability of skilled and semi-skilled labour in the country.

WOOLLEN GOODS FOR CIVILIAN CONSUMPTION

The Indian Woollen Goods (Control) Order, recently issued, seeks to regulate the types and specifications of woollen goods which may be manufactured, and no person other than a recognized dealer shall, except with the permission of the Central Government, sell any controlled woollen goods. The Order defines "Indian Woollen Goods" as being knitting wool, knitted goods such as sweaters, jerseys, pullovers and scarves and woven goods such as suitings, lohis, shawls, blankets and rugs, manufactured in India either wholly or partly from wool. "Controlled woollen goods" are Indian woollen goods with special markings. The Industries and Civil Supplies Department has placed orders on the mills for these varieties, which will be on sale to the public throughout the country, in about 50 important towns in the first instance, listed in the Schedule to the Order.

No recognized dealer shall sell any controlled woollen goods at a price higher than the maximum retail price fixed by the Central Government. No person shall sell by retail any Indian woollen goods, other than controlled goods, at a price exceeding 25 per cent. above the cost of production. In respect of the various types of controlled woollen goods, no person shall buy and no recognized dealer shall sell to any person, in any one calendar year more than the maximum quantities in each variety specified in the Order. This restriction is necessary in view of the manufacturing capacity of mills for this scheme being limited. The maximum quantities specified are: knitting wool, two lbs.; pullover, jersey or sweater, one in each type; knitted scarf, one; lohi or shawl, one; blanket or rug, one; suitings of 50 in. width, four yards; and suitings of 29 in. width, eight yards. A purchaser is permitted to buy on behalf of any member of his family. These goods are expected to start reaching the shops before the end of the current month.

SUPPLY OF UNSKILLED LABOUR

To meet the situation arising out of labour shortages the Government of India have formulated a scheme to co-ordinate the use of unskilled labour throughout India by setting up Labour Supply Committees in the provinces and district or Regional Supply Committees in the areas where labour shortages are apparent or are considered imminent. The functions of the Provincial Labour Supply Committees as mentioned in the scheme, which is now with Provincial Governments for action, are two-fold, i.e., supply of labour and control of local labour. The Committees will take all measures necessary to secure adequate unskilled labour force from the province for essential work in the province. They will lay down standards of service conditions, grain shops, temporary housing, sanitation, water supply and medical relief for all local labour employed in the province. As advisory bodies, the Labour Supply Committees will advise the Provincial Governments on matters relating to uniformity in dearness and other allowances for local labour and the rates of wages to be paid to local, provincial and contractor-imported unskilled labour in various regions of the province.

The Committees' duties also include collection of statistical information on the nature of work, sources of supply, adequacy of existing sources, probable future variations and wage rates. They will submit monthly returns and reviews to Provincial and Central Governments and report on "surpluses" of labour. The Committees will include representatives of the

Central and Provincial Governments concerned, as well as of private employers.

The scheme also refers to the establishment of Labour Supply Depots—on the lines of the Labour Depot now functioning at Gorakhpur—in all areas in which there is surplus unskilled labour likely to be available for export either from the area or from the Province. In pursuance of this scheme two Labour Supply Committees have already been set up, one at Jubbulpore by the C.P. Government and the other at Dhanbad for co-ordinating the use of unskilled labour required for coal-mining and other projects in the neighbourhood of the collieries.

GLANDULAR PRODUCTS

Systematic investigations recently carried out have shown that many of the glandular products, such as adrenaline, insulin, pituitrin, and liver extracts, can be manufactured in India. No serious efforts have been made hitherto, to tap the great wealth of the slaughter houses in India. During the past few years, a few sporadic efforts have been made but there seems to be no hope for establishing an industry, unless Indian slaughteries are properly and scientifically organized. The problems of storage and transport require prior study. Valuable information is available on the potency of hormones during storage. The remarkable observation that the thyroid glands of local animals are very rich both in total iodine and thyroxine-iodine, as compared with those of foreign animals, is reported for the first time. Enough raw material is available to make India independent of imports from other countries, in respect of all essential glandular products. These researches on glandular products have been financed by the Board of Scientific and Industrial Research.

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COMMODITY MARKETS

Wholesalers And Textile Control

(From Our Correspondent)

BOMBAY, Feb. 27.

As the cloth market observed a hartal from Tuesday it was not possible to gauge the reaction to the Textile Commissioner's announcement of a reduction in the ceiling prices of cloth and yarn by 1½ annas and 12½ per cent. The decision to reduce the ceiling price was taken as a result of an agitation in the Press that balance sheets of the Mills showed enormous profits. Some large-hearted Millowners too played the game. The Textile Commissioner was convinced that there was scope for reduction in the prices. Piecegoods merchants were taken by surprise at the Government's decision to give effect to the reduction from March 1. They were expecting the reduction but a good many of them thought that it would come into force only after the next meeting of the Control Board early April next.

As the prices fall, a new situation is arising. Because of transport difficulties, goods have not been moving freely. There is a heavy accumulation of goods in production centres like Bombay and Ahmedabad. The demands from Calcutta and Madras are almost insatiable. Prices of whatever goods that have moved to these places are higher than the prices of fresh goods just reaching those areas. Therefore goods moved earlier remain unsold in some centres.

I learn that some provincial Governments too have stocks of standard cloth whose original prices are higher than the ruling rates. They have begun to feel that they would be incurring financial losses by undertaking to purchase and distribute standard cloth and there is a tendency on their part to curtail their orders with the Textile Commissioner.

It will be remembered that in England the British Government have been subsidising the textile industry from the beginning of war. They have undertaken to supply cotton at pre-war level to the industry irrespective of the market fluctuations. In Great Britain the deficits occurring in the supply of cotton for manufacturing utility cloth are debited to the State. The Provincial Governments and the Central Government must follow a similar measure and debit in the State whatever loss occurs in buying and distributing standard cloth. There has been going on a tug of war between the Textile Commissioner and Control Board on one side and the whole-sale merchants on the other. The Authorities have allowed four per cent. on cost price for the wholesale merchants at the manufacturing centres, six per cent to the split bale merchants and upcountry wholesale merchants who buy from the Bombay and Ahmedabad wholesaler and ten per cent. to the retailer. The consumer has to pay 20 per cent. over the Mill prices. The wholesale merchant at the manufacturing centres wait to knock off more commission. They are not willing to part with their goods at a margin of four per cent. The up-country dealer who has long connections with the wholesaler in Bombay does not want to break off business relations with him and he prefers to quietly pay a higher percentage to his Bombay friend and take goods. He in turn charges the retailer more and the retailer passes it on to the consumer who has to pay more than 20

per cent. on the mill prices. Control Board has been watching that this is now slowly developing into a black market. The Chairman of the Board has warned the merchants against serious consequences, if a black-market is again created. He would not hesitate to get their licences cancelled. He has also devised three different licences, one for wholesale, second for split bale sale and a third for retail sale merchants. A merchant can have only one of the three licences, and no licence will be issued to any agency newly started by merchants to get over his device. The merchants have promised him to discuss among themselves his scheme and come to him again for a final arrangement.

The Textile Commissioner's decision to extend the time for the disposal of cloth and yarn bearing the earliest Texmark would be welcomed by traders who in recent months have experienced considerable difficulties in securing transport. The extension of time allows cloth and yarn texmarked in August or September to remain in the market until the end of June. The wholesale trade has to disperse the bales texmarked in November by March 31.

During the week in the local piecegoods market conditions did not improve and there is nothing to report as the market functioned only for two days. Leopard cloth in different dimensions is offered on the basis of Rs. 2-1 to Rs. 2-2 a lb.

Raw Cotton Supplies

I referred in my letter to the position of cotton in Broach and also the position of cotton imports from Egypt. I learn that the Railway Authorities have opened booking of cotton at Broach on a rationed scale. They do a limited booking. This has arrested further fall in the prices of cotton at production centres.

As regards the Egyptian cotton the situation is acute. Several Mills have been pressing the Import Controller to issue them licences for long staple cotton. They have no objection to pay higher prices but the Government are not willing to allow them to agree to higher prices. Neither the British Government nor the American Authorities are able to persuade the Egyptian Government to control the prices of cotton. Indian Mills have no objection to pay higher prices and buy in the open market but the Government are resisting them. One Millowner told me that he would have to close down at least one shift in his mill if no Egyptian cotton arrived by the end of March. He has no objection to do so in these coal shortage days. The Control Board Chairman says that coal shortage is already responsible for a fall in the production by 25 per cent. If the scarcity of finer cotton contributes to a further fall the cloth position in the country would be considerably affected. He could not think of exports to Africa and Middle East which the Government want them to do, as the internal demand itself could not be met with. Thus the Government by their shortsighted policy is precipitating again cloth famine in this country.

Groundnuts

On Monday the local market was steady and business in Bombay Bold on wagon supply condition was done for February|March at Rs. 14-3 and March|April at Rs. 14-4 and in Khandesh quality February|March between Rs. 15 and Rs. 15-1. Business for Mormugao delivery for February|March was done at Rs. 15-8 and shorts were covering while Ready Railway Receipts were sold for Mormugao delivery at Rs. 15-13. Millers bought small quantity of Khandesh quality at Rs. 15-1.

Castorseed

The market was steady and firm, although the Ministry was not interested at all. This is due to firmness in the interior markets and also short covering. Business for Mormugao delivery for February|March was done at Rs. 15-5. The Ministry's buying limit was only £31 which works out to about Rs. 14-5.

The All-India castorseed forecast for 1943-44 has just been published. The area is placed at 1,202,000 acres which is a decrease of 12 per cent. over last year's acreage. The yield is estimated to be 109,000 tons which is a decrease of 26 per cent. over last year. The condition of the crop is reported to be fairly good on the whole.

HAPUR, Feb. 28.

During the week wheat and maize markets remained barely steady while other commodities, particularly gram showed a declining trend following increased arrivals by rail and favourable weather and crop reports. The gram prices in some markets of the eastern districts are so easy that the local traders are trying their best to import gram here in larger quantities. The weekly arrivals of gram totalled 1,200 maunds while of wheat they were negligible. There was no substantial change in stock position of wheat, gram and barley while the stock of peas is reduced from 58 *Khattis* to 55 *Khattis*. The standing *Rabi* crops in the western districts are progressing under

ideal weather conditions, but in some parts of the eastern districts they are reported to have been slightly damaged by hailstones.

Gur

Market early registered a sharp decline in prices but towards the weekend turned steady following discouraging outside news and small arrivals from vil-7,000 maunds during the week as against 40,000 lages on account of rainy weather. Arrivals totalled maunds received in the preceeding week. Rumours are current here that the Government would issue permits for the exports of *gur* outside the province to those traders who would be prepared to purchase Government's wheat at certain fixed rates. No confirmatory report from any official source has yet been received in this connection.

Pulses

The U.P. Government have allowed exports of *arhar* and its *dal* outside the province on paying an administrative fee of As. 4 per maund. The permits are obtainable from the Regional Food Controllers. A huge surplus stock of old *arhar* appears to be lying here as there is a great shortage of Railway wagons in the country. The conditions of the *arhar* crops are reported to be very good. It is expected that the *arhar* prices would substantially decline in the near future. The traders would take no more interests in stocking *arhar* in the forthcoming season as they had suffered a great loss in *arhar* business. The U.P. Government have not yet allowed the exports of *urad* and *moong* outside the province. *Urad Baisakh* opened at Rs. 9|13|7½ and closed at Rs. 9|14|6, touching the highest and the lowest at Rs. 10|0|4½ and Rs. 9|13|1½ respectively.

The latest quotations are: Wheat *dara* Rs. 11|13|6, Stock 187 *Khattis*, Gram: Rs. 8|14|6, Barley: Rs. 6|6|6, Peas: Rs. 6|2, *Arhars* Rs. 8, *Gur*: Rs. 5|2, Raw sugar: Rs. 6, *Moongs Jeth* Rs. 8|10|6.

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CURRENT STATISTICS

BANK OF ENGLAND
(000's omitted)

	Feb. 23, 1944	Feb. 16, 1944	Feb. 24, 1943	Aug. 30, 1939
Total Bullion ..	£ 1,121	£ 1,009	£ 1,069	£ 263,700
Public Deposits ..	8,900	8,700	7,100	31,100
Other Deposits ..	254,000	221,200	232,100	129,100
Of which Bank- ers Deposits ..	200,300	167,400	178,200	90,100
Gov. Securities ..	240,400	205,500	199,200	113,100
Other Securities ..	14,800	14,900	19,300	31,000
Of which Dis- counts and Ad- vances ..	2,100	2,200	5,100	6,400
Notes and coins ..	23,700	25,300	33,600	34,200
Notes in Circula- tion ..	1,077,500	1,075,800	917,400	529,500
Ratio of Reserve to Liabilities ..	8.98%	10.99%	14.06%	21.38%

U. S. FEDERAL RESERVE BOARD
(000's omitted)

	Feb. 24, 1944	Feb. 17, 1944	Feb. 25, 1943	Aug. 31, 1939
Resources:				
Total Reserve ..	19,911,000	19,986,000	20,859,000	14,660,610
Total Bills Dis- counted ..	46,000	32,000	11,000	6,190
Bills bought in open market ..	..	..	..	530
Total U.S. Govt. Securities ..	11,816,000	11,394,000	5,913,000	2,426,190
Liabilities:				
Federal Reserve Notes in actual circulation ..	17,186,000	17,114,000	12,511,000	4,609,280
Deposits — Member Bank Reserve Ac- count ..	12,109,000	12,244,000	12,917,000	10,951,000
Ratio of Total Re- serve to Deposits and Federal Re- serve Note-Liabi- lities combined	62.42%	63.10%	77.7%	86.9%

RESERVE BANK OF INDIA

Weekly statement of account as on February 16, 1944.

	Rs.	Rs.
LIABILITIES		
Notes held in the Banking Dept. ..	10,68,69,000	
Notes in circulation ..	869,11,46,000	
Total Notes issued		879,80,15,000
ASSETS		
A. Gold Coin and Bullion:—		
(a) Held in India ..	44,41,43,000	
(b) Held outside India ..	..	
Sterling Securities ..	763,83,96,000	
Total of A ..		808,25,39,000
Rupee Coin ..		13,22,03,000
Govt. of India ..		
Rupee Securities ..		58,32,73,000
Internal Bills of Exchange and other commercial Paper ..		..
Total Assets ..		879,80,15,000
Ratio of total of A to Liabilities 91.668 per cent.		

BANKING DEPARTMENT

	Rs.	Rs.
LIABILITIES		
Capital paid-up ..	..	5,00,00,000
Reserve Fund ..	..	5,00,00,000
Deposits:—		
(a) Government ..		
(1) Central Government of India ..	44,25,27,000	
(2) Government of Burma ..	35,52,000	
(3) Other Government Accounts ..	9,44,07,000	
(b) Banks ..	59,72,52,000	
(c) Others ..	15,87,85,000	
Bills Payable ..	3,40,50,000	
Other Liabilities ..	9,84,69,000	
Total Rs. ..		153,00,42,000

ASSETS

	Rs.
Notes ..	10,68,69,000
Rupee Coin ..	25,14,000
Subsidiary Coin ..	1,56,000
Bills Purchased and Discounted:—	
(a) Internal ..	..
(b) External ..	..
(c) Government Treasury Bills ..	3,69,45,000
Balances held abroad* ..	126,36,57,000
Loans and Advances to Governments ..	43,00,000
Other Loans and Advances ..	..
Investments ..	8,21,40,000
Other Assets ..	3,34,61,000
Total Rs. ..	153,00,42,000

* Includes Cash and Short term Securities.

ISSUE DEPT. COMPARATIVE STATEMENT
(000's omitted)

	Feb. 18, 1944	Feb. 11, 1944	Feb. 19, 1943	Sept. 1, 1939
Held in the Banking Department ..	10,68,69	9,39,03	12,24,14	35,04,49
In Circulation ..	8,69,11,46	8,70,61,37	6,11,71,91	1,82,13,17
Total Notes ..	8,79,80,15	8,80,00,40	6,23,86,05	2,17,17,66
A. Gold Coin and Bullion ..	44,41,43	44,41,43	44,41,43	44,41,46
Sterling securi- ties ..	7,63,83,96	7,63,83,96	5,82,73,17	50,50,11
Total of A ..	8,08,25,39	8,08,25,39	4,27,14,60	1,03,91,57
B. Silver coin ..	13,22,03	13,42,32	14,34,53	75,87,11
R u p e e securi- ties ..	58,32,73	58,32,69	1,82,46,92	37,38,96
Silver bullion un- der Coinage ..	..	..	..	..
Percentage of Re- serve to Liabili- ties ..	91.868	91.847	68.457	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT
(000's omitted)

	Feb. 18, 1944	Feb. 11, 1944	Feb. 19, 1943	Sept. 1, 1939
Cash ..	10,95,39	9,65,49	12,37,60	35,15,27
Balances held abroad ..	1,26,36,57	1,17,68,12	68,34,21	10,08,33
Investments ..	8,21,40	8,21,40	6,58,15	6,61,34
Bills discounted:—				
(a) Internal ..	..	..	..	..
(b) External ..	..	..	..	..
(c) Government of India Treasury Bills ..	3,69,45	4,55,40	1,00,47	1,15,67
Loans and Advances to the Govern- ment ..	43,00	1,20,00	25,00	31,00
Deposits: ..				
(a) Government ..	54,04,86	51,84,58	38,38,17	14,89,43
(b) Banks ..	59,72,52	56,83,89	51,68,27	26,91,43
(c) Others ..	15,87,85	12,47,79	3,16,08	1,24,37

STERLING PURCHASES

(000's of £)

	Total Purchased.	Amount	Average rate.
1943-44:—			
February ..	..	11,070	1sh. 6d.
March ..	..	17,779	1sh. 6d.
April ..	..	9,219	1sh. 6d.
May ..	..	8,721	1sh. 6d.
June ..	..	6,338	1sh. 6d.
July ..	..	7,006	1sh. 6d.
August ..	..	8,546	1sh. 6d.
September ..	..	8,371	1sh. 6d.
October ..	..	8,947	1sh. 6d.
November ..	..	7,476	1sh. 6d.
December ..	..	9,579	1sh. 6d.
January ..	..	11,130	1sh. 6d.

IMPERIAL BANK
Weekly Statement of Affairs as on February 18, 1944.
(000's omitted)

	Feb. 18, 1944	Feb. 11, 1944	Feb. 19, 1943	Sept. 1, 1939
Fixed deposits, savings bank, current & other accounts ..	215,25,24	214,97,23	170,26,43	87,26,24
Govt. securities ..	144,99,08	146,97,18	120,94,65	51,02,78
Other invest- ments ..	2,93,98	2,94,17	1,34,20	96,27
Loans ..	13,32,82	14,48,84	9,40,83	7,66,38
Cash credits and overdrafts ..	28,54,47	26,95,25	18,06,92	19,76,06
Bills discounted ..	6,04,19	5,02,39	3,08,58	2,94,74
Cash in hand and with Reserve Bank and with other banks ..	29,09,96	28,30,69	27,18,05	14,68,87

SCHEDULED BANKKS

(Comparative Statement)

	18-2-44	11-2-44	19-2-43	1-9-39
Demand Liabilities in India ..	514,78,04	508,99,76	361,60,73	134,36,49
Time Liabilities in India ..	169,28,74	168,03,15	118,75,49	102,24,34
Cash in India ..	24,36,96	23,00,40	14,86,64	6,69,82
Balances with Re- serve Bank ..	58,98,95	55,28,67	51,02,34	25,17,19
Advances in India ..	190,48,36	185,74,01	110,87,60	101,52,16
Bills discounted in India ..	8,33,88	7,93,90	3,11,05	3,57,29

TENDERS FOR TREASURY BILLS

(In thousands of rupees)

Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter- mediates	Sold in favour of Issue Dept.
Dec. 7	13,73,75	6,00,00	0 12 3	..	1,40,50
" 14	14,02,50	6,00,00	0 11 11	..	1,34,00
" 21	14,26,25	6,00,00	0 11 0	..	1,79,50
Jan 4, '44	10,77,75	6,00,00	0 9 0	..	6,06,25
" 11	8,55,50	6,00,00	0 8 7	..	5,94,00
" 18	12,11,25	8,00,00	0 8 8	..	3,94,00
" 25	10,76,75	8,00,00	0 10 4	..	1,10,00

SUPPLY OF MONEY IN THE SECOND QUARTER OF 1943
Base: 1939=100

	Note Circulation	Sight Deposits
Hungary ..	228	105 (Feb.)
India ..	222	169 (Mar.)
France ..	182	100 (Mar.)
Turkey ..	160	52 (Dec., '42)
Belgium ..	159	136 (Mar.)
Canada ..	154	124
Mexico ..	145	182 (Jan.)
Australia ..	143	95
United States ..	136	74
Peru ..	130	131
Finland ..	125	229
Portugal ..	121	255 (Mar.)
Germany ..	118	..
Chile ..	111 (Mar.)	49 (Feb.)
Un. of S. Africa ..	106	113 (Feb.)
Venezuela ..	100	50 (Feb.)
United Kingdom ..	84	74
Denmark ..	76	96
Japan ..	75	73 (Mar.)
New Zealand ..	68	104
Argentina ..	38	78
Sweden ..	38	33
Switzerland ..	29	17

MATURITY OF OUTSTANDING TREASURY BILLS

Date	Amount	Date	Amount
20th February ..	5,675	24th ..	60,000
26th ..	60,000	6th April ..	60,000
2nd March ..	100	14th ..	57,900
3rd ..	59,975	15th ..	2,100
8th ..	3,550	21st ..	74,725
10th ..	51,975	22nd ..	5,275
11th ..	4,475	27th ..	925
17th ..	59,900	28th ..	78,275
18th ..	25	..	800

SUGAR POSITION

(1943-44)

(Figures in Tons)

Producing Areas.	Production upto 7-2-44.	Despatches during the period 1-2-44 to 7-2-44.	Progressive total of despatches upto 7-2-44.	Percentage of pro- gressive despatches to production.	Physical stock as on 7-2-44.
U.P.	3,33,832	10,761	75,611	22.6	2,58,221
Bihar	1,17,832	4,704	28,801	24.4	89,031
Bombay	29,324	787	8,607	29.4	20,717
Madras	13,745	801	3,715	27.0	10,030
Punjab	4,699	634	1,220	26.0	3,479
Bengal	4,991	322	533	10.7	4,456
N.-W.F.P.	2,180	..	977	44.8	1,203
Orissa	1,345	..	9	0.7	1,336
Indian States ..	59,062	1,455	18,711	31.7	40,351
Total	5,67,010	19,464	1,38,184	24.4	4,28,926
N.B.—Balance physical stock of 1941-42 and 1942-43 sugaras as on 7-2-44 was 11,757 tons.					

ABSORPTION AND RETURN OF CURRENCY IN INDIA (In lakhs of rupees)

Month	Increase or decrease in Note Circulation as on last Friday of the month.	Increase or decrease of Rupee Coin* in Circulation as on last Friday of the month.	Combined progress- ive increase or de- crease of Notes and Coin in Circulation.
	During Month	Pro- gressive Month	During Month
1940-41	19.11	33.22	52.33
1941-42	152.40	7.17	159.57
1942-43	262.33	46.09	308.42
1942-43			
April	+32.55	+3.05	+35.60
May	+18.04	+1.70	+19.74
June	+11.35	+1.60	+12.95
July	+7.81	+2.18	+9.99
August	+23.26	+1.94	+25.20
September	+18.33	+3.96	+22.29
October	+22.11	+8.83	+30.94
November	+25.66	+15.35	+41.01
December	+30.00	+26.48	+56.48
January	+22.89	+9.56	+32.45
February	+21.11	+41.98	+63.09
March	+29.22	+46.09	+75.31
1943-44			
April	+34.03	+3.31	+37.34
May	+26.50	+3.56	+30.06
June	+19.24	+2.49	+21.73
July	+17.03	+10.33	+27.36
August	+14.26	+10.80	+25.06
September	+5.94	+10.68	+16.62
October	+22.41	+12.08	+34.49
November	+12.23	+13.45	+25.68
December	+46.43	+17.70	+64.13
January	+12.58	+20.11	+32.69

* Including Government of India one-rupee notes from July 1940.

† Figures only from June 1942.

INDUSTRIAL DISPUTES

	No. of stoppages, Stoppages in which wages were the cause.	Workers involved.	Man-days lost.	Successful.	Partially successful.	Unsuccessful.	Indefinite.	In progress.
Total for 1942	694	359	7,72,653	57,79,965	117	169	378	17
Dec. 1942	70	52	91,625	2,87,849	16	14	23	4
Jan. 1943	103	51	1,00,271	4,41,813	14	45	37	7
Feb. 1943	60	35	46,520	1,91,410	7	20	24	1
March 1943	61	41	48,553	1,19,161	6	20	18	1
April 1943	96	74	17,180	80,781	8	41	28	5
May 1943	84	65	20,375	97,953	3	7	18	6
June 1943	46	22	32,238	1,12,531	7	13	19	2
July 1943	40	26	19,103	73,068	6	14	9	3
Aug. 1943	29	13	11,886	36,426	5	4	5	12
Sept. 1943	25	12	6,754	15,621	5	8	6	3
Oct. 1943	28	12	12,416	19,419	9	5	9	1
Nov. 1943	35	22	18,854	49,374	13	11	3	6
Dec. 1943	30	19	29,586	1,04,406	2	8	12	5

COST OF LIVING IN JULY 1943

Base: January/June 1939=100

Bolivia	311	Norway	150
Iceland	245	Mexico	149
India	195	Switzerland	149
Finland	186	Newfoundland	146
Chile	184	Sweden	143
Spain	166	Japan	136
Denmark	137	U.K.	130
Hungary	155	South Africa	125
Portugal	153	U. S. A.	125
Canada	118	Australia	123
Colombia	114	Germany	111
Uruguay	114	China (Chungking)	2250

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939.*

(Base: August 1939=100)

	Bombay				Ahmedabad				Sholapur				Cawnpore				Nagpur				Jubbulpore				Lahore				Madras			
	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1941-42	1942-43	1939-40	1941-42	1942-43	1939-40	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43			
Jan.	109	111	130	193	111	108	130	237	110	105	132	201	114	110	145	225	111	111	138	212	112	119	148	228	109	113	143	264	109	110	119	164
Feb.	107	113	129	195	108	108	129	226	103	105	127	207	112	108	144	234	105	109	134	234	107	117	147	292	108	111	147	256	106	110	117	167
Mar.	105	113	130	198	107	108	132	237	108	108	132	219	109	108	150	246	105	108	133	262	109	121	155	278	110	109	145	264	107	110	117	173
April	105	115	131	214	107	111	136	256	101	107	136	223x	110	107	149	268	106	113	138	291	110	124	155	279	110	120	148	267	108	111	121	178
May	106	116	135	214	105	112	141	271	103	107	142	234	109	108	155	299	111	113	145	317	112	122	158	309	101	113	155	276	109	110	123	177
June	106	116	145	224x	110	114	152	289	104	111	149	252	108	114	175	336	109	116	160	361	116	126	178	317	100	109	162	275	109	111	131	183
July	106	120	160	225	108	121	160	288	104	115	153	266	109	126	190	341	108	120	181	361	119	134	199	312	102	114	166	275	109	115	136	185
Aug.	109	125	160	227	107	126	168	293	104	118	158	266	112	130	203	339	111	125	183	354	117	131	202	319	102	120	177	286	110	117	140	181
Sept.	107	123	162	233	108	126	160	312	103	119	162	289	113	133	202	353	111	125	183	356	124	138	202	301	108	125	183	296	110	117	149	164
Oct.	108	119	164	236	100	126	166	329	103	123	177	288	112	134	206	349	117	125	184	273	124	138	202	301	111	133	166	326	111	117	115	196
Nov.	118	120	170	236	111	129	188	327	103	130	196	293	112	143	224	334	114	131	190	280	124	141	214	323	115	143	191	307	112	120	159	189
D	110	123	179	235	108	136	204	318	104	136	201	284	111	151	224	314	113	136	200	284	119	153	231	328	115	143	252	307	112	123	161	193

STOCKS AND SHARES

	This week		Previous week			This week		Previous week	
	Rs.	a. p.	Rs.	a. p.		Rs.	a. p.	Rs.	a. p.
BOMBAY (Feb. 29).—					CALCUTTA (Feb. 29).—				
GOVT. SECURITIES					JUTES—				
2½% (1948-52)	..	..	99 14 0	99 14 0	Alliance	..	465 0 0	457 0 0	..
3% (1946)	..	..	102 5 0	102 5 0	Barnagore	..	182 0 0	181 0 0	..
3% (1949-52)	..	..	100 13 0	100 13 0	Dalhousie	..	..	285 0 0	..
3% (1951-54)	..	..	100 4 0	99 13 0	Champdany	..	227 0 0	..	..
3% (1953-55)	..	..	99 13 0	99 1 6	Howrah	..	69 2 0	66 10 0	..
3% (1963-65)	..	..	98 1 6	98 1 6	Kamachatti	..	586 0 0	588 0 0	..
3% (1960-68)	..	..	98 2 0	98 2 0	Ganges	..	..	444 0 0	..
3½% (1947-50)	..	..	103 6 0	103 6 0	Presidency	..	7 2 0	..	..
3½% G.P. Notes	..	..	98 12 0	98 13 0	Kankarabari	..	508 8 0	502 0 0	..
4% (1960-70)	..	..	112 8 0	112 8 0	Nuddea	..	121 0 0	117 0 0	..
4½% (1955-60)	..	..	115 8 0	115 8 0	Gourepore	..	793 0 0	790 0 0	..
5% (1945-55)	..	..	105 5 0	105 15 0	Auckland	..	302 0 0	..	..
TEXTILES					STEEL & ENGINEERING—				
Poddar	..	..	495 0 0	..	Bhartia	..	18 2 0	17 12 0	..
Ahmedabad	..	..	505 0 0	503 12 0	Indian Iron	..	..	35 14 0	..
Bombay Dyeing	..	..	1,087 0 0	2,111 4 0	Marshall's	..	4 13 0	4 12 0	..
Central India	..	..	449 0 0	453 0 0	Kumardhubi	..	..	9 7 0	..
Indian Bleaching	..	..	223 0 0	221 0 0	Steel Corporation	..	28 0 0	27 6 0	..
Kohinoor	..	..	711 0 0	717 0 0	Jessep	..	23 10 0	23 4 0	..
Century	..	..	1,065 0 0	1,095 0 0	TEXTILES—				
Colaba Land	..	..	248 0 0	250 0 0	Kesoram	..	18 2 0	17 11 0	..
Phoenix	..	..	776 4 0	776 4 0	Cawnpore Textile	..	15 9 0	15 5 0	..
Simplex	..	..	280 0 0	284 0 0	New Victoria Pref.	..	10 0 0	9 15 0	..
Swadeshi	..	..	604 0 0	615 0 0	Dunbar	..	..	289 0 0	..
Finlay	..	..	347 0 0	..	COALS—				
Morarji	..	..	815 0 0	..	Bengal	..	595 0 0	588 0 0	..
New Great	..	..	447 0 0	..	Equitable	..	55 2 0	54 6 0	..
Swan	..	..	381 0 0	..	Raneegunge	..	..	41 8 0	..
Apollo	..	..	5 4 0	..	West Jamuria	..	54 0 0	50 6 0	..
Sassoon	..	..	19 2 0	..	North Damuda	..	10 8 0	10 3 0	..
Sassoon Defd.	..	..	4 3 9	..	South Karanpura	..	12 10 0	11 11 0	..
Model	..	..	322 8 0	..	Bhalgora	..	17 5 0	16 9 0	..
Sholapur	..	..	8,850 0 0	..	East Indian	..	32 8 0	32 4 0	..
MISCELLANEOUS					Burrakur	..	33 5 0	32 6 0	..
B.I.C.	..	..	6 7 0	..	MISCELLANEOUS—				
Bombay Burma	..	..	410 0 0	403 0 0	Consolidated Tin	..	2 6 0	2 7 0	..
Alcock	..	..	635 0 0	635 0 0	Indian Copper	..	2 14 0	2 14 0	..
Belapur Sugar	..	..	235 0 0	234 0 0	B. I. C.	..	6 8 0	6 2 0	..
Bombay Tramway	..	..	148 8 0	141 8 0	I. G. N.	..	..	144 0 0	..
Bombay Steam	..	..	667 8 0	660 0 0	Burma Corporation	..	3 14 0	3 12 0	..
British Burma Petrol	..	..	3 2 0	3 1 6	Dunlop Rubber	..	..	64 0 0	..
Andhra Valley	..	..	1,827 8 0	1,830 0 0	British Ceylon Corporation	..	19 1 0	19 1 0	..
Shivrajpur	..	..	74 0 0	..	Titagarh Paper	..	28 9 0	28 14 0	..
Tata Oil	..	..	80 8 0	..	Dalmia Cement	..	..	18 4 0	..
Tata Chemical	..	..	32 4 0	..	SUGAR—				
Tata Power	..	..	1,860 0 0	1,860 0 0	Samastipore	..	22 2 0	22 0 0	..
Tata Hydro	..	..	198 8 0	..	Belsund	..	12 8 0	12 10 0	..
Tata Steel Ord.	..	..	414 0 0	411 4 0	Carew	..	30 2 0	32 2 0	..
Tata Steel Defd.	..	..	2,107 8 0	2,072 8 0	Champaran	..	40 8 0	41 0 0	..
Premier Construction	..	..	223 0 0	227 0 0	U. P. Sugar	..	33 4 0	32 14 0	..
Associated Cement	..	..	218 0 0	220 0 0	Ramnagar	..	..	15 0 0	..
Indian Iron	..	..	36 12 0	36 9 0	Upper Ganges	..	..	38 3 0	..
Indian Copper	..	..	2 13 0	2 13 0	TEA—				
Tata Steel 1st Pref.	..	..	220 0 0	220 0 0	Lobah	..	14 15 0	16 2 0	..
Tata Steel 2nd Pref.	..	..	157 8 0	157 12 0	Hansqua	..	16 2 0	..	..
Bombay Burma New	..	..	148 12 0	157 8 0	Eastern Cachar	..	14 3 0	..	..
BANKS—					Pussimbling	..	16 10 0	..	..
Central	..	..	92 12 0	92 8 0	Tukvar	..	20 11 0	..	..
Imperial (Fully Paid)	..	..	1,980 0 0	1,990 0 0					
Imperial (Partly Paid)	..	..	513 12 0	525 0 0					
Reserve	..	..	134 8 0	135 0 0					
India	..	..	229 0 0	232 0 0					
New India Insurance	..	..	86 4 0	..					

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Businessmen in Conference

THE seventeenth annual meeting of the Federation of Indian Chambers of Commerce and Industry held last week-end at New Delhi was in many ways a notable event. It endorsed unanimously and enthusiastically the industrialists' plan or, as Mr. G. D. Birla happily put it, the non-official plan for the Economic Development of India not only with a clear sense of responsibility but with a full awareness of the implications of the plan in its varied aspects. The horizon of the Indian business community has undoubtedly widened in recent years, and the acceptance of the Fifteen-Year Plan is an expression of this widened outlook. The emphasis on agriculture and rural prosperity in the speech of the President and in the resolution was happily laid. The recognition that despite the predominantly agricultural character of our economy, agriculture is yet very backward and unable to meet the demands made on it by the masses of the population for its food and other requirements was very significant coming from the business community who, one might expect, would only think of industry and industrialization. On the other hand, the opinion was quite definitely expressed that only on the basis of prosperous agriculture with guaranteed fair minimum prices to the cultivator could the structure of industrial construction be strongly built.

The speech of the President, Kumararajah Sir Muthiah Chettiar was set in the right key. Its note was throughout firm without being loud or shrill. After pointing out that the economic prosperity of a country depends upon its political complexion and pleading for a representative and national government, he review-

ed a number of questions of great immediacy and importance. Referring to the Government's control of prices of various commodities, he said that "the Federation has been wholeheartedly with the Government in any well-thought out schemes to control prices or to prevent profiteering but they have found themselves unable to agree to ill-conceived and ill-digested proposals which, far from achieving the objects in view, have merely tended to annoy and harass the general trading population." The plan-less import of consumer goods in the name of an "inflation" came for scathing condemnation from the President. "Without consulting any of the interests concerned who are in the best position to know what sort of consumer articles are required either through import or through indigenous production, the Brain-Trust of the Government of India appear to have sat down and framed a list of articles which ought to be imported as consumer goods for anti-inflationary purposes, and in that list Johnny Walker leads all the rest.".... "Surely it is not by the importation of luxury goods which the rich want to purchase that the evils of inflation can be tackled." The import of consumer goods is not only not calculated to check the inflationary evil but in his opinion, would positively prove harmful to the growing industrialization of the country. The industrial policy of the Government has been in recent months distinctly anti-Indian and well might the President complain that "the experience of industrialists has been somewhat bitter during the past few months." No assurance has been given yet that the industries which have grown up during the war and helped the country in its critical times will not be allowed to perish or be left

high and dry. The Export Advisory Council, of which much was expected, was not allowed to function at all. It had not met for over eighteen months past. Government, on the other hand, has created a monopoly of trade for non-Indians who do the bulk of export and import business and "Indian business men are generally being squeezed out altogether from India's foreign trade." The way in which the U.K.C.C. has been allowed to spread its tentacles has been exposed several times in these pages, and the President has rightly complained against the failure of the Government to have promoted an Indian Commercial Corporation which may be solely responsible for the purchase of the goods in this country and which may hand these commodities at port to the U.K.C.C. at reasonable prices. The sins of omission and commission of the Government are indeed too many to expiate; but the wages of their sins have unfortunately to be paid for, not by them, but by the community.

Extremely valuable and apposite is that part of his address where he repudiates the charge of profiteering on the part of India and of unfair allocation of the war burden between Great Britain and India. The bare recital of the various ways in which India has helped in the war in the midst of her own sufferings through its supplies and services is sufficient answer to those grotesque charges. "These sterling balances represent the toil and sweat of the people and the blood and tears of the millions of our countrymen." The country has had to undergo self-denial to the point of starvation and death in order to supply the requirements of the British War Department. Foodgrains, groundnuts and other oilseeds, tea, jute, pig iron, mica, manganese, coffee, rubber, boots and shoes—these by no means exhaust the list of our supplies. Indian industry is starved of coal, for the benefit of the Allied war expenditure. The few ships on the Indian register have been requisitioned by the Government for the transport of cargoes on behalf of Great Britain. In every case, whether it be service or commodity, it has been supplied at controlled prices which have been far below the market prices in India. Well might the President exclaim, "Is there any other country among the Allied nations which has charged less for its overseas customers and more for the citizens of its own country?"

The resolutions passed at the annual session are of fairly wide range, from cow slaughter to post-war reconstruction. But the most outstanding resolution is the one moved by Mr. N. R. Sarker on the Fifteen-year Plan. It was seconded by Mr. G. D. Birla in a remarkably lucid and challenging speech, most of which has been reproduced elsewhere. The most striking part of his speech consisted in his interpretation and measurement of the real cost of the plan; and in his asking his listeners to forget the Rs., as. and ps. of the plan but to think in real terms. "From whichever angle we may look at the problem, it comes to this, that in the shape of human labour we must be prepared to earmark 4½ per cent. extra of our total population to complete the job. I think for a gigantic plan this assumption is not in any way frightening. In seeking to utilize this 4½ per cent. extra labour of our population, we are simply employing the unemployed." Mr. Birla answered effectively the doubts and misgivings of Sir Jeremy Raisman, the Finance Member, who had asked what would happen to the backing of our currency if our sterling resources were used up for the purpose of reconstruction. "A layman could put such a question but not the Finance Member." The Bank of England held only 0.1 per cent. gold backing for its note issue, while Indian currency had gold backing of 10 per cent. (gold being valued at its world price). "If people have not lost their faith in the solvency of sterling, there is nothing to fear about the faith in the solvency of the rupee," he said. Further

if we were to accept the Finance Member's logic it would mean, according to Mr. Birla, that our assets in England must be permanently frozen in England. "Can any one contemplate such a position with equanimity?" For himself he had no doubt that "the rupee would be in a much stronger position by replacing it by our own credit and our own securities rather than by backing it by sterling." Most of the criticisms of the defects and difficulties of the plan did not touch the heart of the matter. In his view the real difficulty was not money but scarcity of men who would plan, administer and execute." The country had not enough men with the experience of production and distribution to fill the various social roles. This serious difficulty would be got over if they united for the good of all with determination to achieve the aim. As for State *versus* private enterprise, Mr. Birla's test was the good of India. "I would allow private enterprise where it benefits and State enterprise where it is needed," he said and ended with the appeal that we should cast our psychology in a constructive mould.

The post-war position of the many new industries started during the war was reviewed in a resolution moved by Mr. G. L. Mehta, which sought for a definite assurance from the Government that suitable machinery on the lines of the *ad hoc* committee and the Safeguarding of Industries Act in the United Kingdom should be immediately evolved. The Federation also condemned the policy of importing manufactured goods which were at present being manufactured in the country and whose output could be easily accelerated if the Government would extend to them the necessary assistance in the shape of further imports of plant and machinery and of materials, stores, and the requisite component parts for such increased output. Mr. Mehta charged the Government with breach of faith in permitting the import of textiles from the U.K. for that was in direct contravention of the assurances that only commodities which were either not produced in India at all or produced in extremely small quantities would be imported. Several speakers who followed gave expression to their fear that the Government's policy would end in sabotaging the nascent and new industries of the war period; and suspicion was confirmed by the naked and bare-faced statements of Lord Woolton, the Minister for Reconstruction in Britain that British exports should be statutorily provided for. This is colonial policy with a vengeance.

In a comprehensive resolution moved by Sir Badridas Goenka, the Federation strongly criticized the present taxation policy of the Government which had been imposing increasingly onerous burdens on industry and enterprise. An ultra-modern system of taxation and war-finance was sought to be imposed on a mediaeval economic structure and on an antediluvian system of public and social expenditure. That was the fatal defect of the fiscal system of the country run by a Government whose actions were calculated to kill the goose that laid the golden eggs. Sir Badridas strongly condemned the new taxes as taking away all the profits leaving nothing for building up even normal reserves. The case of private companies under the new finance proposals called for substantial modification, for they would not get the benefit of the differentiation made in the tax proposals in favour of undistributed profits of companies. The resolution pressed strongly for liberal allowances for depreciation, replacement of assets at their increased costs as also for industrial research and full allowance against terminal losses. One of the points stressed by Sir Badridas was that the commercial community would vehemently oppose increased

taxation for so-called post-war reconstruction until and unless they were presented with genuine and comprehensive schemes of reconstruction which they were in a position to approve. This warning is timely, as the Government of India do not inspire any confidence among any sections of the community that they will be able to resist the pressure of British vested interests.

The importation of experts is a dangerous portent for the future reconstruction of India. In the name of war and post-war necessities, the entire economic life of this country is being sought to be controlled and managed by British experts who, whatever be their eminence in their own spheres, cannot be expected to identify themselves with Indian welfare. There is danger that even scientific research is being organized to serve British interests. It may be that our fears and misgivings are unjustified. But we cannot be blind to certain developments which are a definite pointer to the difficulties and problems ahead. Before Britain will part with political power she will perhaps

Post-War Planning

IN recent weeks, India has become truly planning-conscious. Although as early as March 1941 the Government had declared that it was already investigating the problem of planning ahead for the post-war period, it cannot be denied that for longer than it should have, it regarded the problem of reconstruction with a measure of passivity as if it was only a remote and comparatively unimportant contingency. It was indeed very recently that it woke up to the possibility, even probability, that if Government planning proceeded any longer in this leisurely, bullock-cart fashion, the cessation of hostilities would again find it as sordidly unprepared for its post-war task of reconstruction as the outbreak of the war found it unprepared for the task of mobilization of maximum war-effort. Government planning work, whatever it was, was still proceeding behind closed doors and the public had hardly an inkling of what was going on. The general impression which gained ground was that the Government planning still lacked the quality of the "grand vision" and did not add up to more than the sum of a few lop-sided and unco-ordinated schemes. The definite turn in this monotonous tide of drift and passivity came with the submitting to the Government of the memorandum which has come to be known as the Bombay Plan. This was the first practical essay in thinking in a big way and yet in concrete and comprehensive terms. The publication of this Plan caught the imagination of the country at a time when it lay helpless in the fatalistic grip of an unparalleled economic disaster. It jerked the Government into the posture of alertness. His Excellency the Viceroy in his address to the Central Legislature committed his Government to the principles underlying the Bombay Plan, and this acclamation by the head of the State so soon after the publication of the Plan was a definite triumph for its authors. The Hon'ble Finance Member, again, in his Budget speech, made specific references to the Plan, and it can be said that the Bombay Plan has already become one of our basic documents of our post-war economic programme and an essential nucleus for constructive economic thinking.

Nevertheless, unfortunately, it cannot be said that there is still not a considerable amount of misgivings in many quarters about the Government's post-war planning. These misgivings are in the nature of, *firstly*, a suspicion and, *secondly*, a doubt. In the political circumstances of our country, when the Government is not formally responsible to public opinion, suspicion forms a natural background and doubt an

entrench herself so firmly in the economic sphere that her economic dominance will continue for long. Even the most innocent and valuable proposals of economic development, *e.g.*, extension of irrigation have to be watched with great care as they are made the occasion for the import of British equipment without reference to the possibilities of Indian production. It is reported that, thanks to the recommendation of Sir William Stampe, orders of the value of a few crores of rupees have been placed in Britain by the U.P. Government for its programme of tube well construction. The proposal to establish national physical and national chemical laboratories in itself so urgent and desirable has to be examined in the light of who is to control them and with what objectives. If they are to be utilized for the importation of third and fourth rate scientists from Britain to do research for Indian economic development, the scheme is foredoomed. It is not a pleasant task to have to utter a word of caution in regard to these apparently beneficent schemes. But India has been bitten time and again, and she feels naturally shy.

inevitable accompaniment unless the public is more intimately associated with the planning work which the Government is doing.

Even after the outbreak of the war, the Government has so consistently missed every opportunity to develop to the utmost our great economic potentialities with a view to maximizing our industrial war-effort, that many have come to see the outlines of a method in this madness. This suspicion, understandable in its long historical background, is coupled with the fear that "India is being more planned against than planning" and that in so far as there is any planning in India, it is intended largely to subserve the post-war plans of outside foreign interests. Thus it is pointed out that after consistently shelving year after year the proposals for manufacture of locomotives in India, the Government has suddenly felt actually the insufficiency of our railway locomotives and rolling stock and embarked on a vast programme of purchase from abroad. Again almost simultaneously that Lord Wavell was addressing the Indian Legislature and dwelling on the Government's plan for economic development of India, came the ominous speech by Lord Woolton, the British Minister of Reconstruction. Lord Woolton frankly envisaged the use of political power to advance the export trade interests and the financial hegemony of Great Britain, especially in India and the colonies, and he contemplated with equanimity the fact that such a "policy will hinder Indian industrial development until such time when India can politically be free to devise and execute her own economic policies." Such statements of British intentions coming from responsible quarters are not calculated to disperse the cloud of suspicion in India. So far little has been made public about the planning work the Government has done up to date, but the Government is generally known to have some strong one-sided bias for agriculture, road-making and so on, to the exclusion of programmes for comprehensive and concerted economic development. This is viewed in the light of the trend of ~~the~~ *die-hard* thinking among the ruling classes in Great Britain. Thus Mr. Quintin Hogg, British Conservative M.P., wrote in the *Foreign Affairs*, Oct. 1943, on "British Policy: A Conservative Forecast" thus: "The sheet anchor of our colonial policy will be the creation of new markets." "That markets must be opened to be developed. Railways, telegraphs, landing grounds, ports and roads must be built. Agriculture must be stepped up. These being trade and, if we build them, trade will come and the world will be richer." In such light, the Government

of India's one-sided bias for agriculture and Rs. 450 crores for road-making, tends to become suspect.

However, when Lord Wavell himself has accepted the principles underlying the Bombay Plan and pleaded for a simultaneous and concerted plan for agricultural and industrial progress, there is no reason why we should suspect the *bona fides* of his Government. But many still feel doubt whether the Government with its peculiar tradition and orthodox inhibitions will be equal to the formidable task of planning and preparing on a bold and adequate scale. A weak-knee'd planning would be the next worst thing to no planning at all and missing our great post-war opportunities. The public is reinforced in its doubts by the way the Finance Member dwelt on post-war planning in his Budget speech and padded hopeful statements with expressions of doubts and inhibitions.

Thus, while the Finance Member recognized that any adequate economic plan must necessarily involve figures of an order which would have frightened an older generation, he was quick to reveal his uneasiness on account of the canons of orthodox budgeting and to establish the resemblance between war-finance and reconstruction-finance that they involve a continuously high level of taxation and borrowing. The Finance Member drew attention to the fact that some forms of investment, e.g., on public health and education will not be "financially self-supporting" and will involve a "heavy residual budgetary charge." In an economic system with a very slow rate of development, the non-coincidence of marginal social net productivity and marginal private net productivity and also the tardiness of conversion of general social benefits into tangible economic categories, certainly create a problem in orthodox budgeting which recognizes a single year as the standard accounting period. But this problem is very much attenuated when the rate of economic development becomes very high, for then general social benefits become quickly converted into tangible economic categories. Thus expenditure on public health and education will quickly and directly lead to a corresponding increase in efficiency of labour. Even apart from this consideration, we may regard the initial heavy expenditure on public health and education, as the essential pump-priming which would be required to prevent the sudden collapse of the price structure at the end of the war. The Finance Member has not attempted to show precisely what level of taxation and borrowing the Bombay Plan will require and whether that level is really frightening in the context of the rapid economic development which is envisaged. We have shown previously that it is not.

Nor was the Finance Member on very strong ground when he warned us about the pressure of competing claims for capital equipment, the transfer difficulty of Great Britain or the backing of the rupee. In both Great Britain and the United States the machine-tool and allied industries have vastly expanded during the war and both these countries will find themselves at the end of the war saddled with an excess stock of equipment and surplus machine tool making capacity. Again, as far as can be made out today, a great part of the giant German machine tool

and armaments industry will be probably dismantled after the war. Consequently, the pressure of competing claims for capital equipment may turn out to be imaginary. The transfer difficulty arises only when we insist on multilateral clearing of our sterling balances; but international schemes for their orderly transfer can be made. And we should not be even shy of a great measure of bilateral transfer, if thereby we can increase the tempo of our Plan. The transfer of the sterling balances in the course of, say, ten years will cause infinitely less discomfort to wealthy Britain than their accumulation in the course of only four or five years caused poverty-stricken India. The Finance Member is on still shakier ground when he pleads that the rupee should not be deprived of its "backing"—whatever that sterling backing is worth. If we fix the exchange rate at the proper level, we shall require the minimum of foreign exchange reserves. We should clearly recognize the significance of our sterling balances and refuse to let mere financial rituals to hamper our Plan.

It is unfortunate that the Finance Member should again express his misgivings about inflation being implicit in the Bombay Plan and talk about the rigour of the over-all control which will be necessary. The inflationary dynamics in the *laissez faire* economy can be made an excluded thesis in a planned economy and there need be no control to the extent of detailed regimentation provided we understand and know how to organize the essential relationships implicit in any Plan. The Finance Member himself said that on orthodox financial basis, the Government could contemplate an investment of Rs. 1,000 crores in the first effective quinquennium, excluding any estimate of direct private investments. This only shows the extreme modesty of the Bombay Plan. His plea that "it would not be wise to force the pace of post-war development at the cost of imposing such severe limits on the standard of living during the development period," is somewhat incongruous in the context of the modest Bombay Plan which not only does not entrench on our general standards of living but actually programmes for a steady rise in the level of consumption during the entire plan-period. An instance of Sir Jeremy's solicitude for financial orthodoxy is his commendation that many Provinces are building up reconstruction funds for post-war reconstruction. The idea that if post-war reconstruction is financed by such "useful cash balances" built up during the war, it involves any diminution of the "real" cost of post-war reconstruction, is on par with the old naive belief that posterity can be made to pay for the cost of any war.

It is not by such financial orthodoxies that a nation can be saved. We hope that the financial and budgetary inhibitions under which our Finance Member is labouring will not hem in the Government's post-war planning. The public has been kept too long in the dark about the Government's planning work and in the absence of authoritative information it has been full of suspicions and doubts about it. At this stage when public interest has been focussed on post-war planning, the Government should immediately take the public into confidence. Sir Jeremy has promised that the Government will shortly release for public information the official reports and data which are now under its consideration. The public is certainly awaiting the release of these reports and data with eagerness.

The Week's Notes

PANIC-MONGERING

Speaking of the general desire in the country to utilize the sterling assets for post-war economic reconstruction, the Finance Member raised certain difficulties which must seem puzzling even to an uninitiated student of economics. To utilize the whole of the sterling balances and at the same time the whole increment of foreign funds accruing from current exports would, as the Finance Member said, leave India with a wholly fiduciary currency. But whoever has proposed that the whole of our sterling balances, actual or prospective, should be so completely liquidated that the foreign exchange cover for currency would become nil? In fact, in an article entitled "The Transfer Process of Sterling Resources" in our issue of December 17, we emphasized the necessity of distinguishing between the reserve required for maintaining the stability of the currency and that which in essence constituted our war-time savings and argued that after leaving, on a liberal computation, Rs. 250 crores as backing for currency the balance of our sterling resources should be available for reconstruction purposes. A reserve of 25 per cent. as cover for currency in the form of foreign exchange must more than suffice to meet all the adverse winds that might blow. In saying that "a failure of the monsoon, or a world depression or a renewed threat of war might easily lead to a flight from the currency," the Finance Member raises a wholly false and undesirable cry of alarm which needs to be condemned and exposed. If the Finance Member intends by such tactics to sabotage the chances of a real and full-scale economic plan for India by luridly painting the dangers to which the using up of our sterling assets will open the economy, he is sadly mistaken. The public is only too well aware that it is because of the sterling link that the inflationary effect is transmitted to our economy and that the rupee is as strong as any other currency. It is equally quite well aware that sterling assets, by being inconvertible into real assets, just at a time when the country demands them so badly, have failed to serve their true purpose as backing for the currency. Nor is his talk of "a flight from the currency" calculated to help him in the anti-inflationary crusade on which he has launched with all the weapons he can lay hands on. Before he embarked on the presentation of the budget figures, the Finance Member made the general observation that "in a country which is so prone to rumour and panic, the operation of psychological factors is often more damaging than the objective forces at work," and went on to add that even though the outside critic might be given to a violent expression of his own views with scant regard to its practical effects, the Government must at the risk of being charged with complacency strive to keep a sense of balance. We can only tell the Finance Member, "Doctor, Heal thyself." The real fact of the matter seems to be not that the Finance Member is anxious to avert an Indian exchange crisis which in the present circumstances can only be a distant and remote contingency which can be guarded against by a little more foresight than Sir Jeremy has so far given evidence of, but he is keen that the United Kingdom should neatly tide over the transfer difficulties associated with her balance of payments position in the first decade after war.

SALE OF GOLD

In his reply to the budget debate, Sir Jeremy Raisman defended the indefensible, and justified the appropriation of profit on the sale of gold by the

British Government on the specious plea that taking all transactions into account the higher price at which it was sold in India than its price in England or America was not unreasonable. The proceeds of such sales were utilized to meet the expenditures of these Governments in India where the prevailing prices were sometimes 200 per cent. higher. The Government, therefore, not only agreed to these sales but welcomed them on account of their anti-inflationary effect. Even at the present price at which gold is sold in India it is, according to the Finance Member, one of the cheaper commodities in India; the farmer got more gold for his wheat now than he would have got at any time in the last twenty years. It would be difficult to find anywhere else so many partial and misleading remarks compressed into a short statement than in the Finance Member's observations. In the first place, it is not true to say that the British Government buys goods, supplies and services in India at market prices. These prices are all controlled prices which have not risen to 200 per cent. above the pre-war prices. The entire export surplus of tea is bought by H.M.G. at controlled prices which are not very much higher than the pre-war prices; army clothing was secured at lower prices; the maximum prices of jute goods have been fixed, and American purchases were often at lower prices than the market prices in India. It is notorious that mica, one of world's scarce goods essential for war purposes, is taken away from India for an absurdly low price; and here the U.S.A. is the beneficiary. Steel and iron are sold practically at pre-war prices with a reasonable allowance for increased cost of production. Shellac is sold to America at controlled prices. The same story can be repeated of manganese, skins and hides, of boots and shoes, and of a hundred and one articles. As the President of the Federation of Indian Chambers of Commerce and Industry puts it in his illuminating address, "it is well-known that from the very start of the war the Supply Department through its contracts and otherwise has controlled these prices for the benefit of every nation except our own. I wonder whether there is any other country among the Allied nations which has charged less for its overseas customers and more for the citizens of its own country."

Secondly, even if the prices were higher since the rupee-exchange has not been allowed to rise (as was the case in the last war), the obligations of the British Government in terms of sterling payments have not proportionately increased. Indian prices might have been brought down by raising the exchange rate to, say, 2 shillings. But it would not have benefited the British Government, because being unable to send out imports and compelled to buy our goods in any case, it would have had to pay us far more and our sterling balances would have accumulated to a larger amount. It does not, therefore, lie in the mouth of the Finance Member to use the argument of high prices in India in support of the appropriation by the British and American Governments of the profit on the sale of gold.

The simple issue is only this: Can a Government in war-time—when every transaction is controlled—use the market mechanism to make a profit to itself at the expense of this country? Is the British Government honest in selling to the Government of India—which is what the transaction is, camouflage it as you may—at a price which is 70 per cent. higher than its price in England? Is not the Government of India committing a fraud upon the people of this country in agreeing to this transaction on such terms?

It is no use saying that we need the gold to check inflation; for apart from the fact that inflation itself is a British-induced affair and that but for our being compelled to finance British expenditure in India, it would not have occurred, every article of purchase and sale has its price regulated and fixed. Why in the case of gold alone should the Government of India agree to buy gold at such a high price?

The public memory is proverbially short. But the Indian public cannot forget that all its silver was obtained by the British Government at the statutory price from India and sold in the market and in America at a far higher price which resulted in the British Government making an enormous profit to itself. India is compelled to sell silver at a very low price, if the ruling market price is high; she must buy gold at an extremely onerous price, if the world's market price is low. "Heads I win, tails you lose" has never been better illustrated than in the economic and financial relationships between Britain and India. And yet the Hon'ble Finance Member expects the Indian public to accept at its face value his statement made in another context in connection with the allocation of the Indian defence expenditure that the conception of their standard of fairness is very high.

We should again reiterate one point. Indian public opinion supports generally the Government of India in their policy of selling gold. It also agrees that it should be sold at the market price in India and gradually seek to bring it down. But what it asks is that the Government of India should insist upon its being sold to them at its world price and not at its inflated price in India. If not, why should Indian mica and manganese be not paid for at the U.S. price, which is very much higher than their prices in India? Why should not all supplies got from India be paid for at their market prices either in India or abroad? To these straight questions, no satisfactory answer has yet been given.

THE HIDDEN AGREEMENT!

In commenting upon Sir Jeremy Raisman's plan to set aside for post-war development part of the dollars accruing from India's exports to the U.S.A., the London Times City correspondent says: "It is suspected that it implies an arrangement whereby India could build up dollar balances just as she has been building up sterling balances. Therefore, it represents a concession to American demand that war conditions should be exploited to establish a promise of extended American entry into the Indian market after the war. If this is the case, then there must be a hidden agreement with the U.S. Government; and there is a natural inquiry as to what has been ceded." The Times City correspondent is right. The Indian public is under no delusion that the Government of India have yielded or will ever yield to the pressure of Indian public opinion, and hence even when concessions are made it naturally is suspicious of the motives. But provided the results are good, we may overlook the motives. What matters is that, whether it be a concession to public opinion in India or a gesture to the American Government, the creation of a dollar fund will be beneficial to India in her plan of post-war reconstruction. The British commercial interests are already nervous and see a hidden agreement in this, and we should also like to have more knowledge of what sort of agreement has been concluded between the U.S. Government and the British Government making India a pawn in their economic games. Economic freedom in the twentieth century is absolutely inconsistent and incompatible with political dependence. Economic and political freedom is one indivisible whole. That is why the Indian commercial community supports all political efforts designed to give India political freedom and emancipa-

tion. The Indian public will not allow itself to be deceived by the attempts of interested persons either in India or abroad to drive a wedge between itself and the commercial community.

PUBLIC DEBT

The full effects of the war on India's public debt are reflected in the latest figures contained in the Explanatory Memorandum on the Budget. The most striking feature is the fact that internal debt which showed a slow growth in the first three years of war when the external debt was fast being extinguished, has shot up to considerable magnitude in 1943-44 and is expected to go still higher up in 1944-45 when the borrowing campaign will be in full swing. The total interest-bearing debt at the end of March 1939 amounted to Rs. 1,158 crores, comprising sterling loans and Railway annuities Rs. 445 crores, Rupee loans and Treasury bills Rs. 484 crores and unfunded debt (i.e., cash certificates, S.B. deposits and Provident Funds) Rs. 229 crores. By the end of 1943-44 this would have risen to Rs. 1,404 crores, comprising sterling loans and Railway annuities Rs. 47 crores, Rupee loans and Treasury bills Rs. 1,132 crores and unfunded debt Rs. 225 crores. The corresponding figures at the end of 1944-45 are expected to be Rs. 1,753 crores, Rs. 43 crores, Rs. 1,432 crores and Rs. 278 crores. The programme of sterling debt repatriation had been largely completed by the end of 1942-43, and the funding operations connected with the rupee counterparts created for putting through the repatriation schemes have attained a distinct measure of success as seen from the fact that Treasury bills which had risen from Rs. 46.3 crores in 1938-39 to Rs. 264.7 crores at the end of 1942-43 are estimated to stand at the low level of Rs. 127.7 crores at the end of the coming and current years. If the capital portion of the Railway annuities for which there is already a corresponding deposit with H.M.G., and the amount of securities held by Government themselves are excluded, the net regular debt will be Rs. 1,327 crores on March 31, 1944, and Rs. 1,630 crores on March 31, 1945. In addition, however, Government are liable to repay the depreciation and other balances of Railways and Posts and other deposits which have risen from Rs. 27 crores in March 1939 to Rs. 132 crores in March 1944 and Rs. 215 crores in March 1945. The net effect is that as compared with the prewar figures, the total interest-bearing obligations will have increased by Rs. 274 crores by the end of the current year and Rs. 710 crores by the end of the next year. An increase of Rs. 436 crores including Rs. 300 crores purely by way of Rupee loans measures the borrowing ambitions of Government in the coming year. Of the entire volume of debt, only Rs. 375 crores represent loans uncovered by any interest-yielding assets at the end of 1944-45 as against Rs. 208 crores before the war. Even this cannot be termed wholly unproductive, because it includes Rs. 115 crores of defence capital outlay which will not be wholly useless even after the war and large capital outlay on central property which is not shown among assets. From the purely narrow financial point of view the figures of debt reflect the sound budgetary position of Government; but the large increase in indebtedness, despite the backing of productive assets shown in the accounts, has clearly not brought into existence new productive equipment, for the assets were already there, but only a transference of titles to them from foreign to indigenous hands. Thus viewed in the larger context of the economic situation, the borrowing operations of Government, just like their other anti-inflationary operations, turn out to be pyrotechnics on the monetary plane conducted in an economic vacuum of unutilized real resources.

COAL SUPPLIES AGAIN

The Federation of Indian Chambers has passed a comprehensive resolution at its annual session last week on the coal situation in the country. The resolution pleads for a stoppage of the drift of coal miners to military works, the supply of stores and plant to collieries—these two increase raisings—and for an embargo on exports with a view to building up stocks for internal use. These demands have now been widely made and the War Transport Member's recent scheme in reply makes a contribution only on the debit side with its 'pooling' of resources with the U. K. and the 'usual' exports to Ceylon and the Middle East. In his address to the All-India Organization of Industrial Employers, Mr Karamchand Thapar revealed that during the last three months the situation had improved and during February coal raisings were probably at a record figure "not seen during the last 2—3 years." In this connection he handsomely acknowledged the help rendered by the Labour and War Transport Members by way of supplies of labour and colliery equipment. But he went on to stress the most serious aspect of the situation, viz., coal exports. The Government were allowing not merely export but export of first-class coal to the Middle East and Ceylon and were allowing the same quality for bunkering purposes. He estimated that, in this manner, one-third of the very best coal raised by India was being utilized outside the country and mostly for non-industrial purposes at that; while in India, last year, many industrial concerns needing first-class coal, but refused supply, preferred to close down rather than damage their boilers by burning second and third class coal. Mr. Thapar has reasonably suggested that where first-class coal is not available, industry should be supplied with a mixture of first and second class qualities, and that export requirements should also be made up of such a mixture and in an identical proportion. If exports cannot be stopped, as it is almost certain that they will not be, it is to be hoped that the War Transport Department will at least accept this suggestion.

The most important part of the Federation's resolution, however, is where it asks for the constitution of an independent Coal Research Board and the establishment of a Fuel Research Station at Dhanbad. It points out the need to study the recovery of smokeless domestic fuel and other by-products such as tar disinfectants, naphthalene, and benzene from the abundant supplies of low grade coal in the country. The work in this field of the British Coal Utilization Research Association is well known and such bodies as suggested by the Federation need to be set up at once if we are to rescue our coal resources from wasteful exploitation and utilization.

TEXTILE CONTROL

Although the successful implementation of the standard cloth scheme and checking of the upward trend cloth prices are matters to the credit of the voluntary control in the textile industry, the feeling persists that not much has been achieved towards bringing the prices of varieties in common wear within the purchasing power of the people. The fact that on the basis of present calculations of costs reasonably efficient producers are making abnormal profits is sufficiently proved by the balance sheets of the more important mills published recently. It is also known that the high prices of Indian textiles and the unsatisfactory business methods of some of our industrialists are damaging India's export market, and the products of Brazil and the U.S.A. are ousting Indian goods from Ceylon and the Belgian Congo even before the war is at an end. The recent announcement of 12½ per cent. reduction in ex-mill prices by the Textile Commissioner is, therefore, a move

in the right direction, although it may not be regarded as going far enough. Perhaps, a significant reduction may put out of action the marginal production necessary for war effort. But possibly a better method of keeping up this marginal production would be government subsidizing it on the basis of a minimum profit margin, instead of allowing prices to soar to limits which destroy the industry's goodwill inside the country and country's export markets abroad.

Further, that the none too great achievement so far of the textile control is being torpedoed by a section of industrialists and merchants has come to our notice. Sir Purshotamdas Thakurdas was perhaps right when he said that both the parties were responsible for the black market which has been developing in the cloth market. Referring to the *modus operandi* of the black market our Bombay correspondent wrote last week "The wholesale merchants at the manufacturing centres wait to knock off more commission. They are not willing to part with their goods at 4%. The upcountry dealer who has a long connection with the wholesaler in Bombay does not want to break off business relations with him and he prefers to quietly pay a higher percentage to his Bombay friend and take goods. He in turn charges the retailer more and the retailer passes it on to the consumer who has to pay more than 20% on the mill prices." We wish it were possible for the manufacturers to arrange a more direct system of wholesale and retail distribution. The fact that the country let the industry base the control on its own calculations of cost places particular responsibility on it to prevent imparting the initial momentum to a rising spiral of deviation from the control prices from themselves to the final consumer. It is heartening to find that the Textile Commissioner has lost no time to warn the industry and we may hope that he will be able to check this unhealthy development in the textile control.

LESSON OF SPEED

Mr. Herbert Morrison, the British Home Secretary, speaking last week-end, referred to the "awful problems" of the post-war period and said: "We have a great deal of ground to cover. We cannot afford to loiter or let the grass grow under our feet. If there is one lesson which the dictators have taught the democracies, it is the lesson of speed. Some of the democracies learned the lesson too late—we very nearly learned it too late in Britain." By comparison with India, post-war planning work done in Great Britain is in a very much more advanced stage; a vast amount of preparatory work has been finished and decision-making stage has been long reached. The Department of Reconstruction has been set up under Lord Woolton. But the British public still feel very much exercised over the pace of post-war planning by the British Government. On the other hand, in India it is not many weeks that the Government has been jerked into alertness about the vast amount of work which still remains undone. But no separate Department of Development has yet been set up. The essential desiderata are the prior formulation of broad policies and determination of over-all objectives, without which the appointment of sectional Development Officers or Committees has no meaning. We can no longer proceed on the assumption that the end of the war is only a remote contingency. For the war may end either in stages or all too suddenly and find us still unprepared for our peace job. Our best opportunity will come immediately at the end of the war and if we let the opportunity slip, it will have done irreparable harm. The working out of the full details of the blue-

print of a full-fledged plan may take as much as two years even after the broad policies and objectives have been settled. Consequently, while the Government should immediately take the fundamental decisions and proceed with all haste to work out the details of the full-fledged plan, it should simultaneously get ready an *interim* plan covering about three years. This *interim* plan should be capable of being put into operation at a moment's notice as soon as the guns cease fire. It should not only tackle the direct problems of demobilization and re-adjustment but should also take the first few preparatory strides which can easily merge into the concerted movement of the full plan. The "period of trifling with reconstruction" should definitely end. Speed is the essence of the matter lest the advent of peace should take us unawares and disadvantageously placed. Above all it is necessary that the public should be taken fully into confidence about the planning work which the Government is doing. For it is clear that without full public support and confidence, no really adequate economic plan can be put through.

IF FINLAND CAPITULATES

Although the political and military repercussions of the Russian advance towards the Baltic gateways are of preponderant importance, their economic effects on Germany would not be negligible. The elimination of Finland from the side of the Axis appears to be the first and immediate outcome of these Russian victories, and the Finnish raw materials are of no mean importance to the German economy. The loss of the naval base at Hangoe and the coastal defences of Finland would expose all communication in the channel between Tallinn and Helsinki, and thus cut off Germany not only from her Finnish supplies but also threaten those from the entire Scandinavia. Finnish lumber has helped to cover the immense requirements in wood and fibre of German synthetic industries. The extensive forests of Central Europe have not been enough to meet all German war needs and the Scandinavian lumber supplies are, no doubt, of great importance to her. Finland and Norway are the only countries under the Nazi yoke which can furnish Germany with molybdenum; and since the destruction of Norwegian mines at Knaben Finnish supplies have been of sole importance to her. Further Finland and Norway have been supplying three-fourths of German nickel needs and a large part of her copper requirements. The rest of Europe is so niggardly endowed with these vital raw materials for a modern war that they happen to be perhaps the most vulnerable points in the German war economy. Further Finland is an important supply for building materials and she must be of considerable importance to the work of reconstruction in the heavily bombed North Germany. We may also anticipate a decrease in the supplies of Swedish raw materials to Germany as a result of the altered political and military circumstances after these Russian victories in the north. She has already ventured to reduce by 30 per cent. her iron ore exports and she may find herself in a position to deny more of her valuable supplies to Germany. Although Scandinavia is of not much importance to the total raw material supplies of the world as a whole, the restricted access of Germany to the resources of Continental Europe alone, make her of very great importance to the Axis; and the cutting off of the Scandinavian supplies may prove to be the last straw on the back of German war economy.

POST-WAR POSITION OF INDUSTRIES

It is well that the Federation of Indian Chambers of Commerce and Industry in its recent session took

up the question of the post-war position of industries which have been established during the war and pressed the demand for according them adequate safeguards during the immediate post-war period of adjustment and uncertainty. In spite of the absence of any energetic and concerted plan by the Government and its generally unhelpful attitude towards maximizing our industrial war effort, it cannot be denied that during the war there has been a considerable expansion of our industrial capacity. Some of this expanded industrial capacity have no relevance apart from our war-effort, but much of it can have a definite, assignable position in our peace economy. It is essential, therefore, that these new industries should be afforded adequate safeguard for a reasonable period immediately after the war to adjust themselves and consolidate their competitive position. For it is clear that immediately after the war India and many other countries which have experienced considerable industrial development in the course of the war, will find themselves the unhappy battleground in the new scramble for markets by the advanced industrialized countries. The Government's policy of allowing indiscriminate import of consumers' goods has already created apprehension in many quarters about the future of our nascent industries. If there is enough shipping space for the import of hundreds of locomotives, bicycles and even Holsten bulls, certainly there is shipping space for the import of necessary equipments. There is enough evidence to suggest that the strongly entrenched industrial and commercial interests in Great Britain and the United States are earnestly preparing themselves for the coming scramble for market and a concerted bid to throttle the nascent industries in the newly industrialized countries. At a time when we hear so much about international cartels among powerful interests in the more industrialized countries, comes a suggestion from Australia which was referred to by Mr. B. L. Ghosh in supporting the resolution before the Federation of Indian Chambers, and which has at least the merit of novelty. It appears that even the new industries established in Australia are fearful about their future in the inhospitable climate of the immediate post-war period. As against the threat of international cartels by the powerful British and American industrial and commercial interests, the Australian economist proposes a "common front" by the new industries in Australia, India, New Zealand, Argentina, Brazil and other countries against "the vested interests of more highly industrialized economies." As the Australian economist puts it, "such a combination would be in a strong position to remind the chief powers of the world of the great importance which they attach to the kind of distinction between the use of restrictive devices for short-period or sectional ends, and the policy of industrial protection directed to certain long-term objectives of national policy." In any case, whether such international defensive action by the new industrial countries is or is not practicable, we need not feel in the least apologetic about demanding adequate protection for our new industries.

PROCUREMENT OF FOODGRAINS IN BOMBAY

The Bombay Government's new proposals (published elsewhere in this issue) for the procurement and distribution of foodgrains under the current *rabi* and the next *kharif* crops, which were announced early last week by the Adviser, Mr. H. F. Knight, have not enough in them to compensate for their belatedness and the ill-effects of the previous half-measures. The main proposals are: (1) Above a quantity of 27.5 maunds, a proportion of all grain grown by cultivators will be purchased by the Government as a compulsory levy; (2) this proportion will be fixed on the basis of the revenue assessment; (3) any surplus quantity available for marketing with the cultivators after

the levy should be sold only to Government through its agents; (4) rationing will be enforced in all towns with a population of 10,000 and above; (5) villages will be served with grain supplies in groups by Government shops. It will be seen that the first three proposals are cumbrous and involve a considerable measure of contradiction. When the Government has become the sole wholesaler we do not see the point in the decision to leave a surplus, large as it is expected to be in the case of all the bigger cultivators, to be kept back from the market if so desired by them. Mr. Knight stated categorically that the Government were not prepared to buy up the whole crop. Experience in Bombay as well as in other parts of India must have demonstrated to the Bombay Government that unless the authorities buy up all the crop or hold them in stock with cultivators on Government account, it will not be possible to prevent this surplus grain from finding entry into the black market. Mere fixation of price at the same level throughout the year will not do as there will always be opulent people to pay more and the growers too cannot be expected to store the grain indefinitely. Naturally such a situation will breed black markets. It may be argued that since the levy is progressive no substantial stocks are likely to

be held back, but this goes against the Government. For, if the difference between what the Government will acquire through the levy and purchase of voluntarily offered surplus, and the total crop, is inconsiderable, what is it that prevents the Government from buying up the whole crop?

The decision to leave a uniform quantity with cultivators for their consumption and not relating it to varying needs is another defect of the proposals. Mr. Knight himself accepted that many cultivators might have to buy extra grain at a slightly higher rate than they sold it for. But it is only exasperating that even at this late stage in the distribution of food old formulas are kept going with a full knowledge of their inadequacy. The Government's decision to impose the levy on the basis of revenue assessment was an inevitable corollary of the two proposals dealt with above. It is not always that assessment reflects either the average or the standard yield—particularly in ryotwari tracts. The actual determination of the levy on the *anna-war* basis is sure to be a very complicated and slow process involving considerable injustice. It is a pity the Bombay Government have missed a chance to evolve a rational system of foodgrain procurement.



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THE WORLD ABROAD

Averting The Slump in U.S.A.

.(From Our Washington Correspondent)

WASHINGTON, March 6, (By Cable.)
SOME time ago the Government economists predicted a post-war depression, but now they anticipate a business boom. The changed thinking is due, chiefly, to the administration's ability in controlling consumer's expenditures despite unprecedented rise in national income from 71 milliard dollars in 1939 to 142 millards in 1943. If the Government can keep surplus purchasing power within reasonable limits until the European war ends, it is now expected that there will be a period of post-war prosperity lasting perhaps, several years.

Mr. Bernard Baruch, in a recent report recommending plans for reconversion of industry to peace, said trenchantly "there is no need for post-war depression. Handled with competence our adjustment after war is won should adventure in prosperity." Our battle now is against inflation; the top administrators are of opinion that if inflation can be restricted until the European war is at an end, as it has been during the last two and half years, then it will be comparatively simple to handle post-war problems. After the last world-war price controls, admittedly inadequate, were relaxed immediately. The result was a rapid rise of both prices and wages.

Contrasting that era with what is expected when the European war ends Mr. Richard Gilbert, the Chief economist in the Office of Price Administration said "fully forty per cent. of the period's total inflation occurred after the cessation of hostilities. On specific prices the proportion of specific wages was much higher. In 1920-21 came the aftermath and the nation paid a bitter price for its haste in removing war-time controls.

"Prices and wages went tailspin. Within 12 months Corporation profits were practically eliminated, falling over 90 per cent. The wholesale industrial prices fell 40 per cent. slashing inventories to the value of 11 milliard dollars. The loss on inventories alone wiped out most business reserves accumulated all along the war." Somewhat surprisingly the voices of economists have been heard here recently. Usually they are consulted during periods of depression and ignored during times of prosperity like the present. Yet they are increasingly ascendant in the New Deal Bureaus' Department. Here is what they urge as over-all post-war anti-depression programme. Firstly, maintenance of Government's stabilization policy through continuance of price control, food rationing, steadily increasing taxes, continued sales of Government bonds and ceilings on wages until the surplus purchasing power can be absorbed by the return of civilian goods to the market; secondly, speedy

post-war reconversion to civilian production; thirdly, Governmental measures to assure full employment for all employables.

The principal worry, for those planning post-war business, is the daily threat of inflation which is manifested through increased clothing expenditures, record night club spending and a generally higher standard of living which could not possibly be maintained after the war. Most families in the United States had incomes doubled or trebled within recent years and despite higher prices they have advanced to a stage in living scale which they cannot continue to occupy indefinitely. Thus, the total salary and wages payments which in 1939 were 49,700 million dollars were estimated at 101 milliard last year. The Department of Commerce estimates that the United States' surplus purchasing power approximated to 37 milliard dollars in 1943. President Roosevelt at most intended to drain only a part of that volume through higher taxes, but the Congress made only a token gesture in that direction.

Economists here are of opinion that if the war against Germany ends before that against Japan, industry's reconversion can be effected gradually, contrasting that during the last World War when there was a sudden let-down from a capacity production. The Secretary of the Navy, Col. Knox, the Secretary of War, Mr. Stimson and the acting Secretary of State, Mr. Stettinius all urged last week the enactment of a labour draft, pointing out that if there is quick conclusion of the European war there is also likely to be an exodus from jobs in war-time industry as workers anticipate peace.

Col. Knox made a statement referring to the slump in the United States production during last August-September at the crest of the wave of popular belief of imminent German defeat. He declared that time: The turnover of industrial absenteeism hit the highest level since the beginning of the war. In the light of this try and calculate if you will, what effects German defeat will have on the turnover of the United States' industry. We could have a production slump that might seriously imperil our fighting in the Pacific."

Despite such pleas from the Administration spokesmen there is not the slightest anticipation that Congress will conscript labour. It is just as damaging politically as raising taxes, and as long as the war goes favourably for the United Nations, higher taxes or labour draft are extremely unlikely. The Congress wants to control inflation but individual Congressmen do not want to lose votes.

Demobilization And Re-employment

(From Our London Correspondent)

LONDON, Feb. 20 (By Airgraph)
"WILL I find a job when I am out of the army?" is the question which men and women in the forces have been asking for some time. The problem of re-employment of demobilised members of the forces and civil defence organizations has been widely debated in the Press and at public meetings. Some time ago the Minister of Labour, Mr. Bevis, advanced the idea that "first in first out" would form the basis of demobilization but the particular requirements of the

different units of the forces as well as certain priorities in trade and industry would have to be considered too. Government spokesmen have always stated that employers would be obliged to take back their employees when the latter come back from their services.

A large number of employers, on the other hand, have promised that they would reinstate their soldier employees after the war if trade permitted and many have indeed gone on making up the pay of their serving employees. The problem is, however, not a single

one. Many a job was filled by men and women who, in their turn were called up and the question is being asked what right to reinstatement will those have? The Government has now passed Bill through Parliament in second reading by which the obligations of employers are being definitely defined. Firstly, priority of re-employment is reserved to the original person called up. Thus if a man or woman who was called up early in the war is demobilised and returns he or she has the right to the job. If they are not released immediately and some other later employee, who took over the job after the first named had been called up, returns earlier and is reinstated this person would have to give up the job to the former should the former in turn be demobilised. The employment to be guaranteed by the employer is for 26 weeks.

But there is a saving provision. Reinstatement has to take place only if "it is practicable and reasonable." That means that if the job has gone the liability of the employer lapses too. Only one major critic opposed the Bill, the rest, though offering criticism here and there on detailed points, accepted the Bill as going as far as was practicable. Thus it can be expected that apart from slight modifications introduced during the committee stage the Bill will become law much as it was introduced. It is more or less generally recognised that one could not make jobs by legislation. All that can be done is giving certain priorities to those entitled to them. This piece of legislation will be effective only for a portion of the men and women of the forces, but will do much to overcome initial difficulties. Demobilisation will not be a sudden and immediate process, but of necessity be gradual. As it proceeds, a portion of the female war-time employees will drop out of the labour market to return to their homes. The main problem, however, will be that of full employment. If the combined effort of the Government and the industrial and trading communities succeed in creating anything like full employment within, say, a year after the hostilities, the problem of re-employment in the old job will be a minor one.

Public interest in monopolies has been enlivened by the recent news from America that some American companies, and their foreign interests have acted to the detriment of the U.S.A. Among those foreign interests, the British Imperial Chemicals Industries, Ltd., are mentioned in the indictment and this has roused special interest in this country. The chairman of the Imperial Chemicals has publicly declared that the charges are without foundation so far as this company is concerned. This, however, is by the way. The main point is that the little interlude has led to widespread discussion of the dangers of monopolies in general. Further the indictment concerns the actions on the part of concerns which were related to important patents. Many have said before that the present patent laws lead to much misuse and far from helping work while inventions to be utilised for the benefit of the world, they are rendering the explanation of many valuable inventions impossible. This is done by interested parties buying patent rights and having bought them, keeping them dormant. They do so to kill potential competition. Suppose an invention might so change the production process of some articles that existing plant would soon become obsolete. Having a large capital sunk in comparatively modern plant the interested party, might find it cheaper to spend the money on "buying" the new invention than to invest in new plant in order to produce according to the new method. This is not a very convincing argument and the attack is generally weakened by the absence of any factual evidence.

Another, and more appealing argument runs thus: Some new inventions should have been destined either to cheapen the product to such an extent that the margin of profits, on the one hand, and the enormous increase in productive capacity, on the other, would have reduced the profitability of production. But, as some contributors to the debate have retorted, it is not likely that a manufacturer who got hold of such an invention would leave it dormant. He would have such a great advantage against his competitors, that within the legal life of his patent he would make enormous profits for himself even if he did ruin many of his competitors in the process. Only if he already had the monopoly, in the particular line of production would he or might he profit by buying the invention and then forget about it, writing off the expenditure involved as incidental business expenses.

There are two major probable misuses of patent rights. The one is, to the writers knowledge, suspected rather than proved; the other is well-known. The first concerns patent covering inventions which if used would vastly increase the life and utility of an article thus reducing the quantity of an article since, it would reduce the necessity for replacement. The other misuse is practised mainly by large foreign concerns or by home concerns producing for the foreign market. This practice has been supported at least by some Governments in order to protect their exports. A foreign guarantee may, and in fact often does, prevent the manufacture of the article in the country of the foreign patent. Having a monopoly, he then dictates the price and if, owing to the demand in the patent laws of some countries, he is at least forced to face the necessity to arrange for production in the country concerned, uses all the weapons of slow moving, and for his opponents very costly, legal machinery. The fact that he will lose the case in the end does not worry him because while the law tardily moves he is pocketing his extra profits. More so, very often there is no opponent rich enough to force him to do what he wishes to avoid. It is this last point which is dealt with mainly in a memorandum that was issued a few days ago by Mr. A. Sudgens, Secretary of the well-known Boots Pure Drug Company and to which the chairman of the company, Lord Trent, wrote a preface. The memorandum is an answer to a pamphlet recently issued under the auspices of Lord McGowan, the Chairman of I.C.I., by Mr. E. A. Bingen. The latter had argued that the existing patent law was all that was needed, a few minor alterations apart. Lord Trent and Mr. Sudgens argue that it was vital that the present law, which was passed on the assumption that a monopoly of manufacture was necessary to protect the patentee, was altered. A patentee should be obliged to issue manufacturing licences on a royalty basis.

The I.C.I. argument is that only by having a reasonably long-living right of monopoly manufacture was it possible for the patentee to spend the necessary amount of money in experiment to bring the invention to fruition. The risks involved in the venture had to be remunerated by equally considerable profits for some length of time. This view is held to be invalid by the author of the Boots memorandum. Firstly, it is argued, the patentee would anyhow have two years advantage since it takes about that time for a patent to be legalized. During that time the patentee would be able to get going whilst any licensee would have to start from two years at least later than the patentee. This was an enormous advantage. After that there would be the royalties which, again, should be reasonable. That means that if the initial expenses for bringing the invention to manufacturing point were large, any authority concerned would automatically set the royalties at an appropriate level.

Money Market**FIRM TONE IN THE SECURITIES MARKET—
BUDGET PROPOSALS—REPERCUSSIONS IN
THE STOCK EXCHANGES—SET BACK
IN THE COTTON MARKET***(From Our Correspondent)*

BOMBAY, March 6.

Demand for funds this week was not as brisk as it was during the previous week and the deposits were on the increase. Hence there was no change in the call money rate which remained at the same level of quarter per cent. per annum and the rate for three to six months deposits continued to move between 3/4 per cent. to one per cent. per annum.

The Treasury Bills rate was rigidly maintained at 0-12-11 same as last week by the Authorities who showed greater consideration to the banks who submitted tenders by accepting more money this week than last week. Tenders were invited for six crores but the offers amounted to Rs. 7.79 Crores and the Reserve Bank on behalf of the Government accepted 5.05 Crores as against 89.50 lakhs last week. Tenders accepted are still below the amount of six crores invited. This shows according to one school of thought that the Authorities are determined for the present not to allow the rate to go beyond the current rate.

The response to the Bengal Government's invitation for tenders for three crores of three months bill was good. There was an increase of 17 lakhs over last week's offer of five crores. The average rate was, however, greater, Re. 0-14-7 per cent. as against Re. 0-14-0 last week. The rate which the Bengal Government pays for the Treasury Bills provides an interesting study when compared with the rate allowed by the Central Authorities for the latter's Treasury Bills.

Securities

In the gilt-edged securities market 3½ per cent. rupee paper advanced to Rs. 99½ from 98½ on the budget eve. The Finance Member's assurance to the Assembly in his budget speech that the Government proposed to maintain cheap money conditions was probably responsible for the firm tone of the securities market. Other Government loans too were steady after the presentation of the budget. The rise in taxation and compulsory deposit announced by the Finance Member resulted in a bout of buying of Government paper. The closing tone of the market during the week under review was distinctly firm.

Gold

The demand for gold in the Bombay market was rather slack this week. There was no noteworthy fluctuation in the yellow metal. Both ready and forward rate remained at Rs. 71 same as last week. The Central Government budget this week had no reaction in the gold section. This is perhaps due to the fact that unlike last year, the Finance Member outlined the Government's anti-inflationary measures in great detail. Last time he was silent on the problem of inflation and the market then interpreted it as a bullish factor. Prices moved up and shot up to the highest levels during the first week of May. The determination of the Government to introduce as many anti-inflationary measures as the brains of the Finance Member could conceive was responsible for the featureless position of the gold market.

The Finance Member's reference in his Budget speech to the sale of gold is being criticized by the

public but it has no effect on the sales which are continued by the Reserve Bank. As stated earlier the sales were slack during the week under review, but this is believed to be a temporary phase. When the marriage season again commences the offtake will be great. But it is held that the demand will not reach the hectic levels recently witnessed.

Floating stocks of gold in the Bombay market are estimated at 400,000 tolas and average daily arrivals at 40,000 tolas. The daily average offtake remained at about that level. It is not known why the Reserve Bank has not made arrangements to sell gold in smaller bars in Bombay. It is noteworthy that the Authorities have arranged to sell gold at all the up-country branches of the Reserve Bank as well as the Imperial Bank of India.

The Silver section of the Bullion market remained easy. Prices had been brought down to Rs. 125 and odd by bears anticipating removal of import duty in silver by the Finance Member. When the budget proposals falsified these hopes prices ought to have gone up but fresh arrivals from Bikaner, Kathiawar and other Indian States and upcountry were also beyond expectations. These surplus arrivals kept the prices at the same level and there was no fluctuation in the prices worth mentioning. The market is full of rumours about the intentions of the Government. One version says that the Government of India might now come to the market to sell silver. All these reports are really worrying the bulls.

Exchange Rates

Floating stocks of silver are estimated at 750 bars. Last week's arrivals from upcountry are estimated at 500 bars.

Exchange rates remained unaltered, Bombay on London at 1 sh. 5-31/32d. Bombay on New York at Rs. 332½, London on Bombay at 1/6d. and London on New York 4.02½-4.03½. Berne Swiss Frs. 17.30-17.40. New York on London at \$4.03.

Stock Exchanges

The Stock Exchange was the only market which was closely affected by the fifth war budget. In anticipation of heavy taxation, market touched lower levels. On Tuesday two hours before the budget was presented the market closed rather easy. Bombay Dyeings were quoted at 2087-8-0, Century 1062-8-0, Central India 448, Kohinoor 711, Tata Deffds. 2107-0, Ordinary 414. When the first part of the Finance Member's speech came through, to the effect that on the basis of existing taxation budget deficit was 78.21 crores, the market ran away with the impression that there would be no further taxation and the prices of stocks began to move up in the specially held unofficial session. The actual taxation proposals when announced by the Finance Member in the Assembly came through flash by flash twelve times. The last flash contained the Finance Member's proposals about the Excess Profits Tax and the Corporation Tax. Owing to an error on the part of the agency who distributed the news on the teleprinter the eleventh flash was described as the "eleventh and last." Speculators as soon as they read the "eleventh and last part," rushed to the unofficial market and began to buy on the

strength of the wrong impression that industries were free from taxation. Within ten minutes, the market went up. Bombay Dyeings touched 2180, an increase of 92-8-0, Kohinoors were quoted at Rs. 750 and Tata Deffds. 2200. Then came flash "No Twelve" announcing details of the Corporation Tax, compulsory deposit and excess profits tax. The speculators were taken aback. Bears raided the market and brought down the prices to the closing level on Tuesday.

On Wednesday, March 1, the market opened rather steady and by the afternoon, operators began to realise the "full implications" of the Finance Member's proposals. Believing that high rate of income tax Corporation Tax would affect the level of profits, market closed rather easy. On Thursday "fuller implications" of the Excess Profits Tax proposals were correctly gauged, that only those Companies who had enjoyed good "standard year" would declare dividends on the usual scale and those who had no "standard profits" were bound to curtail their dividends. A majority of the textile mills who have been experiencing war-time prosperity could not yield higher dividends. The textile section began to deteriorate. At the closing of the day Dyeings declined to 2045, Kohinoors 690, Century 985, while steel and other sections who had "standard year" remained almost stationary. Tata Deffds. 2105 and Ordinarys 412. On Friday owing to settlement day prices of all scrips again went up by a few points. Dyeings 2070, Century 996, Kohinoor 697, Tata Deffds. 2115, Ordinary 414.

Century Mills declared Rs. 42 dividend, two rupees higher than last year which was forecast earlier in these columns, quite contrary to expectations. As this was done on the morrow of the presentation of the budget it had a healthy effect on a demoralized market and also contributed to an improvement.

Cotton

The Cotton Market again had a set back this week, following the report from Broach that several varieties were being quoted at lower levels. I had already surveyed the situation at Broach and Surat, the cotton belts of the Bombay province. The improvement witnessed last week owing to restricted opening of book-

ing of freight by the railway authorities at Surat and Broach proved to be a temporary affair. In sympathy with the fall in prices at Broach and Surat, Bombay registered a fall and the prices touched Rs. 448. In

Foodgrains

In order to meet any contingency arising out of any fall of imports, the Bombay Government proposes to stock grains. Every cultivator should sell the Government ten per cent. of his crops over a minimum of 27½ maunds irrespective of his requirements. This minimum of 27½ maunds has been arrived at as the annual requirement of a farmer, his wife and three children. If he wanted more than this minimum he could buy back his requirements from the Government depots who would sell him at Government's cost price. Secondly the Government will have the monopoly of the purchases and sales of grains in the province. The movement of grains by any non-official will be strictly forbidden. If a farmer has any surplus grains to dispose off he should sell them only to the Government who will undertake to distribute both in the rural and urban areas all foodgrains at all times.

The whole scheme is expected to cost the local Government about 8 crores of rupees. It will be brought into effect forthwith as the Government are anxious to secure the available grains before they find their way to the hoarder. The basis of calculation of this grain procurement will be the revenue assessment of the cultivating holding of each cultivator. District committees will be set up to help the purchasing agencies appointed by the Government.

Among the few textile scrips which have not been affected by the budget mention must be made of the New City. While the majority of the shares in this group drifted downwards, this scrip steadily moved up from Rs. 492½ to Rs. 501 on influential buying although at the close there was some profit taking which resulted in a fall in the rate to Rs. 487½. The earlier improvement in the market circles is attributed to reports that the Company proposes to expand its production capacity in the next few months and that in order to meet the additional capital expenditure it might issue new shares on fairly attractive terms.

**DEMAND FOR FUNDS—TAX PROPOSALS AND
DIVIDEND PAYMENTS—JUTE MARKET FIRM***(From Our Correspondent)*

CALCUTTA, March 6.

Demand for funds is on a satisfactory scale and the latest return of the scheduled banks, for the week ended February 25 shows that there has been a further increase in advances to Rs. 192.40 crores from Rs. 190.48 crores. The increase on the present occasion, however, is less pronounced than the figures for the previous week, the increase being Rs. 4.7 crores. Deposits have again recorded a rise though time liabilities are slightly lower. Demand liabilities were Rs. 516.31 crores against Rs. 514.78 crores and time liabilities Rs. 168.84 crores against Rs. 169.28 crores. The continuing increase in deposits, investments and advances is explained by the fact that the demand is from one class of traders who are new to government contracts and deposits from those who have made money recently and who do not want to enter into fresh commitments. Thus the bank is finding idle money and utilizing it against government bills. The surplus funds with banks is utilized either in Government bills or investments in Government securities. There is very little demand from trade for other pur-

poses and banks are nowadays very careful in the matter of advances against commodities or bullion there being the fear of the Anti-hoarding and Profiteering Prevention Ordinance. The recent dislike of banks for treasury bills is attributed to an anxiety to derive greater return on investments with the pronounced tendency of funds to stay for a longer period with banks on time basis. There seems to be very little demand for funds on account of overdrafts against securities. It is said that recently there has been a large increase in subscriptions to loans on private account through banks. The activities of commissioners and other authorized agents have resulted in considerable subscriptions to defence loans through bank advances.

Ways and Means Position

The ways and means position of the Government is very satisfactory. Naturally, the finance Member was not prepared to disclose the details regarding the loan programme for the current year. He only referred to the need for the furtherance of the anti-inflationary drive and closing the inflationary gap. The

Finance Member seems to be confident of success in his plans. There are no maturing loans in the next financial year. New borrowing will, therefore, be entirely for making good the budget deficit and providing capital for allied war expenditure in this country. There is only one provincial loan due for repayment and that is the U.P. Government 5 per cent. 1944 outstanding for Rs. 2.58 crores.

Stock Exchange

The Calcutta Stock Exchange has been irregular during the past week. Earlier in the week quietly steady conditions were actually noticeable on Tuesday afternoon. The Budget speech was available at 5 p.m. When it was known that the estimated deficit for the next financial year was only Rs. 78.21 crores operators were inclined to take an optimistic view. Indian Irons improved from Rs. 36.12 to Rs. 37.8. Earlier in the week the quotation was Rs. 36. Throughout this period coal shares were active with *Burrakur*, *Equitable* and *West Jamuria* in the forefront. The actual budget proposals however had a depressing effect. Here too, the first reaction was rather favourable as it was generally accepted that the increase in the tax burden was not above market expectations. On second considerations, however, it is admitted that the immobilization proposals are far-reaching and that it would not be possible to sustain present values unless there was a reduction in the general yield basis.

The proposals that vitally affect the market are the following. Firstly, the increase in the surcharge on incomes above Rs. 15,000 by four pies in the rupee, which is applicable to all incomes above this limit including companies which pay tax at the maximum rate. Secondly, the corporation tax has been increased to three annas in the rupee from two annas in the rupees. A rebate of one anna in the rupee is offered on the portion of the profit retained with the company and not distributed as dividend to share-holders other than dividend payable at a fixed rate. This increase in the rate of surcharge and corporation tax takes away in all seven and a half annas in the rupee. One anna in the rupee is a rebate if only the directors decide to retain the profits with the company. The purpose of these measures is to set a limit to dividends. It is thus a measure in furtherance of the anti-inflationary drive. It would have been possible to pay even the corporation tax at the higher rate and obtain the rebate later if the compulsory deposit under E.P.T. had not been increased to 19/64 of the tax that is 20 per cent. of excess profits against one-fifth of the tax amount or 13 1/3 per cent of excess profits. There is to be no increase in the amount of tax refunded with the increase in the amount of compulsory deposit. The refund is still one-tenth of the tax amount, that is 6 2/3 per cent. of excess profits. The total amount that will be repayable to the tax-payers by the return of compulsory deposits and tax refunds will thus be as much as 26 2/3 per cent. The yield from excess profits for the next financial year has been placed at Rs. 138 crores. The amount realized by way of E.P.T. in the last year is Rs. 62 crores. Twenty per cent. of this latter amount and 26 2/3 per cent. of the former amount constitute a compulsory reserve for companies that is approximately Rs. 50 crores. It is this reserve factor that should sustain values.

The increase in the compulsory deposit is designed to immobilise the whole of excess profits after the payment of E.P.T. and income tax is paid on the balance and leave only the earnings for the standard period for distribution to shareholders. This standard profit it should be remembered is subject to the higher rate of income-tax and super-tax so that directors will

have necessarily to reduce dividends to shareholders. A large number of companies have declared big dividends and it would not be possible to maintain dividends unless the whole of the profits for the standard period is utilized for dividend purposes and even a slight transfer is made from free reserves. This effective limitation of dividend has therefore effectively choked speculation. There has been a recession in prices and quotations are now at levels prior to the announcement of the budget proposals. The hunt will again be for shares of companies which have a good standard profit.

Jute

The jute market has not been very active but prices have been well maintained. There was a slight rise in prices earlier in the week on good buying by mills but in the latter half of the period mills have taken much interest in the market. Owing to the difficulties in regard to godown space and the requisitioning of further mills there is a tendency to avoid an undue rise in prices and await further developments. Holders are very firm in their ideas as it is felt that concentration of production will maintain output and that the prospects for the new crop are not quite satisfactory. On the jute manufactures market very firm conditions are noticeable and prices are nominally quoted at the maximum rates with no sellers for near positions. Mills have done business for positions beyond June as far as March, 1945, but in the latter half of the week have shown a slight reserve. It is reported that two more mills have been requisitioned recently. There are no sellers of heavy goods at the maximum rates.

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FROM THE PROVINCIAL ANGLE

Madras Letter

SHIPPERS' REPRESENTATIONS TO THE LEATHER CONTROLLER—NEW PROCESS FOR MANUFACTURE OF CHEAP FERTILIZERS—GOVT. TO PROVIDE MORE CATTLE—BUDGET REACTIONS IN SHARE MARKET (From Our Correspondent)

MADRAS, March 3.

DISCUSSIONS have been going on in Madras between the representatives of the shippers and tanners in the tanned kips trade in the Presidency on the one side and Mr. J. Wright Henderson, Assistant Controller, Ministry of Supply (Leather Control), London and Mr. D. Randall, Director of Tanning Footwear on the other to come to an arrangement for larger supplies of East India tanned kips and incidentally remove the difficulties confronting the industry. Unfortunately, the discussions have been inconclusive so far. This has been due to lack of unanimity in the proposals tendered by the trade and great divergence of opinion between the attitude of the Leather Controller and representatives of the trade as regards the methods of control price schedule to be enforced for ensuring enduring results. If the discussions have not been fruitful of results in the immediate future, they have at least helped the trade to understand each other's point of view and have disclosed several defects in the present system of control by the importers in the United Kingdom. First of all, from the importers' point of view, it is evident that the Factors, Curriers and the U.K. Government have not been receiving adequate supplies in quantity or quality to meet the trade requirements despite the recent advance in the ceilings by 12½ per cent. From the exporters' point of view, the schedule of prices has not given adequate encouragement to the various sections engaged in the trade. Whatever be the rise in the price granted, a lion's share went to the raw kips trader and tanners and exporters have been unable to cope with the increased cost. It would therefore be necessary that a system of local controls is enforced by which each section of the trade, from the trader in the raw market to the ultimate shipper is assured of a reasonable margin. Amongst the various proposals made by Mr. Henderson are firstly, to control the upcountry market in raw skins by introducing a pool system for the purchase of raw hides, secondly, the introduction of a system of checking shipments for quality similar to that enforced in the last war and thirdly, shippers to be licensed as exporters to the United Kingdom on the basis of their pre-war turnover and marks. Mr. Henderson has proposed to visit the raw market in Calcutta and then proceed to Delhi, presumably for further consultations with the Government of India and hopes to come back to Madras to resume the deliberations.

Fertilizers Without Sulphuric Acid

A new process for the manufacture of phosphatic fertilizers, as good as super-phosphate, but less costly and which can dispense with the use of sulphuric acid is claimed by Dr. N. Jayaraman of the Indian Institute of Science, Bangalore. The paucity of sulphur deposits in India and the limited supplies of sulphuric acid available just now have been mainly responsible for research work in finding out a suitable chemical manure and the result has been this new process. He claims that the phosphatic fertilizer can be economically manufactured on a large scale if a factory can be established on the site of large phosphatic deposits. Here therefore is an opportunity for exploiting the phosphatic nodules occurring at Trichinopoly. These have been estimated at several million tons and if a factory can be started here for the manufacture of the

manure, sufficiency of raw material will be assured. It is stated that the manure can be manufactured by the process adopted for the manufacture of cement at a cost ranging from Rs. 50 to Rs. 60 per ton. Dr. Jayaraman says that the fertilizer is sufficiently quick-acting and compares very favourably with the super phosphates in its crop producing properties. The manufacture of manures from town refuse has already been accomplished in the Science Institute and the new discovery will enhance the reputation of the Institute.

Good Quality Cattle For The Cultivator

In connection with the plan for post-war reconstruction, the Madras Government are considering certain proposals to provide for a large increase in the good quality cattle of the Khangayam and Ongole breeds and Sindhi cows. Such a provision, it is realized, is urgent for the Madras Presidency, as a large number of poor quality cattle are being slaughtered for purposes of beef and the loss must be replaced by good quality cattle. During the recent years, import of working bulls from Mysore State to a tune of 100,000 has been stopped and the districts in the Madras Presidency adjacent to the State are suffering greatly in consequence. It has not been found possible for the Mysore State, consistent with her own needs, to agree to a relaxation of the ban on the export of cattle. Madras must, therefore, take steps to produce all the working bulls it needs without having to depend on Mysore, because by so doing it stands to save a crore of rupees which it spent yearly before the war in buying bulls from Mysore. The above proposals were recently explained by Mr. S. V. Ramamurthy, Adviser to the Governor of Madras at a Press Conference and the Veterinary Department of the Government may be expected to bring the proposals to action.

Appeal For Savings

Lt.-Col. C. K. Daly, National Savings Commissioner, Government of India, expounded the National Savings Scheme at a public meeting here. He mainly appealed to the poorer sections of the community, who had neither patrimony nor big savings to fall back upon in troublous times to save as much as they could, to the benefit of their own and of the country. He regretted that, while in wealthier countries, it had long been the policy of the Government to encourage people to save, the Government of India hitherto did nothing and it was only recently that they had taken to it keenly. The prospects he pictured of the Savings Campaign and the hopes he held out were rather rosy and somewhat astounding. This is what he said: "If every Indian could save quarter anna per day it would produce a staggering sum of Rs. 228 crores in a year." But with the per capita purchasing power per day in India at a ridiculously low level of two annas one wonders whether there would be any incentive or inclination to save or buy the necessities of life out of this very small amount.

Budget Depresses Planting Section

The Central Government's budget has been received with mixed feelings by the markets. The income-tax relief given to those getting lower incomes by raising the taxable minimum from Rs. 1,500 to Rs. 2,000 has been welcomed. But the increased surcharges on super-tax, corporation tax and the immobilization of the entire excess profits has cast a gloom,

particularly in the share market, as it is believed that this would impair the dividend paying capacity of companies. It is stated that companies can pay dividends only out of their standard profits and here too, they will have to pay a higher rate of income-tax. It is held that the Finance Member has virtually placed a limitation on dividends. The new excise duty on tea and coffee has affected the planting section of the share market. One Section of the market holds the view that it is a tax on the estates while the other takes the view that it is a tax on consumers and therefore will be passed on to them despite the fact that the commodities are controlled. It is to be noted in this connection that the British Ministry of Food is the biggest buyer of tea and as

Bombay Letter

BOLD PLANS OF FOOD PROCUREMENT AND DISTRIBUTION—MORE RATIONING AND CONTROLLED SHOPS—POST-WAR DEVELOPMENT OF ELECTRICITY—PROPOSAL TO INTRODUCE GRID SYSTEM

(From Our Correspondent)

BOMBAY, March 4.

THE Bombay Government have revised their food procurement policy in the light of experience gained so far. According to the revised plan, the Government take the virtual monopoly over the grain trade of the Province as they have made it obligatory on substantial foodgrains producers to sell a proportion of their surplus direct to the Government. The balance of their crops which is neither needed for their use nor for consumption in the village itself is to be disposed of only to Government's authorized purchasing agents. This plan will deal with the purchase of *rabi* crops of wheat, millets and gram, the harvest of which has just started.

Food Procurement

The reason which has prompted Government to revise their scheme is that experience has proved that the only way of exercising control over the distribution is to have substantial stocks and this could not be got through the voluntary procurement plan. Furthermore, the collection of a fixed quota through local officials used to leave too much discretion with the minor officials who abused it in many cases. According to the revised scheme, the formula on which the demand will be made leaves little or no scope for local discretion and its abuse. On the whole, the new plan may make procurement much easier as it lays down a definite minimum quantity of grain which must be left with the grower, though, it is possible, the refusal to allow growers to transport grain outside their village will cause a certain amount of hardship in individual cases.

Scheme Of Distribution

The compulsory procurement plan is to be accompanied by a distribution of foodgrains at controlled prices. For this purpose, Government propose to introduce rationing in all towns with a population of 10,000 or over and set up controlled shops serving groups of villages at the rate of 12 to 15 shops in each taluqa. Thus the rural population which does not grow its own food will be protected by these shops which will maintain fixed price level for the year. Government buying agents will similarly maintain fixed prices for the whole year. The scheme is a very bold one and its successful administration will depend entirely on the co-operation of the public.

this is for export, no duty may be levied on this. In the share market, textile shares were the worst to suffer and very sharp declines in values have been noticed. Planting shares were fractionally lower. There was generally heavy selling pressure in most sections of the market. The lower tendency of these two active sections of the market spread to the other sections also. There were large inquiries for preference and debenture shares and shares of those companies incorporated in Indian States. The Government Securities market was firm with three and a half per cent. paper steady at Rs. 99-4, on the news that interest rates will not be put up and that borrowing will be on a three per cent. basis.

As a result of orders issued by the Government of Bombay prohibiting the overmilling of rice, Bombay has been getting most of its supplies in the form of undermilled rice. The public has not taken kindly to this rice which looks coarse and becomes pasty after boiling. Nutritional experts however say that what unpolished rice loses in look it gains in nutritive content. Most of the nutritive content of the rice is contained in the outer cover of the grain and due to polishing, this is lost. Rice when polished loses nearly 20 per cent. of a fair quality protein and about an equal proportion of good oil. Undermilling thus helps to retain the protein and oil which are very necessary for health. The main reason however for the Government's orders prohibiting overmilling is that it adds to the available supplies because polishing leads to a loss of nearly 10 per cent.

Electric Power For Rural Areas

The question of the development of electric power has been engaging the attention of the Government of Bombay since 1938. In May 1938, Mr. N. Y. Nurie, the then Minister for P.W.D. informed the Legislature that "the policy of this Government is to combine irrigation with hydro-electric schemes and to utilize the present dams and water falls for this purpose." This was followed by the appointment of a Committee of two officials to examine the problem. As a sequel to the recommendations made by them, the Bombay Government have decided on the introduction of the Grid system in the post-war period. The idea is to make a cheap supply of electrical power available for irrigation, industries and lighting in the rural areas in the Province during the post-war period. The scheme will take the form of the Grid system which has proved so highly successful in the U.K. It is proposed to have a network of generating stations built in centrally situated areas in each division in the Province in order to ensure the generation of power by turbine system and its distribution at a very cheap rate. The system is believed to be an alternative to the hydro-electric schemes which are likely to be costly and cannot be located at convenient centres. In England the scheme is administered by the Central Electricity Board which is responsible for the erection of generating stations and distribution and regulation of supply. It is learnt that the Government of Bombay propose to have similar legislation for the purpose.

Sind Letter

A SURPLUS BUDGET—INDUS WATER DISPUTE—

RATIONING AT WORK—COTTON PRICES

(From Our Correspondent)

KARACHI, March 1.

THE most outstanding event in the Sind Legislative Assembly has been the presentation of the Budget for the coming year. The revised estimates for the year 1943-44 and estimates for the coming year alike reveal unprecedented prosperity of finances, induced by war conditions. The budget estimates for 1943-44 are Rs. 4,96,41,000, whereas the revised estimates are Rs. 8,65,18,000, and for the coming year, the figures are Rs. 7,97,27,000. The boom is explained as directly due to inflationary tendencies caused by the war, the windfall of Rs. 2,57,00,000 by way of profits as a result of Government's decision to trade in foodgrains by exporting to deficit areas at prices corresponding to levels prevailing in the neighbouring province of the Punjab and increased returns from land revenue consequent on the introduction of a sliding scale of assessment on principal crops, like cotton, rice and wheat. The surplus has also been put to the best use in the circumstances. A sum of Rs. 570 lakhs proposed to be paid towards the difference between the total Barrage Debt after capitalising the annual subvention Sind has been receiving from the Centre since 1936 as a result of the Niemeyer Award. The Government of India had agreed to the offer of the Sind Government, and when the formal sanction of the Secretary of State is obtained, Sind will after six years of separate existence as a province, be free from, what the Premier called in his Budget speech as, the mill-stone of the debt, and start on a career of self-reliance and self-confidence as a normal solvent entity. Another important appropriation of the surplus is a sum of Rs. 1,89,00,000 towards the Land Revenue Equalization Fund in order to offset the disadvantage of fall in land revenue which must be expected as soon as the higher price conditions for Sind's produce are eliminated. A third form of utilization of the surplus is the transfer to the post-war development fund of Rs. 50 lakhs to be utilized for a large programme of capital works, like roads, buildings canals. On account of war conditions, the Budget does not provide for any large capital expenditure. Special provision has, however, been made for the raising of the medical school at Hyderabad into a college from July this year, better salaries for veterinary services, arrangements for the development of fisheries, and the setting up of suitable machinery for collection of family budgets from the labouring classes and for adjudication of labour disputes.

Indus Waters Dispute

The Government of Sind has submitted a rejoinder to the Secretary of State refuting the representation made earlier by the Punjab Government against the

Rau Commission's award in respect of the use of the Indus waters. An important recommendation of the Commission was that the Punjab should pay Sind a sum of Rs. 2 crores as compensation of the use of Indus waters, but Sind has put in a claim for Rs. eight crores. Pending the decision of Whitehall, efforts to reach an amicable settlement "out of court" have not been given up. The Chief Engineer of Sind will shortly leave for Lahore to discuss the subject with the Punjab authorities, and if a mutually acceptable settlement is reached, the Punjab plaint and Sind's rejoinder will automatically lapse. In this connection, it will be of interest to point out that while the Punjab is busy preparing for immediate construction of new dams for the Indus tributaries, Sind, on its side, has also planned after the war, the construction of two new barrages, to meet the irrigational needs of Lower Sind. Blue-prints for these schemes are expected to be ready before autumn this year, and special staff has already been set on the job.

Rationing at Work

The two-week-old rationing system in Karachi has come in for close criticism in the Budget debate. Replying to questions, the Premier stated that the total estimated expenditure for the Government on this account in the current year was Rs. 80,000, while the total recurring cost would be about Rs. 3 lakhs. Sir Ghulam Hussain further revealed that there had been in Karachi about 1,000 shops dealing in foodgrains, but of these, now only 220 shops had been licensed to sell the rationed articles. This has obviously tended to cause great hardships to the dealers, although it is argued that the position cannot be altogether very bad, as these dealers are stated to have still to open them business in a large number of unrationed articles. The ration shops will draw their supplies from three Government godowns, and all precautions have been taken to avoid any shortage of supplies.

Cotton Prices

Cotton growers in Sind are not, apparently, happy at the working of forward business after the reopening of the Karachi market from the beginning of this month after a lapse of nearly eight months. Before hedging restarted, it is stated that the sales in ready cotton were between 3,000 and 4,000 bales daily, and at times, even 8,000 bales. And the rate for Sind N.T. ranged from Rs. 62 to Rs. 64. But as a result of hammering of speculative bears on the market, the market in hedge has recorded a fall of Rs. 4, and the business has come practically to a standstill, the present turnover being just a few hundreds of bales only. Further heavier downward fluctuations are feared, in the opinion of Dr. Chellaram, President of the Karachi Indian Merchants' Association.

A DELHI DIARY

NEW DELHI, March 9.

The Budget debate in the Central Legislature has left an uneasy feeling in the minds of members regarding the Government's intentions. Several concrete suggestions were placed before the Government. For instance, Sir Shantidas Askuran made the modest request that out of the 19.64 per cent. of the E.P.T. (left over after the deduction) which the Finance Member now proposes to freeze in full and leave nothing whatever for industry, the Government should agree to free at least half, but there was no satisfactory response from the Finance Member. Already in the case of colliery owners the Government have been obliged to offer some concessions, for it was only too clear that the high taxation policy had interfered with production. But what about other industries? Speaking on behalf of businessmen, Sir Shantidas told the Government that if their warning was not heeded and production suffered, the consequences would be entirely the Finance Member's. Criticism proceeded generally on the lines that the Government's policy in taxing industries was shortsighted and would in the end defeat itself. In this connection the resolution adopted by the Federation of Indian Chambers of Commerce and Industry has also been well received. It pointed out that the Government of India have, under their policy, not allowed Indian industry to build any appreciable reserves and that as a result the competitive position of Indian industries will be seriously weakened. It, therefore, suggested that the Government should have a comprehensive inquiry into their policy of taxation of Indian industries, but so far as one can see the Government are in no mood to start any such investigation.

From the Finance Member's speech in the Assembly there is no indication that the Government are prepared to revise any of their taxation proposals. Most non-official members have taken the view that the Finance Member is not justified in taxing commodities like tea, coffee and betel nuts. As regards income-tax the feeling appears to be that though the Finance Member has done well in raising the minimum taxable limit to Rs. 2,000 he has not gone far enough and would do well to raise it at least to Rs. 3,000. All these points are expected to be raised when the Finance Bill comes up, but lobby circles are far from hopeful that the Finance Member will yield to any of these demands. The Government's policy is to raise at least a third of the deficit by additional taxation every year. As regards Budget cuts, no final decision has yet been taken by the parties, but my information is that the Congress Party will utilize the occasion for discussing broad political and constitutional issues. They will start with a motion to "refuse supplies" to the Executive Council, which is more or less a motion of "no confidence" in the

present Government of India and their policy. They propose also to raise the question of the treatment of political prisoners. As the Government have agreed to set apart a day for discussing the food question this question may not be raised through a cut motion, but problems relating to Defence expenditure, inflation, post-war reconstruction, the Bombay Plan for economic development, the importation of foreign experts etc., are expected to be among those brought up for discussion. If there is time the question of sterling balances, gold sales and other currency problems will also be included. On almost all these questions the elected parties in the House hold identical views, but whatever their voting strength may be the Government are not likely to go further than the Budget statement and the vague assurances contained in it.

Next in importance to the session of the Federation of Indian Chambers, which has undoubtedly made a big impression in official circles, is the opportunity availed of by members of the Central Legislature to meet the authors of the Bombay Plan and have discussions with them. Several members of Government were also present at the meeting and participated in the discussion. The Bombay Plan has now become a first class question for the Central Legislature. Official circles are at the moment disposed to express doubts and fears, but they have also come to realize that the Plan demands a serious attention. One non-official member put it to me that the Plan is really a challenge to the Indian Members of the Government of India. If, as they often tell the public, they have power and authority to do what they want, and they are trying to do what a National Government would do, here is an opportunity to show their worth. They have either to accept it or show a better plan for the economic improvement of the country. The last few weeks have brought a number of comments, but though there have been many suggestions—even criticism—the basic structure of the plan has generally been accepted. Even official critics whether in their public statements or private discussions, have not been able to question its fundamental principles. What the Nationalist members of the Assembly are now seeking to do is to get a motion adopted in the Assembly for making the Plan the basis for official investigations. The only obstacle is the unfortunate attitude of the Muslim League Party, but as time goes on, they will be able to realize, it is hoped, that it is not a party question. Whatever may be their political differences, the question of economic development does not admit of controversy on political lines. I find that few, indeed, even among the Muslim members of the Central Legislature, though they are inclined to hold themselves aloof for the present, have any opposition to offer on purely economic grounds.

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THE OLDEST LIFE OFFICE IN INDIA

NEWS PAGE

The Government of India, it is learnt, have decided to appoint an Indian Industrial Planning Officer, who will make a countrywide survey of industrial planning with reference to post-war reconstruction. It is understood that Mr. J. B. Vesugar, Chief Engineer of the Punjab, has been selected for the post.

Consumption of Indian cotton by the domestic textile industry during December is 362,616 bales compared with 386,099 bales in the same month in 1942, states the Indian Central Cotton Committee. The total consumption by Indian mills during the four months ended December 31 is, however, 1,424,038 bales, as against 1,310,484 bales in the same period last year.

In the South African Union Assembly, it was revealed by the Minister for Economic Development that approximately 8.5 per cent. of the total sugarcane production in Natal was produced by Indians.

The revised total area under cotton in the U.P. now amounts to 363,932 acres against 311,486 acres (revised) last year, showing an increase of 52,446 acres, says the revised final forecast of the cotton crop for 1943-44 issued by the Department of Agriculture. As compared with the average areas for the previous five and ten years, the area this year shows decreases of about 28 per cent. and 38 per cent. respectively.

A Bengal Civil Supplies Department Press Note announces that orders are about to be issued lowering from March 15 the statutory maximum selling prices of rice and paddy in the districts. The new prices are liable to further reduction at a later date.

An increase of 23 per cent. in the total yield of cleaned rice in India in 1943-44 over that of last year is estimated in the all-India final rice forecast for the year issued by the Department of Commercial Intelligence and Statistics. The figures are 30,603,000 tons estimated in 1943-44 as against 24,896,000 tons in 1942-43. The acreage also shows an increase of 6 per cent. over that of last year, the figures being 79,960,000 acres in 1943-44 as against 75,193,000 acres in 1942-43.

Britain and America have each agreed to underwrite £500,000 this year for the expenses of the Inter-Governmental Committee on Refugees. It is estimated that when the war ends some 20,000,000 people will have been uprooted from their homes in Europe.

During the past six years co-operative enterprises in China have made rapid progress. In 1939, the number of co-operatives was a little over 91,000, their membership 4.36 million and their share capital \$12.6 million. But at the end of 1943 these figures stood at 166,000, 13.8 million and \$326.4 million respectively.

It is reported that the first meeting of the newly constituted Central Price Advisory Committee to advise the Food Department on matters relating to foodgrain prices will be held in New Delhi on March 15, 1944, under the chairmanship of Sir Theodore Gregory, Economic Adviser to the Government of India. The Committee is expected to consider the next step to be taken in the matter of fixing maximum statutory prices of foodgrains throughout the country.

As a result of the discussions held recently in New Delhi on the resettlement of Indian demobilized soldiers, intensive courses of vocational training are

contemplated. Among the schemes drawn up by Government are education in animal husbandry, anti-malarial measures, sanitation and hygiene, dairying and poultry-farming. Industrialists present at the discussions gave an assurance that they would support all measures to rehabilitate demobilized soldiers.

Important plans for health and social welfare and development of rural communities are published by Sir Donald Mackenzie-Kennedy, Governor of Mauritius. They include co-operative provision stores, co-operative marketing, extensions of irrigation works and building of schools.

The U.S. Foreign Economic Administrator, Mr. Leo T. Crowley, said recently that missions have been sent to Latin America, Africa, India, China, Australia and the Pacific islands to expedite purchases and provide assistance where needed to increase the production. He announced that deliveries of strategic commodities listed as metals, minerals, foodstuffs and textiles purchased in foreign countries with Government funds during 1943 totalled 809,000,000 dollars.

Figures are now available of imports, exports and re-exports to and from British India, on private account, from and to Canada, Newfoundland and the United States of America, including Alaska. The import, export and re-export figures for 1941-42 are Rs. 41,40,43,762; Rs. 53,24,70,518; and Rs. 7,46,47,378 respectively. Imports in 1942-43 were Rs. 24,68,32,757; exports Rs. 31,57,13,028; and re-exports Rs. 2,12,47,309. For the eight months April to November, 1943, imports totalled Rs. 13,21,75,041; exports Rs. 27,06,48,394; and re-exports Rs. 7,54,02,625.

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American Survey

IN a recent issue of *Foreign Affairs*, Prof. Alvin H. Hansen of Harvard University outlines a proposal for yet another kind of international institution—an international commodity corporation, to control world commodity prices by open market operations. Hansen proposes the formation of this corporation in order to prevent any sudden price plunges or rises on the world market. The corporation would buy, store and sell international raw materials and act as a buffer on the world market. In the event deflation of raw material prices should threaten, the corporation would make large purchases of storable goods. This would permit the free play of market forces to push the price back to a pre-determined level, at which point the stored goods could slowly be released. The governing body of the corporation, which would consist of representatives of the United Nations, would determine the upper and lower price bracket for major raw materials. When these price brackets were passed, the corporation would immediately go into action, buying or selling to re-establish a normal price. The price brackets would be adjusted from time to time, according to fundamental trends in supply and demand. Thus, both consumer and producer would be protected against undue eventualities which tend to change costs.

This international commodity corporation would not be a rigid price control agency, but a co-operative body, representing the interests of both consumers and producers and many others whose standard of living depends—indirectly, at least—upon the price of the world's raw materials. The co-operative nature of this organization would be further strengthened by the fact that it would act as a clearing house of information on the use of various basic raw materials and would be further strengthened by the fact that it would act as a clearing house of information on the use of various basic raw materials and would try to increase markets. It would also sponsor original research into new utilizations of materials produced throughout the world. This could be carried on with the co-operation of national governments, and would tend greatly to increase living standards by increasing both the production and consumption of commodities and materials produced in those countries.

Prof. Hansen further proposes an international economic board that might co-ordinate the policies and actions of the three possible future organizations in the commercial and financial fields—the international investment bank, and international commodity corporation. The board would act in any crisis threatening inflation or deflation in any particular country, and would activate the efforts of the three executive organizations to prevent disruption of economic life.

Small Business

When people of other lands, or for that matter many Americans, too, think of American industry they think in terms of gigantic establishments each employing thousands upon thousands of workers all turning out a vast output," writes *Washington Post* columnist Barnet Nover. "What few realize is that these large corporations and plants are not the norm but the exception. Paradoxically, the United States, the land of 'big business' is basically a country of small business. A few statistics may be in order. In 1939, the year the war broke out in Europe, there were a total of 18,684,000 men and women employed in business of all kinds. Of the total not fewer than 8,365,000 were working in small firms employing 100 workers or less. An impor-

tant move in the direction of harnessing their productivity to the war effort was made when Congress in June, 1942 set up the Smaller War Plants Corporation with the declared object of 'mobilizing aggressively the productive capacity of all small business concerns.' How useful that move has proved was attested by Donald M. Nelson, Chairman of the War Production Board, recently when he said that in helping to find work for small concerns the S.W.P.C. will be extremely useful both to the individual small business and to the entire national economy.

"In the year 1939 there were 2,981,000 separate firms of which 2,759,000 or 92 per cent. were of small size. In the wholesaling field the percentage of small firms to the total was 91 per cent., in retail business 98 per cent., in the amusement industry 89 per cent., in construction 93 per cent. The contribution of American small business to the war effort has been considerable. In the opinion of the U.S. Army they have participated importantly in that great task, particularly in subcontracting. In the 12 months ending October 31, 1943, the War Department contracted with small plants for business valued at \$4,658,028,000. This was in addition to indirect orders let first to large establishments which found it necessary in the interest of efficiency to sub-contract some of their work. In fact the U.S. Government has been constantly concerned with problems of keeping the 'little fellow' in business, realizing that the war effort would suffer unless the nation's entire productive facilities were harnessed to the task of turning out vast quantities of war material needed by America's fighting forces and her Allies. This pre-occupation with the role of small business in the American economy is a product both of the desire to prevent undue concentration of industrial power and the belief that through individual enterprise, the welfare of the nation and of the world can be best advanced."

Synthetic Rubber Production

Although industry will depend on the more economical natural rubber for the bulk of its post-war production, as President Roosevelt and several U.S. production officials have recently pointed out, America's increasing war demands are being met by the synthetic rubber industry. The *New York Times* reports that nearly one-seventh of the war-time synthetic rubber needs of the United States will soon be produced in a single plant erected by the oil industry at Port Neches, Texas, the first two units of which are nearly completed. The Port Neches project was begun a month before Pearl Harbour when the Government encouraged five oil companies to begin constructing the plant without profit and with the understanding that they were to act as managers. Before Pearl Harbour, one of petroleum yielded about two per cent. butadiene. The remainder could be used only for a limited number of petroleum products. Therefore, oil experts pooled their research facilities, patents and technical knowledge and developed a process yielding five per cent. butadiene per barrel of petroleum while the remainder was used to produce high octane petrol and other products. While the Port Neches project was under way, the government's Defence Plant Corporation erected two processing plants adjacently where the butadiene produced by the Neches Butane Products Company will be combined with styrene to make a variety of latex or rubber milk which will convert into synthetic rubber gum similar to raw natural rubber. Construction of the plant required 6,000 workers, but its operation will require only 700 working in three eight-hour shifts daily throughout the year.

Cheap water and natural gas are available at Port Neches. Using the same steam in high temperature heating process, low temperature boiling and pumps and compressors further conserves water and fuel. Four boilers larger than the average dwelling generate 50,000,000 pounds of steam daily. In the crude oil refining process each of the five participating refineries obtain butane-butylene gas, which is piped from the refineries to the synthetic rubber plants from huge spherical storage pressure tanks. Butylene gas is a mixture of normal butane and isobutane and normal butylene and isobutylene. Normal butylene must be isolated in the highly pure state, which is difficult because the materials all boil at nearly the same temperature. Nicely controlled fractionation is necessary, after which the product must be treated with acids and solvents before pure, normal butylene can be obtained. In the second operation, a dehydrogenation plant splits off two hydrogen atoms of pure butylene, producing butadiene. Super-heated steam and catalysts speed up the process. Dehydrogenation is so difficult that only 20 per cent. of the butylene passing through the machinery is converted to butadiene. The remaining 80 per cent. is re-run until it is converted. About one-third of the raw material received at the plant is converted into butadiene. The remaining two-thirds is returned to the oil refineries to be used as charging stock in the manufacture of 100-octane aviation petrol.

Colour-fast Cotton Without Dyes

The magazine *Business Week* reports that the Russians and the Delta Experimental Station of Mississippi are developing a process for obtaining colour-fast cotton lints without using dyes. The Russians claim to have developed colour-fast lints in red, green, auburn, dark brown, blue and khaki, but the Delta Station, which has concentrated on brown and green lints, doubts that the naturally coloured cotton would be commercially satisfactory. Delta finds that the lint

colours are usually inherited and are associated with yield, boll size, staple length and strength of the fibres. Delta believes that plant breeders can at least study heredity from coloured cotton. The green cotton may have occurred as a sport in a cultivated field of upland cotton. The green pigment is found in the cell wall soon after the fibres begin to thicken. As the fibres develop, the colour deepens until the boll opens, displaying bright green pigmentation. Exposed to light, the colour fades to a brownish green. Brown lint, ranging from cream to dark brown, occurs in every known species of lint-bearing cotton.

Business Week writes: "Even if the coloured lints are never used commercially on a large-scale, they will be helpful in the experimental laboratory. The chief commercial advantage of natural coloured cotton would be the elimination of the dyeing process in manufacturing cloth."

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The Plan Explained

By G. D. Birla

IT is really heartening to note that the non-official post-war plan should have aroused such keen interest and enthusiasm all over the country. It must be admitted that the layman has no intelligent conception of a plan and its implication. The enthusiasm displayed, therefore, may be taken only as a sign of impulsive sympathy. It only reveals all the same that the demand for converting India from a poor to a prosperous country is much stronger than we had anticipated.

And it is only natural that this should be so. The poverty of India is proverbial. The people have got neither sufficient food to eat nor sufficient cloth to wear nor adequate accommodation to live in. They are half-starved, ill-clothed and living the life virtually of a dog or a cat. In education they are most backward. The health of the people is extremely poor. Mortality rate is extremely high. Out of every 1,000 children born, 167 are dead before they achieve the age of one year. The average income of an Indian is about Rs. 65 against Rs. 980 of an Englishman. The expense of an average Englishman on cigarette alone is as much as the total yearly income of an average Indian.

This is the lurid picture of the poverty of an Indian. And yet there are plenty of resources in India in the shape of land, water, forest, mineral deposits and, above all, plenty of hands that can work with sound brain which with proper planning can convert the misery into comfort and the poverty into prosperity. It is, therefore, natural if there is the burning impatience in the country over the fate of its misery and the intense desire to terminate such a state of affairs. The plan produced by the non-official, therefore, may be taken as the expression of the people's will and resolve to end the poverty.

What is this non-official plan?

As we have already said in our Report, this so-called plan is neither a plan nor a master plan—as some have called it—in the sense of a blue print. There are a large number of gaps that require to be filled up. There are many details that will have to be worked out and many modifications that will be necessary before and during the time the plan is put into execution.

And then, there will be many mistakes and many mishaps—some of a very serious nature—that will be committed during the execution stage. All this, any country that plans, will have to bear.

After all, it is a gigantic task and as such could not be completed without mistakes and mishaps. Its authors know their limitations too well to claim perfection about their proposal. And as such, all that they have done is to place before the country a rough outline of what they think to be the target for the next fifteen years and the method by which they suggest the goal could be achieved.

What is the target?

It is roughly this: that the people in this country should be ensured a minimum in respect of food, clothing, shelter, education, health and such other social matters. That they should get about 2,800 calories of balanced food per capita, 30 yards of cloth per man and decent accommodation of 100 square feet per head, guarantee of good health by proper provision of medical facilities in the shape of hospitals, dispensaries and maternity hospitals, etc., water and sanitary arrangements, adequate education and reasonable leisure. We estimate that if the present income that is about Rs. 65 per capita is raised about Rs. 130 it should be sufficient to cover all these needs.

This is our target.

And we think that if the country plans to invest about Rs. 10,000 crores in the next fifteen years, partly in agriculture, partly in industry and the rest in communication, health, education and other social activities, it should be possible to achieve the object. We have in some detail pointed out on what objects this expenditure of Rs. 10,000 crores should be distributed. We have also in the plan suggested methods to get this huge sum of money. This is the rough outline of our plan. I need not elaborate the details since they are already in the pamphlet that we have produced.

It is gratifying to note that this plan has been received throughout the country with great enthusiasm. But there has been some amount of criticism on some of its aspects. On such an important subject, it is inevitable to have differences. The fact that the plan has been well received by the country and the Press has given a great encouragement to its authors.

But I will now come to the criticisms.

I suppose I need not take seriously the suggestion that all planning and good thoughts should be put into cold storage until the leaders are released. Such a thing will be nothing short of a suicidal policy. Nothing can please the leaders better than the fact that their countrymen outside were seriously discussing and making plan for the betterment of India—an ideal which the leaders have lived all their life for. After all, the pace of our march towards the cherished goal too will depend on the amount of constructive work that we are able to put.

We have placed before the country certain ideas to stimulate thought for the construction of a national India, prosperous and free. We maintain that it is possible to raise the standard of our people only if we moved towards our target with a determination, perseverance and with a united mind, a united voice and a united rhythm. To decide to do is to finish half of the job. To move is to complete it. To talk of planning while the leaders are in jail is not a sin but a constructive act which should only be welcomed by all those who live for the service of the country.

There has been another criticism of the plan, not, of course, from any responsible quarter, that it is a scheme sponsored by capitalists. I suppose nobody would take this criticism seriously. A plan cannot become good or bad simply because of the supposed caste of its authors. Every idea should be tested and then accepted or rejected on its merits and not because of its authors.

None in this world can be free from the tyranny of this or that "ism." But if India is to advance, prosper and progress and occupy its proper place among the important nations of the world, then the only "ism" that is an "ism" which employs the best of us, viz., the talents, the genius, the wisdom, the experience and the skill and energy of every section of the society for the purpose of promoting the largest real good of the largest India. Any "ism" that leads towards this object is good, the rest is all "rejection." I don't believe that any "ism" that does not see the good in other "ism" can last long.

That, however, is only by the way. I am not pleading here for any "ism." I would at this place only ask every one to judge the plan on its merits and not on any other consideration.

I will now come to some concrete criticism. First of all, I will take up the suggestion advanced by some

that India is an agricultural country and therefore, what is vital is only progress in agriculture. They say "raise the standard of the farmer and the rest will take care of itself." The greatest exponent of this argument is Sir Tracy Gavin Jones and perhaps the Government too is of the same view because I have noticed the Anglo-Indian Press leaning towards this view.

Sir Tracy is one of those few Englishmen who are accustomed to enter deep into the subject and talk logic. One cannot, therefore, brush aside his view. But I may submit that what Sir Tracy states is only the incomplete truth. He would be perfectly correct if his idea is to give just a push to agriculture for the purpose of creating greater purchasing power for the industry. To the industry, from its narrow selfish point of view, such a plan would be a most convenient arrangement. But not to the country as a whole.

Our idea is not to create more purchasing power for the industry, but to utilize all the resources of the country in a planned way in order to raise the standard of the people not by a bit but by 100 per cent. at least. This object could not be achieved by mere agricultural advancement.

But have we ignored agriculture? We have, in fact, suggested that in order to feed the country adequately and produce enough raw materials for its industries, agriculture will have to produce 130 per cent. more than what it is doing now. This would give the country roughly Rs. 1,500 crores per year or another forty rupees per capita assuming the population increases, as it is expected it will, then the extra forty rupees per capita would be affected in inverse ratio to the increased population. Thus with 130 per cent. increase in agricultural products, with our increased population, the income will increase merely by Rs. 28 per head, viz., the present income of Rs. 65 will go up to Rs. Rs. 93, viz., by about 40 per cent.

But our target is much higher. Our aim is to raise our standard in the first instalment by 100 per cent.

Could we, therefore, achieve our goal only through agriculture? I suppose there could be no two answers to this question. Let us examine the position.

Suppose we expand our production in agriculture beyond our target of 130 per cent.? What will then happen? It is clear we won't be able to consume our increased production at home. There is always a limit to the consumption of cereals, etc., however great be the prosperity. On the other hand, if we produced more money crop, we should have to create more industries to consume it or we have to rely for the sale of our surpluses on exports. And suppose we are unable to sell our goods in foreign markets. What then? We will have to curtail our production. So we will have to revert to the old position.

We should not, therefore, be at the mercy of the foreign buyers as we have been in the past by merely concentrating on agriculture and thus frustrate all our efforts to be prosperous. We must plan in a manner that our prosperity will depend not on the sweet will of our purchasers abroad, but on our own efforts and policy.

India is a country of unemployed. It is so because the land cannot maintain virtually the 70 per cent. population that is now supported by agriculture. The result is that though 70 per cent. work on field, none gets full-time job. Therefore, as the burden on land increased, the poverty too intensified. In 1891 the field employed only 61.1 per cent of our population. Now it employs about 70 per cent. This is the main problem that we have to tackle.

What is the position in other countries? You look at the history of every prosperous country and you will

find that as the ratio of agricultural population went down, the prosperity increased in inverse ratio. U.S.A., France, Germany, all countries have achieved prosperity by diverting their agricultural population from farm to industries. Even Japan which employed 85 per cent. of its population on field in 1850 reduced it to a percentage of 50 in 1930. And up went the wealth. I have no doubt that we too will have to travel the same path.

It was mentioned by the *Eastern Economist* the other day:

"New Zealand would occupy only 6.4 per cent. of her labour force to supplying its entire population with a scientifically arrived at optimum diet, Australia would occupy 9.7 per cent. of her labour force."

This only shows what a great scope there is for reducing the farm population and diverting the same to other fields. The farm population at present is producing very much less per capita for the simple reason that they have got nothing else to do and so are compelled to work inefficiently and yet be confined only to agricultural production.

If we accepted the figures estimated for New Zealand and Australia and assume that we too could attain the same per capita production as in Australia and New Zealand—of course, with most modern equipments—then, in fact, we would need perhaps not more than 20 per cent. of our population to produce all our agricultural needs. That perhaps is too high an ambition for us and perhaps undesirable too. We are, therefore, providing for a much larger population to work on farm. In any case, one thing is clear. Without diverting agricultural population to other fields, there is no chance of raising our standard of living.

To talk, therefore of concentrating on agriculture is to shirk the issue and prolong the agony. The issue is this. India's standard is to be raised by 100 per cent. and it simply could not be done by merely improving its agriculture. In fact, it is impossible even to achieve the target of 130 per cent. expansion in agriculture that we have suggested if there was no industrial expansion side by side to absorb the agricultural products.

While, therefore, we are equally for agricultural expansion and we have laid enough emphasis on this, we are sure that unless industries too are developed adequately, neither the agricultural expansion nor the rise in the standard of the people is possible.

But what has scared most of our economists is the question of finance. We have suggested an investment of Rs. 10,000 crores within a period of 15 years and we are glad that while this astronomical figure itself has failed to give any shock even to the most orthodox economists, it has, all the same, created an uneasiness in the mind of some who are, if I may say so, rather obsessed with the word "inflation."

We have planned that a sum of Rs. 10,000 crores will have to be invested in 15 years for the purpose of raising the standard of our people by 200 per cent. if there is no increase in population and by 100 per cent. if there is increase in population. How do we propose to find this finance? We expect to get Rs. 300 crores from the hoarded wealth, Rs. 1,000 crores, from our sterling balances and Rs. 700 crores by borrowing abroad. This gives us only Rs. 2,000 crores. The balance of Rs. 8,000 crores has still to be found.

Whether you call it favourable balance of trade or savings or created money, ultimately it comes out of our own production and thus the whole sum may as

to 1000000
200000
44%
1000000

well be called a saving. The question, therefore, is: Is India in a position to save Rs. 8,000 crores in 15 years or 533 crores per year? I say 'yes'. In war we have saved so much and more. But in peace when under the plan people labour for an ideal and when every year brings in new wealth and happiness, the saving of 533 crores per annum becomes comparatively an easy matter.

India's income is just now about Rs. 2,200 crores year. Suppose during the period of the plan it is raised to an average of Rs. 3,300 crores. This is a very modest figure which should not be difficult of achievement. The peak estimated income will be Rs. 6,600 crores and the present income being Rs. 2,200 crores, the average must be much higher. In any case, the saving needed to find Rs. 533 crores a year is something like 16 per cent. of the average income of Rs. 3,300 crores.

Other countries like Japan and Russia have saved in the past as much as up to 20 per cent. of their income. Even the European countries during the period of their construction have saved as much as 19 per cent. of their earnings by producing more and consuming less proportionately though not absolutely. In view of this, there is no reason why India should not be able to save without lowering her present standard at least 16 per cent. of her total income for the purpose of reinvestment.

Even with this saving of Rs. 533 crores a year, the surplus for consumption under the period of plan would be more than India's pre-plan income. Her pre-plan income is 2,200 crores. If the plan-period average be estimated at 3,300 crores, deducting the saving of 533 crores out of it, we still have about 2,800 crores at our disposal.

From 1900 to 1930 India has maintained a surplus in foreign trade to the tune of anything between Rs. 30 to 40 crores worth of goods every year and has also imported gold and silver of several crores a year. This represented nothing else but India's savings, though we have been a poor country. Besides this, there have been other savings too in other directions. With increasing production, an annual saving of 16 per cent., therefore, does not look like an impossible figure.

We might now look at this from another angle.

Let us see how we propose to invest this 10,000 crores, and then calculate separately the return and the saving of the different kind of earnings. It is calculated that if we invest 4,480 crores in industry, the annual net increase in national income would be about 1,900 crores, that is, there will be an increase of one rupee in the national income for every 2.4 rupees invested. In agriculture we propose to invest about 1,240 crores in 15 years and expect an annual income thereon of 1,500 crores. This means that for every 1 rupee that we invest, we shall get 1.20 rupees worth of new income. In other spheres, viz., communication, health, education, housing, etc., the income would be very small. But we have estimated about 900 crores from all these sources.

Let us now on this basis calculate the income of agriculture and industry and other sources to find out how much saving it is possible for us to secure for reinvestment out of the new wealth that will be created.

In industry we are spreading our investment on basic and also on consumption goods industry. As you will see from our programme, we are suggesting an investment of Rs. 3,480 crores in basic industry and only Rs. 1,000 crores in consumption goods industry. I have roughly estimated that the total return in the

course of 15 years in the shape of industry, consumption goods industry and services, therefore, will be approximately as follows:—

Rs. 7,480	Crores	from Agriculture
Rs. 5,600	"	" Basic Industry
Rs. 2,300	"	" Consumption goods industry
Rs. 3,700	"	" Services etc.
Rs. 19,080	"	

It is not too much to presume that from agriculture and consumption goods industry and services we may safely, at an average, draw 10 per cent. of the goods for the purpose of reinvestment. On the other hand, since the basic industry will produce mostly capital goods and not consumption goods, we may be able to draw even up to 75 per cent. of the goods to go back for reproduction.

Saving is nothing else but the value of estimated labour that is spent but not consumed. If you look at the problem purely from this scientific point of view, one could hardly make a distinction between the percentage of saving in basic and other industries. You cannot demand the basic industry labour to consume only 25 per cent. of his labour and save the rest, while allow the labour in other fields to consume as much as 90 per cent. But if one thought of the problem in term of goods, then it would not be too much for us to estimate a saving of nearly 75 per cent. in terms of basic goods and a saving of 10 per cent. in agriculture and consumer goods to go back for reproduction, the latter either in its original shape or after it is exchanged for goods required for reproduction. Let us, therefore, now see what would be the result if we tried to estimate our savings in another manner, that is, in terms of goods and services.

					Crores
Rs. 7,400	Crores	from	Agriculture	10% of it.	740
Rs. 5,600	"	"	Basic Industry	75% of it.	4,100
Rs. 2,300	"	"	Consumption goods industry	10% of it	230
Rs. 3,700	"	"	Services etc.	10% of it	370
					Rs. 5,440 Crores.

To this if we add 10 per cent. of our existing income which is estimated to be about Rs. 2,200 crores per year, we save another Rs. 220 crores per year or 3,300 crores in 15 years. Added to the above, we thus get a total income of Rs. 8,740 crores in 15 years for reinvestment. Thus we shall see that after providing for a higher consumption during the period of planning, we can save more than 8,000 crores that is needed by us for investment in new enterprise for the ultimate benefits.

Let us, however, try to understand the implication of this huge investment in a layman's language and find out whether there is anything frightening about it. Immediately we begin to indulge in economic jargons, the man in the street throws up his hands in despair and gives up all efforts to understand the problem. Therefore, it might help us to talk in simple language.

After all, this so-called economics of a country is no more than the economics of a family only in a much magnified form. Here is a family 40 crores that wants to produce more and consume more. It finds that if it is to consume more, it must produce more by 200 per cent. at the end of fifteen years. It also calculates that if it can produce that much, the family members will be able to double the consumption of their goods as compared with their present position after making full provision for the demand of the children that will be born into the family during the next fifteen years.

But then the question arises how to produce 200 per cent. more. The family discovers that it needs new

equipment and larger amount of work from its members in order to touch the mark of the proposed production. For equipment they find they have some money partly in cash and partly in sterling. They plan to spend that money and also borrow some in the country where they propose to purchase equipment. This helps them. But that is not enough. So they decide to put up more work with the labour of the family members to complete the work on equipment.

They had not enough to do so far and thus had plenty of leisure. They don't, therefore, find any difficulty in sharing extra time for this new work. And when they take up the new work, they discover that only 4½ per cent extra members of their family had to be employed for a period of fifteen years to complete this extra job. I ask: is there anything frightening about it

Let us forget the words savings and created money and favourable balances. Let us find out what extra labour we are called upon to contribute to achieve our object, and the answer in a nut-shell is that you don't need to employ more than 4½ per cent extra of your population during the planning period to complete the new job.

Why should we talk in terms of money alone? Why not convert this Rs. 8,000 crores in terms of human labour? The sum of Rs. 8,000 crores that we have estimated will be spent on education, health, industries, and so many other things which ultimately are epent in the shape of human labour. For instance, for hospitals, schools, and also for the housing scheme money is spent on iron, cement, mortar, bricks and on salaries of engineers, etc. On education it is spent on the salaries of teachers, etc. On industry, we again spend on buildings and machinery, and the supervisors' salaries, etc., Freight, railway transportation and hundred and one incidental expenses will be incurred out of the Rs. 8,000 crores. But all this ultimately translated into human labour.

Now is it possible to estimate the average wage of the human labour employed as skilled and unskilled worker, the doctor, the engineer, the teacher, the professor, the director of agriculture, the engine driver, the guard and serviceman and all such people which ultimately goes to make this sum of 8,000 crores? It is by estimating this average wage that we can convert money estimate into labour value and vice versa.

One may say that it is an impossible task. Yet, perhaps, it is not altogether so. We could say that the average wage of the new hands employed would not, in any circumstances, be less than Rs. 25 per month or 300 per year. If this could be treated as fairly a representative figure, then it may be said that in order to spend Rs. 533 crores per year, we need the services of less than 1.80 crores human labour which is about 4½ per cent. of the population.

Rupees twenty-five per month, which I have estimated to be the average wage is a reasonable figure since this includes the wages of lakhs of teachers. 4 lakh doctors and an army of skilled workers. Perhaps the average wage of all those employed in the work of reconstruction would be nearer 30 than 25. If we, therefore, forget Rs. 8,090 crores and remember only the 1.80 crores human beings that will be needed to do the trick, the ratio of the new labour required to the average population of 1940-55 comes to even less than 4-1/2 per cent.

Of course, this 4½ per cent. population will be more productive than the rest and thus may represent 15 per cent. of the earning capacity of the total population. But I ask: is it too big a price to pay for this gigantic constructive work? Let us not

forget that there is a great volume of unemployment at present to India. In utilising 4-1/2 per cent. extra labour of our population for the new job, we are simply employing the unemployed. The question of inflation, therefore, hardly arises.

From whichever angle we may look at the problem, it comes to this that in the shape of human labour, we must be prepared to earmark 4-1/2 per cent. extra of our total population. In the shape of money we should be prepared to earmark 10 per cent. of our income in consumption goods and 75 per cent. of our income in capital goods, or an average of 16 per cent. on our total income. I think for a gigantic plan like this, this assumption is not, in any way, frightening.

Let us not forget that this investment of Rs. 8,000 crores is in a way entirely out of our new savings because while our present income is calculated to be about 2,200 crores, under the proposed scheme even after providing for this saving during the 15 years of planning period, there is likely to be a surplus of nearly 2,800 crores worth of goods per year at the disposal of the consumer. Thus not only no sacrifice is proposed. On the contrary, what is proposed is a rising standard, more investment for further high standard in the shape of more work.

Then, in certain quarters, there have been some misgivings in respect of our proposal to utilize the 1,000 crores of our sterling resources now with the Reserve Bank of India. The latest addition to the list of sceptics is Sir Jeremy Raisman, the Hon'ble Finance Member. What will happen to the backing of the currency, he asks, if these resources are used up for the purpose of reconstruction? A layman could put such a question, but not the Finance Member.

What is the backing of the note issue of the Bank of England? Before the war the total issue in England amounted to 530 million sterling against which the gold backing amounted to about 264 million—roughly 50 per cent. And what is the picture now? The total note issue amounts to 1,075 million sterling against which gold held by the Bank of England, is, we are told, only 1 million, i.e., only 0.1 per cent. Would any one, therefore, say that the currency of England just now is not in a solvent position? And if the sterling has no solvency about it—and this is the conclusion which one would arrive at if one was to accept the logic of the Finance Member—then to keep sterling as a backing of the rupee surely is a dangerous proposition.

I, however, do not believe that sterling's position is as bad as that simply because there is not sufficient gold behind it. Nor do I think sterling backing of the rupee makes the position of the rupee in any way stronger. In our case, our note circulation just now amounts to about 870 crores against which gold reserve, if valued at the present price, amounts to about 92 crores or a backing of more than 10 per cent. Surely, in respect of its gold backing, rupee is in a much stronger position than sterling. And if people have not lost their faith in the solvency of sterling, there is nothing to fear about the faith in solvency of rupee.

But there is another very serious implication in the suggestion of the Finance Member. If we were to accept his logic, then as long as there is the present size of our note issue, we must continue to hold our large sterling assets as the backing of the rupee. We should not for a moment touch them. And this for all practical purposes means that our assets in sterling are permanently frozen in favour of England. Can any one contemplate such a position with equanimity?

The money saved and then converted into sterling is the result of our savings achieved through hard life and privation. If we utilized this for our economic uplift there could be some consolation. But if we lock it up for ever, for all practical purposes we make a free gift of it to England. Can any one make such a sug-

gestion however sceptical he may be? And yet not touching the sterling and the sterling assets practically amounts to giving a free gift of it to England—at any rate for a long period.

The cry that if we use up the sterling balances, it will lead to a flight from the currency should, therefore, be strongly resisted. Nothing would suit the British interest better than that we should continue to keep our sterling credits blocked in England for ever. But how could this suit India? I have no doubt that the rupee would be in much stronger position by replacing it by our own credit and our own securities rather than by backing it by sterling.

Sterling securities represent a debt due by England to India and it must be paid in goods. Sterling securities must, therefore, be liquidated according to our own needs and be replaced by our own credit. The country's interest demands it and we must insist on it at the proper time.

The last but not the least important question that we are asked is—what of the distribution of that wealth? It is a pertinent question to ask because it will be a great disservice to the country if a plan is made to make the rich richer and the poor poorer. After all, a plan has no meaning if it cannot give relief to the most depressed.

While it is true that we have laid down no cut and dry scheme for distribution, I hope one will be able to read between the lines and discover that we are endeavouring a kind of State control when and where it is needed which, while not frustrating free enterprise or obstructing production, will at the same time, we hope, ensure a fair distribution of the country's products with a view, in the words of H. E. the Viceroy, "to use rightly and to best advantage of India's great economic assets not to increase the wealth of the few, but to raise the many from poverty to a decent standard of comfort." I will again adopt the Viceroy's words when he said: "We must lift the poor man of India from poverty to security, from ill-health to vigour, from ignorance to understanding, and our rate of progress must no longer be at bullock-cart standard but at least at the pace of the handy and serviceable jeep."

Sir Stafford Cripps, that much familiar name in India, while discussing the question of post-war reconstruction in England recently said that "no principles of Capitalism or socialism need or must interfere with the complete liberty of action of the Government in making sure that there is full employment." He added: "The important matter to plan is not who produces but what is produced."

I think every right thinking man whether he belongs to this or that class, must endorse this statement of Sir Stafford Cripps. Anyone who is led away by the principle of extreme capitalism or of extreme communism will do a great disservice to the cause of the country if he continues to stick to his time-worn notions and does not adapt and accommodate himself to the call of the suffering humanity. As Sir Stafford Cripps remarked: "The plan should be such as would be severely practical and that all genuinely progressive minded citizens could support it." He also said: "I refuse to admit that it is only by revolution and blood-

shed that changes can be brought about in our social economic conditions." I endorse the remark fully.

I hope the most orthodox and the most radical will find a common ground somewhere between the two extremes. Any plan that does not seek to mobilize and harness the goodwill of all sections of the society, be he the leftist or the rightist, of all the progressive minded citizens, is doomed to a failure.

A plan which provides for the minimum for the underfed and under-clothed, which provides a vast net work of schools, hospitals and dispensaries, surely cannot be one to make the rich richer and the poor poorer. I think this disposes off the criticism that the plan makes no proposal about the distribution. I claim that a fair distribution is inherent in a plan like this.

Before I conclude, I should like to touch on two more points. First of all, let us not treat the planning as an academical patime. It is a severely practical problem and a problem of life and death. It is very easy to put any plan on the anvil of theory and to smash it with critical hammers and pound it into dust. But it is very difficult to produce something constructive. Any number of difficulties and defects could be pointed out in any plan. But then, is it meant that India should remain as it is and continue to discuss difficulties and defects? If it is desired that a plan should be made for raising the standard of the people, then we would do well to start with an admission that no plan should be made for raising the standard of the people, then we would do well to start with an admission that no plan could be perfect and that it could only be perfected while it is in execution.

The second thing is that we should go ahead with our eyes open in respect of the difficulties. In fact, the difficulties are not those that have been pointed out by some critics so far. There are other difficulties far greater and far more formidable. But we must march forward in face of difficulties, solve them and go ahead. But at the same time we should have a complete picture of the conditions necessary for the success of such a plan.

The success of the plan, first of all, depends on a national government that can inspire confidence not only of the majority of the people but of almost all the important sections of the country. Then, such a government should be a stable government with a continuity of policy. The planning authority should be above party politics so as to be in a position to get the fullest co-operation of all classes of people. It should know the job not merely in theory but also in practice. And it should have the knack to utilize the best talents of the country.

Don't forget, money is the least important difficulty. The most serious difficulty about the planning is the scarcity of men. In India we have not got sufficient number of men who could at present take up the execution of a job of this kind. In Russia 95 lakhs of persons were needed to administer the economics of the country during the planning days. That works out to be about 5½ per cent. of the total Russian population.

The Russian system on account of its being a socialized economics demanded a great inroad on the reservoir of its population. If we started like Russia, we may need about 2 crores of our population only to administer the plan. This in itself will make the administration very costly. We may, therefore, have our own independent policy in the matter of State *vis-a-vis* private enterprise. Personally I will choose private or State enterprise only on one basis viz., the good of India. I would allow private enterprise where it benefits and State enterprise where it is needed.

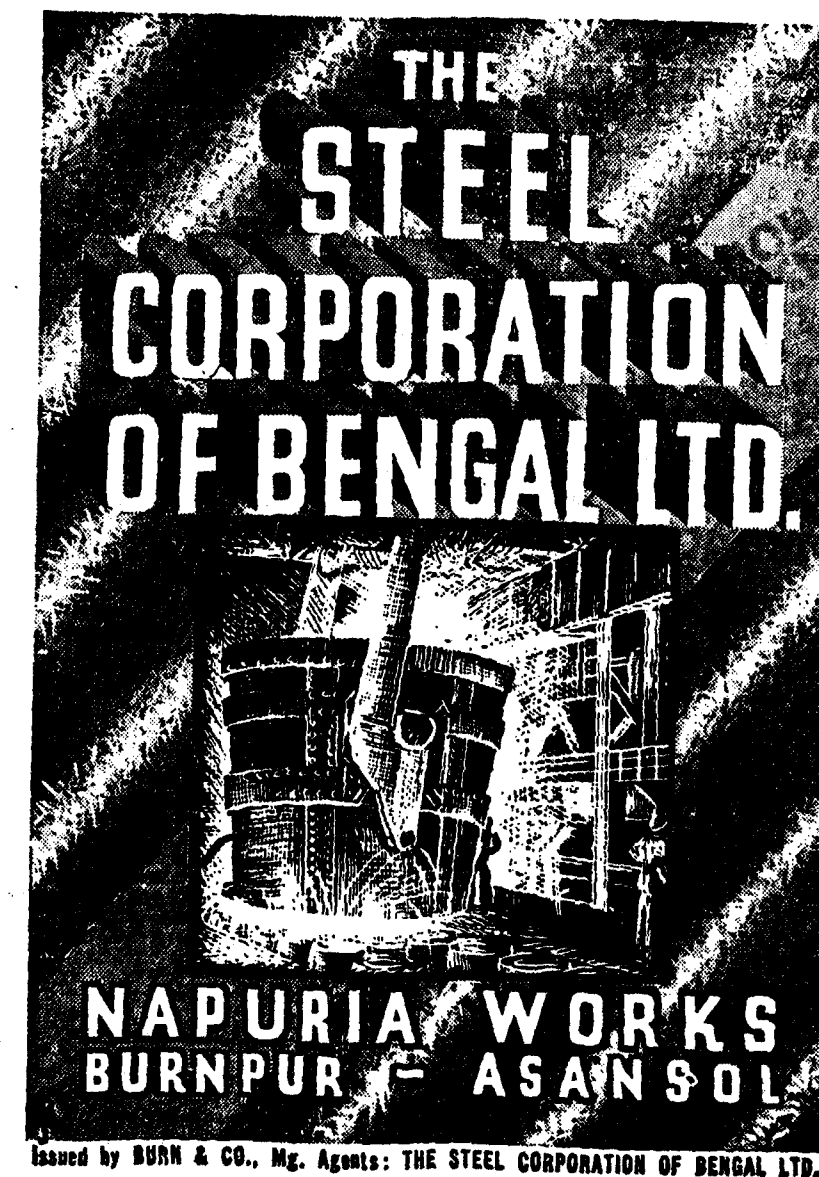
In any case, the demand on our population will be large and while we have the quantity, we have not the quality. We have not got sufficient teachers. We have not got enough doctors. We have not got enough nurses. We have not got enough engineers, builders and so many other professional men.

And last but not the least we have not enough men

with the experience of production and distribution. In such a planning you cannot do without those who have got practical experience of production and distribution, organization and accounts, etc. And we have not yet enough men of this type. The difficulties, however, would be solved if we were ideologies but unlit for the good of all to act and to achieve.

Success is guaranteed if we resolved to achieve and acted with unity of purpose. Success must depend ultimately on the whole-hearted co-operation of all sections of the society. This again will depend on the tact and ability of the future Government. And since the Government will reflect only the psychology of the nation, we should cast our psychology in a constructive mould.

I hope that we all may rise to the occasion to succeed. For nothing but to succeed. And to succeed for the good of India.



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The Indo-Commercial Bank, Limited

TWENTY-SECOND REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

1. The Directors have the pleasure to present to the shareholders a Statement of the Assets and Liabilities and of the Profit and Loss Account of the Bank for the year ended 31st December 1943, with the Auditor's Report thereon.

2. The figures in the statement:—

	Rs.	a.	p.
Net Profit for the year amounted to	2,82,383	7	0
Brought forward from last year after appropriation	206	4	2

Total R.	2,82,589	11	2
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MADRAS, 19th January, 1944.

T. R. VENKATARAMA SASTRI, Chairman.

1. R. VI

BALANCE SHEET AS AT 31st DECEMBER, 1943

CAPITAL:			LIABILITIES			ASSETS			Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	
			Rs.	a. p.	Rs.	a. p.	Rs.	a. p.				Rs.	a. p.	Rs.	a. p.	Rs.	a. p.
Authorised:																	
10,000 A Shares of Rs. 100 ea.			10,00,000	0	0												
10,000 B Shares of Rs. 50 ea.			5,00,000	0	0												
*20,000 C Shares of Rs. 50 ea.			10,00,000	0	0												
						25,00,000	0	0									
Issued and Subscribed Capital for Payment in Cash:																	
6,250 A Shares of Rs. 100 ea.			6,25,000	0	0												
10,000 B Shares of Rs. 50 ea.			5,00,000	0	0												
*20,000 C Shares of Rs. 50 ea.			10,00,000	0	0												
						21,25,000	0	0									
Called and Paid Up:																	
6,250 A Shares of Rs. 100 ea.			6,25,000	0	0												
10,000 B Shares of Rs. 25 ea.			2,50,000	0	0												
*20,000 C Shares of Rs. 50 ea.			10,00,000	0	0												
						18,75,000	0	0									
*Reserve Fund						18,75,000	0	0									
Contingent Fund						1,25,000	0	0									
Provision for Income-tax and Super-tax						25,000	0	0									
LIABILITIES						70,000	0	0									
Deposits: Fixed, Current, Savings Bank, Monthly Deposits, Cash Certificates, Staff Security, Provident and Gratuity Fund and Other Liabilities						1,82,59,817	0	1									
Due to Banks						Nil											
Dividends Not Drawn						2,940	8	11									
Bills for Collection						10,41,750	6	7									
Sundries						67,941	11	1									
Drafts and T. Ts. Payable						2,33,944	10	11									
Branch Adjustments						3,26,351	8	2									
Profit and Loss Account:																	
Balance as per Balance Sheet of 31st December, 1942						1,01,720	13	9									
To place to General Reserve Fund raising it to Rs. 1,05,000						20,000	0	0									
To place to Investment Reserve						5,000	0	0									
To place to Contingent Fund to make full provision for bad and doubtful debts						6,550	0	0									
Provision for Income-tax						40,000	0	0									
Final Dividend for the year ended 31st December '42						29,964	9	7									
						1,01,514	9	7									
Brought forward after appropriation						200	4	2									
Net Profit for the Current Year						2,82,363	7	0									
						2,82,569	11	2									
Loans Cash Credits, Bills Discounted, Bill Purchased, Promissory Notes and Other Advances																	
Particulars required under the Indian Companies Act VII of 1913																	
1. Debts considered good in respect of which the Bank is fully secured						43,90,434	13	11									
2. Debts considered good in respect of which the Bank holds—																	
(a) Joint and several pro-notes						9,68,747	13	10									
(b) Pro-notes by several persons singly						4,53,232	2	8									
(c) Bills and drafts						13,74,918	13	5									
(d) No pro-notes being temporary overdrafts						16,634	4	9									
3. Debts considered doubtful and bad						16,594	5	0									
4. Debts due by the Directors and other Officers						Nil											
Loans and advances made to the Directors at any time during the period						Nil											
Bank Premises at cost						24,379	3	5									
Less—Depreciation written off up to 31st December 1943						4,200	0	0									
Sales and Furniture at cost						1,03,160	10	5									
Add—Additions during the year						1,305	0	0									
Less—Deductions during the year						1,04,465	10	11									
Less—Depreciation written off up to 31st December, 1943						3,041	0	4									
						1,01,424	4	7									
						35,411	2	5									
Books and Stationery in Stock						43,331	13	1									
Bills for Collection per contra						10,41,750	6	7									
Sundries						4,29,665	1	4									
Investments:																	
*Government Promissory Notes of the Face Value of Rs. 71,03,100 at cost (market value Rs. 70,93,847)						70,94,377	15	9									
Shares of Joint Stock Companies of the Face Value of Rs. 38,400 at cost (market value Rs. 35,325)						25,412	8	0									
Deposit of Staff Security with Scheduled Bank						12,523	0	0									
Immoveable Property at cost						21,805	9	10									
Interest Accrued on Investments						71,44,120	13	10									
Cash on Hand						1,18,462	5	7									
Cash at Banks in Current A/c.						30,17,402	15	7									
						31,20,570	11	3									
G. P. Notes of the face value of Rs. 65,000 have been earmarked for the Employees' Provident and Gratuity Fund.						61,37,973	10	10									

	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Less:-Ad Interim Dividend at 6 per cent. per annum on A, B and C. Shares for the half-year ending 30 June, 1943	56,236 8 6			
To place to Investment Reserve	5,000 0 0			
Provision for Income-tax	30,000 0 0			
	<u>91,236 8 6</u>			
		1,91,353 2 8		
Total Rs.		2,22,19,099 0 5		Total .. 2,22,19,099 0 5

*Entitled only to a tax-free non-cumulative preferential dividend of 8 per cent. per annum
†Includes transfer of the investment reserve of Rs. 10,000.

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31st DECEMBER, 1943

INCOME		EXPENSES	
	Rs. a. p.		Rs. a. p.
To Depositors' and other interest	2,55,783 2 1	By Interest	3,28,323 13 2
„ Salaries, Bonus and Gratuity Fund	1,58,282 6 9	„ Commission, Discount and Miscellaneous In-	
„ Directors' Fees	1,989 10 0	„ come (Less Bad Debts written off and Transfer	
„ Managing Directors' Honorarium	50,060 6 0	to Contingent and Reserve Funds)	3,16,061 15 5
„ Auditor's Fees and Legal Adviser's Fees	2,000 0 0	„ Interest on Investments (Less difference on	
„ Rents, Taxes and Insurance	49,553 10 6	sales)	2,23,742 2 3
„ Printing and Stationery	27,146 0 6		
„ Communications	29,911 5 3		
„ Remittance Expenses and Commission	25,225 11 2		
„ Depreciation	7,889 1 5		
„ Other Charges	37,903 2 2		
„ Net Profit	2,82,383 7 0		
Total Rs. 9,28,127 14 10		Total Rs. 9,28,127 14 10	

K. LAKSHMANAN,
Accountant

Directors.

T. R. VENKATARAMA
SASTRI, Chairman.
R. VISWANATHA IYER,
K. SIVASWAMI IYER.

R. S. A. SANKARA IYER,
V. VENKATARAMA IYER.

S. N. N. SANKARALINGA
IYER, Managing Director.

AUDITOR'S REPORT

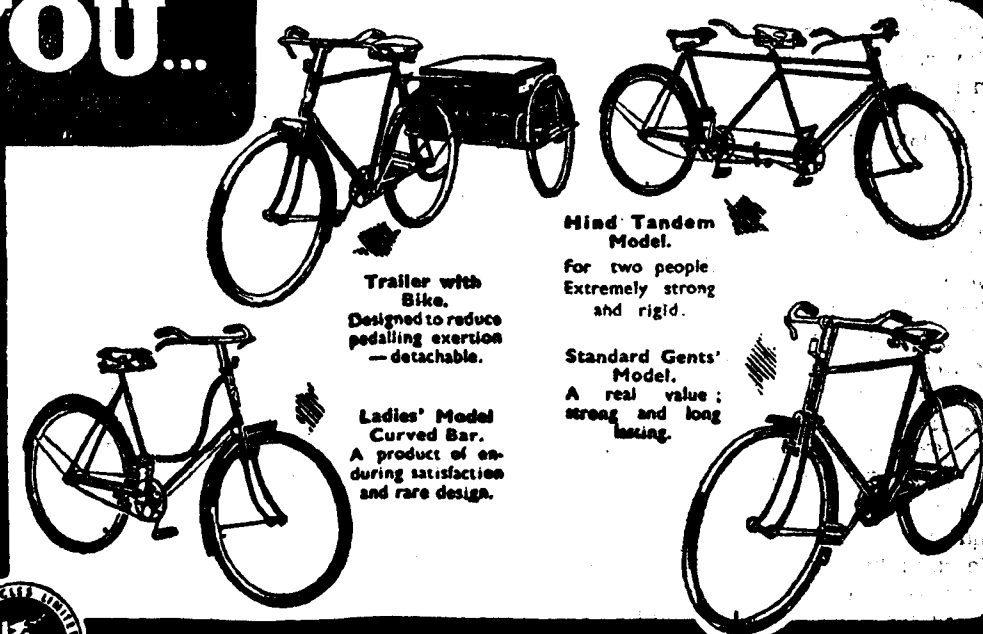
I have audited the above Balance Sheet and Profit and Loss Account with the books of the Head Office, and all the branches in Madras and the certified returns from the other branches in Madras and the certified returns from the other branches and sub-offices, verified the data and securities at Mayavaram and the Madras offices and have obtained all the information and explanations as have required. I beg to report that the above Balance Sheet and Profit and Loss Account are, in my opinion, drawn up in conformity with the law, and that the Balance Sheet exhibits a true and correct view of the Bank's affairs as on that date, according to the best of my information and the explanations given to me and as shown by the books of the Bank and that in my opinion books of account have been kept by the Bank as required by Section 130 of the Indian Companies Act, 1913.

MADRAS, 19th January, 1944.

P. S. SUBRAMANIA IYER, B.A., G.D.A., R.A.,
Registered Accountant, Auditor.

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and rigid.

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pedalling exertion
— detachable.

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during satisfaction
and rare design.

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Model.**
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strong and long
lasting.



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CLEANINGS

MR THAPAR REVIEWS INDUSTRY DURING WAR

In his presidential address to the eleventh annual session of the All-India Organization of Industrial Employers, held in New Delhi on Sunday last, Lala Karamchand Thapar, referring to the proposals for labour legislation, emphasized that industrialists in this country are willing to support any policy which aims at the improvement of the workers' lot. Regarding the schemes for 'social security,' Lala Karamchand warned against adopting legislative measures which were suited only to the highly industrialized countries. He remarked: "The habit of putting the second thing first seems to be the curse of our modern age," and appealed to Government not to forget the first when implementing the second. He referred to the employers' agreeing to the Sickness Insurance Scheme provided a satisfactory formula is evolved for an equitable distribution of the expenditure involved therein between the State, employers and the workers and particularly emphasized that it should be on an all-India basis. He urged upon Government to seek the views of employers before enacting amendment to the Indian Trade Unions Act, 1923, for compulsory recognition of the Trade Unions.

Mr Thapar then reviewed at length the problem of taxation in regard to industrial development and, taking note of the very heavy burden in the form of direct taxation, excise duties on imports of raw materials and machinery and increased railway freight, indicated the difficulties which the industries will face after the war. Having regard to the necessity of replacing worn out plant and machinery and installing new machinery as a result of the technical progress during the war, he made an earnest appeal to Government to allow adequate depreciation and reserves to be built up and grant relief in favour of undistributed profits and of expenditure in respect of industrial research.

The problem of Indian industries' transition from war to peace is bound to present financial, technical and engineering difficulties, and Mr Thapar urged Government to assure adequate relief and allowances in respect of terminal losses, and such other expenses. In this context, he referred to the steps, that have been taken in the United Kingdom in regard to taxation and financial problems arising out of transition from war to peace. He stressed the need for the Government to announce an *ad hoc* tariff policy so that industries, that have come into being during the war, would be assured of adequate protection. Reminding the audience of the position in which the British industries found themselves during the uncertain period between 1919 and 1932, Mr. Thapar advocated the institution of an *ad hoc* tariff making machinery, in which the representatives of industries should be given an effective voice, on the lines of the Import Duties Advisory Committee of the United Kingdom. Lala Karamchand finally dwelt on post-war reconstruction and recommended the Bombay Plan to Government. He said: "If the objectives of this Plan are achieved, the task of improving the workers' lot would be simplified ten-fold and then it will be easier for this country to go ahead in implementing the principle of 'social security' and 'freedom from want.'"

PROCUREMENT OF FOODGRAINS

A compulsory and graded levy on the yield, Government monopoly for the purchase of foodgrains, strict control over movement and distribution by the authorities in all rural, as in all urban, areas—these are

the measures the Government of Bombay propose to adopt shortly in accordance with their revised scheme of local procurement and distribution of foodgrains.

The Government have obtained a certain volume of stocks as a result of their policy of purchase of *kharif* grains; but they must obtain immediately a substantial portion of the surplus of the *rabi* produce in order to effectively enforce price control. It has been decided that the produce to be obtained from cultivators at the *rabi* season should be on the basis of a compulsory grain contribution from all the more substantial cultivators. The contributions have been calculated on a moderate scale and can be easily made by all cultivators. The number liable to such contributions being comparatively small, they would, it is expected, be recoverable in a short time. With a view to ensuring that the quantities left over did not escape into the black market, Government will set up or nominate purchasing agencies at suitable centres all over the province. The assumption by Government of control over the larger portion of the marketable surplus also makes it necessary for them to undertake the distribution of foodgrains, especially to the non-producer classes in the province. It is proposed that authorized shops should be immediately established at suitable centres in all rural areas, and these shops will sell at fixed prices defined quantities of foodgrains to enumerated households within their area. In the first instance, only non-producer households will be served; later in the season households of the less substantial cultivators, who found to be in need of supplies, are also included in the scheme of distribution. The new measures proposed by Government, will be introduced with the least possible delay in the *rabi* talukas in the Sholapur, Bijapur and Ahmednagar districts. In other districts the purchases by Government, already proceeding, will be assimilated as far as possible to the standards of the levy applicable under the scheme. Government also propose to extend the scheme to all talukas in the province for next year's crop, that is, from *kharif* 1944.

In framing the new scheme, Government feel that the larger producer must be made to sell a fair share of his produce, and that a compulsory and graded levy is, therefore, necessary. Further, to avoid the black market, the producer must sell to Government whatever he wishes to sell out of his remaining stock. Therefore there must be a complete monopoly of purchase by Government or Government-controlled agencies, coupled with a guarantee that Government would buy at fixed prices any foodgrains offered to them at any time of the year. The new scheme provides for sales to individuals of very small quantities for consumption within a village. Grains will be brought into deficit areas under Government control and will be taken out under Government control. All towns not so far rationed will now be rationed, the smaller ones under a simplified scheme which Government have prepared. Distribution will also be extended to all rural areas and a chain of Government or Government-controlled shops will be opened in every taluka, perhaps ten or 15 in each taluka.

According to the new scheme, the bigger the holder, the larger the margin drawn from him. It will be an impracticable task to estimate individual yields, and the levy therefore will be graded in relations to assessment. All assessment at or below the figure corresponding to an outturn of 27.5 maunds will be exempted altogether from the levy. On higher assessments, the levy will be a percentage increasing with the assessment.

AGRICULTURAL POLICY

Explaining the policy of the Government of India on agriculture, in the Central Assembly last week, Mr. Tyson, Secretary, Department of Health, Education and Lands, said that whenever a provincial Government or State put forth a promising method to increase the agricultural production and asked for assistance, the Government of India always accepted the scheme and extended assistance. Referring to the diversion of land under short staple cotton to foodgrains, he said that in order to encourage and help the diversion, the Government of India had given a subsidy of rupees two per acre of land so diverted. Though he could not give the actual figures, he believed that most of the Rs. 28,00,000 spent from the cotton funds for subsidy must have been spent for such diversion. In C.P. 600,000 acres under short staple cotton had been diverted to foodgrain cultivation. Government were also helping agriculturists by supplying the provinces with grain seeds and manures at concessional rates.

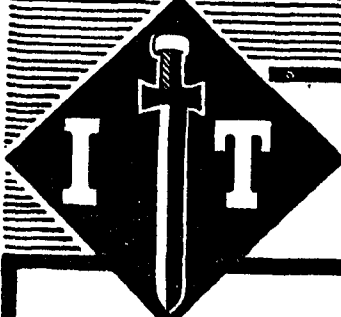
The Government of India during their grow-more-food campaign had accepted liabilities in 1943-44 of Rs. 83,00,000 in the form of subsidies and Rs. 1,65,00,000 in the form of loans. During the coming year, Government had accepted commitments to the extent of Rs. 65,00,000 in subsidies and Rs. 75,00,000 in loans. These sums represented only a part of the help given to agriculturists, as the provinces bore part of the subsidies—sometimes 50 per cent. and sometimes 75 per cent. of the expenditure. The provincial Governments had also schemes of their own for which the Central Government did not contribute anything. The normal acreage under short staple cotton of 18.5 million had, as a result of the campaign, been reduced to 8.8 million, and over 4,500,000 acres had been brought under food cultivation. Government had granted various sums of money to Bihar, U.P., Bombay and Madras for schemes like digging of tanks and wells or damming.

CHEAP POWER FOR IRRIGATION

The Government of Bombay have decided to undertake a scheme for the development of electricity in order to ensure cheap supply of power for irrigation, industries and lighting in the rural areas in the province during the post-war period. It is understood that Mr P. B. Advani, who was until recently Director of Industries, Bombay Province, has been appointed Officer on Special Duty in the Public Works Department to examine the project in detail and prepare the scheme. The scheme will, it is believed, take the form of the Grid System which has proved highly successful in the United Kingdom. It is proposed to have a network of generating stations built in centrally situated areas in each division in the province in order to ensure the generation of power by turbine system and its distribution at a very cheap rate. The Grid System is believed to be an alternative to the hydro-electric schemes which are likely to be costly and cannot be located at convenient centres.

In England, the scheme is administered by the Central Electricity Board which is responsible for the erection of generating stations and distribution and regulation of supply of electricity. It is learnt that the Government of Bombay propose to have similar legislation for the province.

It may be mentioned that the question of electric development has been engaging the attention of the Government of Bombay since 1938. The then Minister for P.W.D. had informed the legislature that "the policy of the Government is to combine irrigation with hydro-electric schemes and to utilize the present dams and waterfalls for this purpose." This was followed by the appointment of a Committee of two officials to examine the problem and the introduction of the Grid System is believed to be a sequel to the recommendations made by them.



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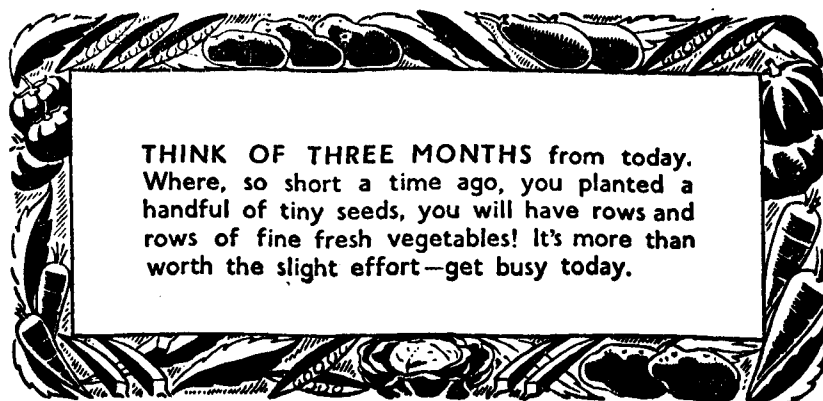


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for information to:-

The Provincial Organiser, NATIONAL WAR FRONT, 25, Rajpur Road, Delhi.	Or	The Provincial Organiser, NATIONAL WAR FRONT, Ajmer-Merwara, Ajmer.
The Department of Agriculture, Punjab, LAHORE.		



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AAA-547

AGRICULTURE

European Agriculture

The problem of feeding Europe after the war will be more than a matter of immediate relief shipments, urgent as these will be. European agriculture will face even more serious difficulties than it did after the last war, when it took seven years to get back to the pre-war level of food production. The agricultural position of the continent is weaker now, after four years of war, than it was in 1918. These conclusions are based on a study of the decline and recovery of agricultural production in continental Europe during and after the last war, with special reference to the application of the lessons of that experience to the future, now being made by the Economic Financial and Transit Department of the League of Nations at Princeton, New Jersey. European farms produced about a third less food in 1918 than their average for 1909-13, the study shows, and it seems likely that final 1942, figures will show only about the same decline from pre-war levels. Several new factors, however, make this current loss in food production more serious in its effects upon the population and in its significance for the post-war situation than the corresponding decline during World War I. The fact that the whole continent has been subject to a tight blockade and that behind the blockade there has been an extremely uneven distribution of the food supplies means that large portions of the population have been more under-nourished than last time. As a whole, moreover, supplies of cereals and potatoes for human consumption have been maintained at the cost of a reduction in livestock (especially cattle) and so of supplies of meat and milk, a loss which it will take considerable time and capital to replace.

The outstanding cause of the decline in agricultural production during both wars, the available figures indicate, was the shortage of man-power, but the slow pace of recovery after 1918, says the report, was undoubtedly due to "the marked deterioration of the whole industrial apparatus, including land, equipment, livestock and perhaps even man-power, which had taken place in neutral as well as belligerent countries under the strain of war. Actual devastation through military operations was not a major factor." Instances are cited which reflect the loss in efficiency of agricultural labour following the 1914-18 war. "Hungary increased her agricultural population but recovered production very slowly. The same is almost certainly true of Roumania Within France the industrial north suffered a greater decline in agricultural labour than the rest of the country" but "in the south, where the number of agriculturists increased, production diminished." With the widespread locution as well as under-nourishment of populations which has occurred during the present war, it seems necessary to anticipate an even greater loss in efficiency as well as numbers of farmers and farm workers.

An analysis of the decline in the yield of agricultural land, as distinguished from the amount of land under cultivation, during the last war shows the effects of a shortage of fertilizers as well as man-power, of horses, tools, and machinery. Concerning the future, the study concludes: "The task of alleviating the fertilizer shortage of Europe may not prove very difficult, at any rate as regards synthetic fertilizers, since there will be no lack of industrial capacity. . . . But the import requirements of natural phosphates, the only important fertilizer raw material that nature does not

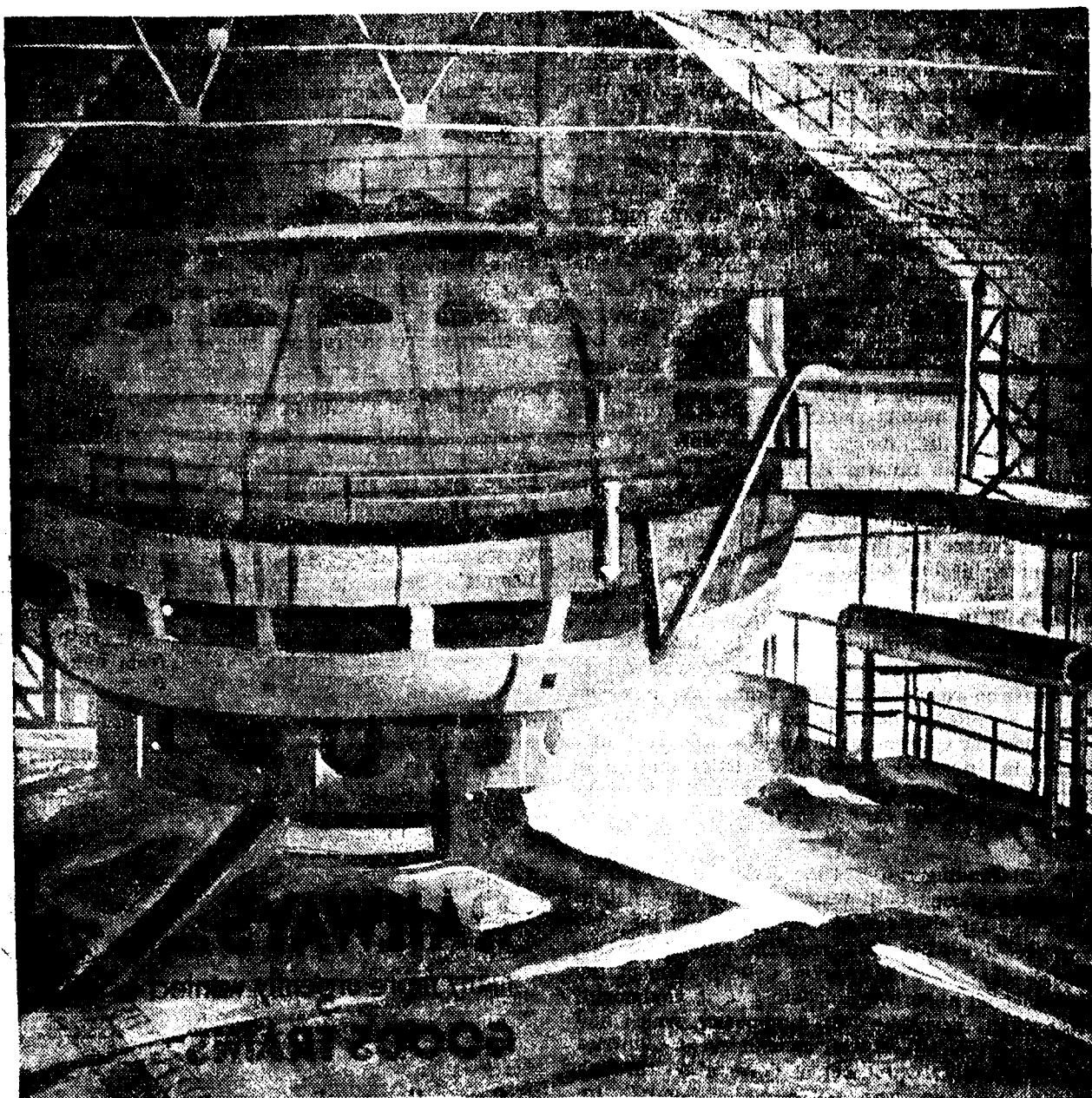
provide in sufficient amount on the Continent, will have to be met, and time is always required before exhausted land can be brought back to full fertility. For the replacement of agricultural equipment destroyed, worn out or rendered obsolete, the engineering industries expanded during the war will, it may be assumed, prove adequate. The problems here is likely to prove to be one of purchasing power rather than of productive capacity. . . . The livestock problem, which was perhaps the least difficult that presented itself last time, is likely to prove the most serious of those facing European agriculture after the present war, and it therefore deserves particular attention in any comprehensive reconstruction programme."

That "soil exhaustion, lack of labour and lack of capital to make good wear and tear or to finance the purchase of fertilizers and seed, retarded recovery more than the entrenchment of armies and the havoc wrought by war" is a point emphasized throughout the study. Like a previous inquiry into relief deliveries and relief loans after the last war by the League's Economic Department, it underlines the necessity of a "collective effort to face the problem of reconstruction" in Europe after the war, rather than simply to provide temporary relief from hunger.

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COMMODITY MARKETS

(From Our Correspondents)

MADRAS, March 3.

The groundnuts market remained firm throughout the period under report. Firms were good buyers but sellers were scarce, most sellers unwilling to sell at any price. It is reported that stocks in the upcountry are still large and as the stock is held in shell form may be held for long periods. According to market estimates, 40 per cent. of the crop is yet to be marketed. A rumour is current in the market that the Government might take steps to get out the stocks from the hoards by enforcing the anti-hoarding provisions of the law, but confirmation is lacking. The oil market was steady and showed a slight rise in the rates. There was good demand from Bengal. In view of the fact that the Government is interested in procuring groundnut-oil-cake for manure purposes to be distributed to the ryots in furtherance of the "Grow More Food" campaign, a conference was held recently to consider the question of fixing the price of oil cake. It is now stated that the Government may fix ex-mill ceiling prices for cake.

Skins and Hides

Trade has come to a standstill in the skins and hides market due to the uncertainties caused by the discussions now going on between the representatives of the trade in the Presidency and the representatives of the British Ministry of Supply. There has been no business even to test prices. There have been no exports during the period. The market was still short of supplies in kips. In the course of the discussions now being carried on an indication seems to have been given that there was to be a change in the schedule of prices and immediately the raw market jumped up by 40 points to Rs. 95 per unit but has eased again to Rs. 80 due to the inconclusive nature of the talks.

BOMBAY, Feb. 4.

In the Bombay piecegoods market, business was resumed this week with a definitely weak tendency. In view of the small clearances early in the week, prices ruled from steady to slightly easier particularly in "standard cloth." The fixation of ceiling rates on a lower basis further affected the market. Leopard cloths in all widths which in the early part of the week were offered at Rs. 2-0-6 to Rs. 2-1-0 a lb. came down to nearly Rs. 1-14-0 a lb.

Seeds

No business in groundnut was reported done with the Ministry in view of their unwillingness to pay higher prices. In the Bombay market, business in Khandesh quality for March-April was done between Rs. 16-1 (lowest) and Rs. 16-7 (highest) and for April-May between Rs. 16-1 and Rs. 16-6 but later on there was a sudden fall in the price when there were sellers at Rs. 16-1. Business in Bold for March-April was done between Rs. 15-6 and Rs. 15-8 and at the same rates for April-May, while some little business was done in Madras-Mormugao for March-April at Rs. 16-6.

In the castorseed market business for March-April was done between Rs. 15-14 and Rs. 16-1, while business for Naviakhi delivery was done at Rs. 15-11.

Oil Quotations

Groundnut oil ready Rs. 9/2 per qr., Groundnut oil March Rs. 9/2 per qr., Coconut oil Rs. 10/6 per qr., Linseed oil Rs. 8/8 per qr. and Castor oil Rs. 9/8 per qr.

Cotton

As it happens at this time of the season, the movement of cotton upcountry has brought about hedge selling which brought down the quotation for I.C.C. March to Rs. 452. In the spot market also, there is no active demand, but it is expected that the Broach and Surat line cottons having declined substan-

tially, the mills will come in to buy. There was some inquiry from Liverpool and business has resulted mostly in Karachi styles. In the foreign section, there is nothing to report.

The February estimate for the current Indian crop has now been published. The forecast shows an increase in the crop by about 10 per cent. as compared with last year. The table below shows the present estimates of area and yield classified according to the recognized trade descriptions:

Trade descriptions	Area (In acres)	Yield (in bales of 400 lbs. nett)
Bengals ..	1,829,000	624,000
Americans ..	3,543,000	1,509,000
Oomras ..	5,175,000	1,014,000
Broach ..	669,000	194,000
Surti ..	482,000	126,000
Dholleras ..	1,382,000	284,000
Others ..	6,181,000	1,183,000
	19,261,000	4,934,000

Grains

HAPUR, March 6.

The prices were well maintained owing to good buying activity and small arrivals. According to an order, the U.P. Government have fixed the wheat prices at 4½ seers per rupee at Agra, Meerut, Saharanpur, Moradabad and Jhansi, and 4 seers per rupee at Cawnpore, Lucknow, Allahabad, Bareilly, Shahjehanpur and Gorakhpur. Rice prices have been fixed at 2¾ seers for the whole province. It is expected that the wholesale prices for the next rabi harvest will be fixed by the end of this month.

Gur

The Gur prices were firm following encouraging demand from mofussil centres and possibilities of availability of railway wagons. Arrivals have begun to increase again, the daily average being 3,000 maunds.

Pulses

Urad and Moong displayed an upward sentiment due to huge purchases by Kutch traders and bullishness in grain market as a result of which prices have improved closing finally at higher levels. The Kutch manipulators have bought Moong of forward delivery in a good quantity and as a result the straddle between the near and distant contracts has narrowed down to five annas only. The Arhar market from firmness in the initial period touching the highest at Rs. 8-3-0, declined towards the week-end on favourable weather reports, bearish statistical position and reports to the effect that the Government have stopped issuing permits to the traders. During the last ten days only three wagons of Arhar pulses were exported from here. Urad Baisakh opened at Rs. 9-15-½ and closed at Rs. 10-3-1½, touching the highest and the lowest at Rs. 10-3-4½ and Rs. 9-14-0, respectively.

Juwar

Prices of Fagun delivery continue to be firm and active due to fears of cornering and shortage of stocks.

The following are the latest quotations:—

Wheat: Ready Rs. 12-8-9, gram Rs. 8-14-6 and barley Rs. 7-4-3.

Peas: Rs. 6-10-6, Arhar Rs. 7-12, Urad Rs. 9-12, and Moong Rs. 8-6-0.

Jowar: Rs. 6-10-6; maize Rs. 8-6-6, bajra Rs. 6-15-9 and gur Rs. 5-14.

CURRENT STATISTICS

BANK OF ENGLAND

	Mar. 1, 1944	Feb. 23, 1944	Mar. 3, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion ..	1,040	1,121	1,090	263,700
Public Deposits ..	10,400	8,900	6,900	31,100
Other Deposits ..	243,100	254,000	222,600	129,100
Of which Bank- er's Deposits ..	179,900	200,300	164,900	90,100
Govt. securities ..	222,200	240,400	186,600	113,100
Other securities ..	25,300	14,800	27,600	31,000
Of which dis- counts and ad- vances ..	9,300	2,100	4,600	6,400
Notes and coins ..	14,700	23,700	28,600	34,200
Notes in circulation	1,086,300	1,077,500	922,500	529,500
Ratio of Reserve to Liabilities ..	5.80%	8.98%	12.47%	21.38%

U.S. FEDERAL RESERVE BOARD

	Feb. 24, 1944	Feb. 17, 1944	Feb. 25, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves ..	19,911,000	19,986,000	20,859,000	14,600,810
Total Bill dis- counted ..	46,000	32,000	11,000	6,190
Bills bought in open market ..	..	..	..	550
Total U.S. Govern- ment securities ..	11,816,000	11,394,000	5,913,000	2,246,190
Federal Reserve Notes in actual circulation ..	17,186,000	17,114,000	12,511,000	4,609,280
Deposits — Member Bank Reserve Account ..	12,109,000	12,244,000	12,917,000	10,951,000
Ratio of total Re- serve to Deposit and Federal Re- serve Note-liabi- lities combined ..	62.42%	63.10%	86.9%	77.7%

RESERVE BANK OF INDIA

Weekly statement of account as on February 25, 1944.

	Rs.	Rs.
LIABILITIES		
Notes held in the Banking Department ..	12,54,13,000	
Notes in circulation ..	897,49,69,000	
Total Notes Issued ..		880,03,82,000
Total Liabilities ..		880,03,82,000
ASSETS		
A. Gold Coin and Bullion:—		
(a) Held in India ..	44,41,43,000	
(b) Held outside India ..	763,83,96,000	
Sterling Securities ..		808,25,39,000
Total of A ..		13,45,70,000
B. Rupee Coin ..		58,32,73,000
Government of India ..		
Rupee Securities ..		
Internal Bills of Exchange and other commercial Paper ..		
Total Assets ..		880,03,82,000

Ratio of Total of A to Liabilities: 91.843 per cent.

BANKING DEPARTMENT

	Rs.	Rs.
LIABILITIES		
Capital paid-up ..	..	5,00,00,000
Reserve Fund ..	..	5,00,00,000
Deposits:—		
(a) Government		
(1) Central Government of India ..	56,46,67,000	
(2) Government of Burma ..	32,30,000	
(3) Other Government Accounts ..	13,89,36,000	
(b) Banks ..	58,10,06,000	
(c) Others ..	9,34,68,000	
Bills payable ..	4,01,13,000	
Other liabilities ..	10,37,35,000	
Rupees ..		162,71,55,000

ASSETS

	Rs.
Notes	12,54,13,000
Rupee Coin ..	28,30,000
Subsidiary Coin ..	1,46,000
Bills Purchased and Discounted:—	
(a) Internal ..	..
(b) External ..	..
(c) Government Treasury Bills ..	2,99,50,000
Balances held abroad* ..	134,77,59,000
Loans and Advances to Governments ..	30,00,000
Other Loans and Advances ..	..
Investments ..	8,50,16,000
Other Assets ..	3,30,41,000
Rupees ..	162,71,55,000

* Includes Cash and Short term Securities.

ISSUE DEPT. COMPARATIVE STATEMENT

	Feb. 25, 1944	Feb. 18, 1944	Feb. 26, 1943	Sept. 1, 1939
Held in the Bank- ing Dept. ..	12,54,13	10,68,69	11,87,30	35,04,49
In Circulation ..	897,49,69	889,11,46	614,35,68	182,13,17
Total Notes ..	880,03,82	879,80,15	626,22,98	217,17,66
A. Gold Coin and bullion ..	44,41,43	44,41,43	44,41,43	44,41,46
Sterling securities ..	763,83,96	763,83,96	385,73,17	59,50,11
Total of A ..	808,25,39	808,25,39	430,14,60	103,91,57
B. Silver Coin ..	13,45,70	13,22,03	13,61,89	75,87,11
Rupee securities ..	58,32,73	58,32,73	182,46,49	37,36,96
Silver bullion under Coinage ..	..	..	..	..
Percentage of Re- serve to Liabi- lities ..	91.843	91.868	68.688	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

	Feb. 25, 1944	Feb. 18, 1944	Feb. 26, 1943	Sept. 1, 1939
Cash	12,83,89	10,95,39	12,03,78	35,15,27
Balances held abroad ..	134,77,59	126,36,57	91,31,87	10,08,33
Investments ..	8,50,16	8,21,40	6,50,61	6,81,34
Bills discounted:—				
(a) Internal ..	..	..	..	..
(b) External ..	..	..	..	..
(c) Govt. of In- dia Treasury Bills ..	2,99,50	3,69,45	1,02,59	1,15,67
Loans and Advances to the Govern- ment ..	30,00	43,00	1,00	31,00
Deposits:—				
(a) Govt. ..	70,68,33	54,04,86	40,56,02	14,69,43
(b) Banks ..	58,10,06	59,72,52	50,52,03	26,91,43
(c) Others ..	9,34,68	15,87,85	3,64,63	1,24,37

STERLING PURCHASES

	Total Amount Purchased.	Average rate.
1943-44:—		
February ..	11,070	1sh. 6d.
March ..	17,779	1sh. 6d.
April ..	9,219	1sh. 6d.
May ..	8,721	1sh. 6d.
June ..	6,336	1sh. 6d.
July ..	7,006	1sh. 6d.
August ..	8,546	1sh. 6d.
September ..	8,371	1sh. 6d.
October ..	8,947	1sh. 6d.
November ..	7,476	1sh. 6d.
December ..	9,973	1sh. 6d.
January ..	1sh. 6d.	11.130

IMPERIAL BANK

Weekly Statement of Affairs as on February 25, 1944.
(000's omitted)

	Feb. 25, 1944	Feb. 18, 1944	Feb. 26, 1943	Sept. 1, 1939
Fixed deposits, sav- ings bank, cur- rent and other accounts ..	212,83,31	215,25,24	172,98,89	87,26,24
Govt. securities ..	145,26,30	144,99,08	121,89,99	51,02,78
Other invest- ments ..	2,90,68	2,93,98	1,34,21	86,27
Loans ..	13,42,26	13,32,82	9,52,69	7,66,38
Cash credits and overdrafts ..	30,61,37	28,54,47	18,88,03	19,76,06
Bills discounted ..	4,65,17	6,04,19	2,52,76	2,94,74
Cash in hand and with the Reserve Bank and with other banks ..	25,66,81	29,09,96	28,56,02	14,68,87

SCHEDULED BANKS

(Comparative Statement)

	25-2-44	18-2-44	26-2-54	1-9-39
Demand Liabilities in India ..	516,31,14	514,78,04	363,85,83	134,36,49
Time Liabilities in India ..	168,83,70	169,28,74	119,65,11	102,24,34
Cash in India ..	24,15,68	24,36,96	14,47,82	6,69,92
Balances with Re- serve Bank ..	57,08,53	58,98,95	49,82,37	25,17,19
Advances in India ..	192,39,76	190,48,36	115,22,53	101,52,16
Bills discounted in India ..	8,51,26	8,33,88	3,17,80	3,57,29

TENDERS FOR TREASURY BILLS

(In thousands of rupees)

Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter- mediate of Issue Dept.	Sold in favour
Dec. 7	13,73,75	6,00,00	0 12 3	..	1,40,50
.. 14	14,02,50	6,00,00	0 11 11	..	1,34,00
.. 21	14,26,25	6,00,00	0 11 0	..	1,79,50
Jan. 4, '44	10,77,75	6,00,00	0 9 6	..	5,06,25
.. 11	8,55,50	6,00,00	0 8 7	..	5,94,00
.. 18	12,11,25	8,00,00	0 8 8	..	3,94,00
.. 25	10,76,75	8,00,00	0 10 4	..	1,10,00

SUPPLY OF MONEY, IN THE SECOND QUARTER OF 1943

Base: 1932=100

	Note Circulation	Sight Deposits		Note Circulation	Sight Deposits
Hungary ..	228	105 (Feb.)	Portugal ..	121	255 (Mar.)
India ..	222	169 (Mar.)	Germany ..	118	..
France ..	182	100 (Mar.)	Chile ..	111 (Mar.)	49 (Feb.)
Turkey ..	160	52 (Dec. '42)	Un. of S. Africa ..	108	113 (Feb.)
Belgium ..	159	136 (Mar.)	Venezuela ..	100	80 (Feb.)
Canada ..	154	124	United Kingdom ..	94	74
Mexico ..	145	162 (Jan.)	Denmark ..	76	96
Australia ..	143	85	Japan ..	75	73 (Mar.)
United States ..	136	74	New Zealand ..	68	104
Peru ..	130	131	Argentina ..	38	78
Finland ..	125	229	Sweden ..	36	38
Netherlands ..	125	84	Switzerland ..	29	17

Feb. 1	11,71,00	8,00,00	..	1,00,00
.. 8	13,34,00	8,00,00	0 12 0	1,87,00
.. 15	14,74,00	8,00,00	0 12 6	1,75,00
.. 23	10,46,50	89,50	0 12 11	3,37,00
Mar. 3	7,79,25	5,05,25	0 12 11	1,45,00

MATURITY OF OUTSTANDING TREASURY BILLS

Date	Amount	Date	Amount
20th February ..	5,075	24th ..	60,000
26th ..	60,000	6th April ..	60,000
2nd March ..	100	14th ..	57,900
3rd ..	59,975	15th ..	2,100
8th ..	3,350	21st ..	74,725
10th ..	51,975	22nd ..	5,275
11th ..	4,475	27th ..	925
17th ..	59,900	28th ..	78,275
18th ..	25	..	800

SUGAR POSITION

(1943-44)

(Figures in Tons)

Producing Area.	Production upto 15-2-44.	Despatches during the period 8-2-44 to 15-2-44.	Progressive total of despatches upto 15-2-44.	Percentage of pro- gressive despatches to production.	Physical stock as on 15-2-44.
U. P. ..	77,617	15,889	91,500	25.4	2,86,117
Bihar ..	1,34,315	5,905	34,706	25.8	99,809
Bombay ..	32,497	1,398	10,005	30.8	22,492
Madras ..	16,389	1,026	4,741	28.9	11,648
Punjab ..	5,264	578	1,798	34.2	3,466
Bengal ..	6,265	135	688	10.7	5,597
N.-W.F.P. ..	2,960	333	1,310	44.3	1,650
Orissa ..	1,108	74	83	7.5	1,025
Indian States ..	67,497	2,115	20,826	30.9	46,671
Total ..	6,43,912	27,453	1,65,637	25.8	4,76,275
N.B.—Balance physical stock of 1941-42 and 1942-43 sugar as on 15-2-44 was 9,886 tons.					

AVERAGE YIELD ON GOVERNMENT SECURITIES

Month	2½ P.C. Bonds, 1943-52*		4 P.C. Loan, 1960-70†		3½ P.C. Paper	
	Price	Yield	Price	Yield	Price	Yield
	Rs. a.	%	Rs. a.	%	Rs. a.	%
1942-43						
April	93 0	3.58	103 2	3.76	88 7	3.96
May	94 8	3.40	104 7	3.67	90(12)	3.86
June	96 12	3.13	106 6	3.53	91 5	3.84
July	96 7	2.93	108 0	3.40	92 10	3.78
August	98 13	2.89	108 15	3.34	92 15	3.76
September	98 15	2.88	109 6	3.30	93 13	3.73
October	98 15	2.88	110 1	3.26	94 0	3.72
November	98 15	2.88	110 2	3.25	94 0	3.72
December	99 1	2.86	110 5	3.23	93 15	3.73
January	99 1	2.86	110 5	3.22	94 0	3.72
February	99 2	2.86	110 7	3.22	94 0	3.72
March	99 2	2.86	110 7	3.22	94 0	3.72

1943-44						
April	99 2	2.86	110 7	3.22	94 0	3.72
May	99 2	2.26	110 7	3.21	94 0	3.72
June	99 4	2.84	110 7	3.21	94 0	3.72
July	99 6	2.83	110 12	3.18	95 4	3.68
August	99 9	2.81	111 3	3.15	96 10	3.62
September	99 9	2.81	111 4	3.14	97 1	3.61
October	99 11	2.79	111 11	3.11	97 7	3.5
November	99 12	2.78	111 14	3.09	97 5	3.60
December	99 12	2.78	112 0	3.08	97 9	3.59
January	99 13	2.78	112 8	3.04	98 14	3.54

* Yield to redemption.

† The earlier or later date is taken according as the price is above or below par.

INDUSTRIAL DISPUTES

	No. of stoppages.	Stoppages in which wages were the cause.	Workers involved.	Man-days lost.	Successful.	Partially successful.	Unsuccessful.	In progress.
Total for 1942	694	359	7,72,653	57,79,965	117	169	378	17 13
Dec. 1942	70	32	91,625	2,87,849	16	14	23	4 13
Jan. 1943	103	51	1,00,271	4,41,813	14	45	37	7
Feb. 1943	60	35	46,520	1,91,410	7	20	24	1 8
March 1943	61	41	48,553	1,19,161	6	20	18	1 15
April 1943	98	74	17,180	80,781	8	41	28	5 16
May 1943	84	65	20,575	97,953	3	7	18	6 50
June 1943	46	22	32,238	1,12,531	7	13	19	2 5
July 1943	40	20	19,103	73,066	6	14	9	3 8
Aug. 1943	29	13	11,886	36,426	5	4	5	12 3
Sept. 1943	25	12	6,754	15,621	5	8	6	3 3
Oct. 1943	28	12	12,416	19,419	9	5	9	1 4
Nov. 1943	35	22	18,854	49,374	13	11	3	6 2
Dec. 1943	30	19	29,586	1,04,406	2	8	12	5 3

COST OF LIVING IN JULY 1943

Base: January/June 1939=100

Bolivia	311	Norway	150
Iceland	245	Mexico	149
India	195	Switzerland	146
Finland	186	Newfoundland	146
Chile	184	Sweden	143
Spain	166	Japan	136
Denmark	157	U.K.	130
Hungary	156	South Africa	125
Portugal	153	U. S. A.	125
Canada	118	Australia	123
Colombia	116	Germany	111
Uruguay	114	China (Chungking)	2250

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939.*

(Base: August 1939=100)

	Bombay	Ahmedabad	Sholapur	Cawnpore	Nagpur	Jubbulpore	Lahore	Madras
1939-40	108	111	130	193	111	108	130	237
1940-41	107	113	129	195	108	108	129	226
1941-42	106	108	128	226	108	105	127	207
1942-43	108	105	132	201	114	110	145	225
1943-44	111	111	138	212	112	119	148	228
1944-45	109	113	143	204	109	113	143	204
1945-46	107	110	117	173	107	110	117	173
1946-47	105	113	131	214	107	111	136	256
1947-48	105	112	141	271	108	107	142	234
1948-49	106	116	145	244	110	114	152	289
1949-50	104	111	149	252	108	114	175	336
1950-51	109	116	160	361	116	126	178	317
1951-52	100	109	162	275	109	111	131	183
1952-53	109	125	180	227	107	126	168	293
1953-54	104	118	158	266	112	130	203	339
1954-55	111	125	183	334	117	131	202	319
1955-56	124	138	202	301	108	125	183	296
1956-57	111	117	149	164	108	113	155	198
1957-58	108	119	164	236	100	126	166	329
1958-59	103	123	177	288	112	134	206	349
1959-60	117	125	184	273	124	138	202	301
1960-61	111	133	186	326	111	117	115	198
1961-62	118	120	170	236	111	129	183	273
1962-63	108	136	204	318	104	136	201	284
1963-64	111	151	224	314	113	136	200	284
1964-65	119	133	231	328	115	143	252	307
1965-66	112	123	161	193				

Nagpur and Jubbulpore do not include housing.

(a) Figures from June onwards relate to the calendar month and not to the month ended 15th June as before.

(b) Fall in index is due to the taking into account controlled cereal prices instead of market prices.

(c) Revised figure.

† Indian Labour Gazette.

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Grade & Quality	Market	Unit	This Week Rs. a.p.	Last Week Rs. a.p.	A Year ago Rs. a.p.	Pre-war (1939) Rs. a.p.
Rice (not in husk)	New Crop	Calcutta	per md.	17 12 0	17 12 0	15 0 0	4 14 0
Wheat	Basmati Sela	Amritsar		8 0 5	8 0 5	5 15 0	..
	Average quality	Karachi		11 13 9	11 13 9	..	5 15 0
		Hapur		10 4 0	10 4 0	5 1 0	2 5 0
		Lyallpur		15 5 6	15 5 6	14 8 6	9 15 0
Sugar	Marhowrah Cry-	Cawnpore		8 8 0	8 8 0	..	..
Sugar raw	tal No. 1			..	..	1 1 10	0 4 0
(Gur)	Chikna best			..	..	..	..
Tea	quality	Calcutta		..	..	..	..
	For home market			..	..	..	..
Potatoes	Desi	Cawnpore		5 8 0	5 8 0	..	..
Groundnuts	Bold	Bombay	per md.	11 6 0	..	..	..
Groundnut Oil	Expeller	Madras	per 500 lbs.	175 0 0	175 0 0	..	..
Jastor Oil	Average	Madras	per 500 lbs.	208 0 0	208 0 0	172 0 0	..
Jastorseeds	Average	Bombay	per cwt.	15 8 0	15 7 6	18 0 0	7 2 6
Linseed	Bold		per cwt.	11 8 0	11 8 0	13 8 0	6 12 6
Mustard	Toria 9% admix-	Karachi	per 656 lbs.	100 0 0	100 0 0	77 12 0	26 12 0
Cotton (raw)	Fine M.G. 4-F		per 784 lbs.	505 0 0	512 0 0	..	..
	(Punjab) R.G.			..	..	..	..
	*Jarilla ¾"	Bombay	per candy	442 8 0	455 0 0	..	..
Jute	Raw Firsts	Calcutta	per 400 lbs.	80 0 0	80 0 0	72 0 0	41 0 0
Jute Bags	B. Twills 2¼ lbs.		per 100 bags.	67 4 0	67 4 0	61 4 0	28 13 0
Wool (raw)	Kandhar (clean-	Karachi	per md.	60 0 0	60 0 0	50 0 0	32 0 0
	ed)			..	..	..	..
Cow hides	Best quality	Calcutta	per 20 lbs.	10 8 0	10 6 0	10 8 0	10 8 0
	(Agras)			..	..	..	..
Goat skins	Best quality		per 100 pieces.	150 0 0	150 0 0	145 0 0	115 0 0
Tanned Hides	Best quality	Madras	per lb.	1 6 0	1 6 7	1 4 0	0 12 0
	(cow)			..	..	..	..
" Skin	Best quality			2 10 6	2 10 6	2 2 0	1 12 0
Shellac	(goat)	Calcutta	per B. md.	71 0 0	71 0 0	64 0 0	14 0 0
Kerosene oil	T. N.		per 4 gins. in tin.	5 4 3	5 4 3	5 5 3	3 13 3
	Superior			..	..	..	..
Coal	Selected Jharla		per ton into wagon	12 8 0	12 8 0	7 8 0	4 12 0
	(best)			..	..	..	..
Pig Iron	Foundry No. 1		per ton f.o.r.	104 0 0	104 0 0	94 0 0	89 0 0
Copra	Fair average	Coch'n	per 684 lbs.	190 0 0	190 0 0	180 0 0	..

* March 1944

RURAL RETAIL PRICE INDEX NUMBERS DURING THE MONTHS OCTOBER TO DECEMBER 1943

Base: January 1943=100

	Cereals			Pulses			Other articles of food			All articles of food			Fuel and			Clothing			Miscellaneous		
Name of Centre	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.
EASTERN ZONE																					
1. Bamra	146	133	..	191	195	..	140	160	..	155	161	..	132	129	..	136	151	..	133	136	..
2. Malbani	235	230	168*	164	164	194*	164	165	164*	169	170	164*	114	133	132*	143	143	143*	183	195	195*
3. Rajapur	434	180a	181	228	213	233g	173	207e	232e	195	204	225	131	139	147	124	118	119	184	200	204
4. Shankargarh	169	160	150	174	170	168	110	115	115	141	140	136	87h	87h	87h	97	92	90	116	118	116
5. Sonali	283	246	165d	182	181	157d	207	218	223	216	216	206	105	105	105	b	b	b	135	133	132
NORTHERN ZONE																					
6. Multapi	131	136	100d	119	118	90d	131	133	129	122	129	115	111c	111c	111	92	99	101	211	211	211
7. Nana	110	124	128	117	127	131	106	113	113	108	117	119	128	134	129	124	126	121	141	155	154
8. Salamatpur	157c	148c	152	119	119	115	104	107	107	115c	117v	116	95c	96c	96	155c	156c	158	175	175c	169
9. Shujabad	142	142	140	120	118	114	121	115	114	128	123	122	116c	117c	116	128	128	126	149	155	153
10. Gujar Khan	148	149	148	150	159	148	113	114	120	127	129	130	120c	123	127	113	118	111	112	111	113
SOUTHERN ZONE																					
11. Krishna	163	157	160	103	103	102	120	123	123	127	128	128	104c	118c	113	87	87	89	114	112	113
12. Lakh	142c	127c	118	153	155	1221	117	117	121	128c	125	121	123	123	123	91	101c	107	129	129	122
13. Malur	144	144	139	144	152	149	127	129	132	133	137	136	88	88	88	108	107	105	167	172	173
14. Muniguda	143	125	125	131	121	126	109	108	116	117	112	118	86	86	86	85	89	91	129	131	146
15. Kudohi	150	b	b	143	161	162	127	124	125	132	129	130	100c	108c	108	103c	104c	104	162	166	169

a The fall is due to fall in the price of rice.

b Price quotations are not available.

c Revised figures.

d Due to fall in the prices of all the items under the group.

e Due to an abnormal rise in the price of onions.

f Due to rise in the prices of bidis and tobacco.

g Due to rise in the prices of all the items included in the

h Due to control on price for kerosene oil.

i Due to fall in the prices of 'dal' gram and 'masur.'

* On the basis of four returns only.

STOCKS AND SHARES

This week.				Previous week.			
Rs. a. p.				Rs. a. p.			
BOMBAY (March 6)				CALCUTTA (March 6)			
GOVT. SECURITIES				JUTES—			
2½% (1948-52)	..	..	99 12 0	99 14 0	Alliance	..	465 0 0
3% (1946)	..	..	102 4 0	102 5 0	Barnagore	..	182 0 0
3% (1949-52)	..	..	103 12 0	103 13 0	Champdany	..	227 0 0
3% (1951-54)	..	..	100 4 0	100 4 0	Howrah	..	70 5 0
3% (1953-55)	..	..	100 4 0	99 13 0	Kamarhatti	..	584 0 0
3% (1963-65)	..	..	98 8 0	98 1 6	Presidency	..	7 2 0
3% (1960-68)	..	..	98 2 0	93 2 0	Kankanarah	..	7 2 0
3½% (1917-50)	..	..	103 4 0	103 6 0	Nuddea	..	510 0 0
3½% G.P. Notes	..	..	99 2 0	93 12 0	Goureport	..	122 8 0
4% (1960-70)	..	..	112 8 0	112 8 0	Auckland	..	392 0 0
4½% (1955-60)	..	..	115 12 0	115 8 0	STEEL & ENGINEERING—		
5% (1945-55)	..	..	105 4 0	105 5 0	Bhartia	..	18 5 0
TEXTILES				Indian Iron	..	35 12 0	..
Poddar	..	..	..	Marshall's	..	5 0 0	4 13 0
Ahmedabad	..	..	502 8 0	505 0 0	Kumardhubi	..	9 7 0
Bombay Dyeing	..	..	2,051 4 0	2,037 0 0	Steel Corporation	..	27 10 0
Central India	..	..	416 8 0	419 0 0	Jessop	..	23 10 0
Indian Bleaching	..	..	220 0 0	223 0 0	TEXTILES—		
Khinoor	..	..	689 0 0	711 0 0	Mulr	..	460 0 0
Century	..	..	975 0 0	1,035 0 0	Kesoram	..	..
Colaba Land	..	..	236 0 0	248 0 0	Cawnpore Textile	..	15 12 0
Phoenix	..	..	755 0 0	778 4 0	New Victoria Pref.	..	9 15 0
Simplex	..	..	252 8 0	230 0 0	Dunbar	..	292 0 0
Swadeshi	..	..	576 0 0	604 0 0	Egin	..	25 0 0
MISCELLANEOUS				COALS—			
B.I.C.	..	..	..	6 7 0	Bengal	..	585 0 0
Bombay Burma	..	..	410 0 0	410 0 0	Equitable	..	53 12 0
Alcock	..	..	697 8 0	635 0 0	West Jamuria	..	54 0 0
Belapur Sugar	..	..	237 0 0	235 0 0	North Damuda	..	10 8 0
Bombay Tramway	..	..	141 8 0	148 8 0	South Karanpura	..	13 12 0
Bombay Steam	..	..	655 0 0	637 8 0	Bhalgora	..	16 8 0
British Burma Petrol	..	..	3 2 0	3 2 0	East Indian	..	32 0 0
Andhra Valley	..	..	1,830 0 0	1,827 8 0	Burrakur	..	32 4 0
Shivrajpur	..	..	65 8 0	74 0 0	MISCELLANEOUS—		
Tata Oil	..	..	80 0 0	80 8 0	Consolidated Tin	..	2 2 0
Tata Chemical	..	..	32 4 0	32 4 0	Indian Copper	..	2 14 0
Tata Power	..	..	1,830 0 0	1,830 0 0	B. I. C.	..	6 8 0
Tata Hydro	..	..	193 0 0	108 8 0	I. G. N.	..	143 8 0
Tata Steel Ord.	..	..	410 8 0	414 0 0	Burma Corporation	..	3 14 0
Tata Steel Defd.	..	..	2,085 0 0	2,107 8 0	British Ceylon Corporation	..	19 4 0
Premier Construction	..	..	..	223 0 0	Titagarh Paper	..	23 8 0
Associated Cement	..	..	219 0 0	218 0 0	Dalmia Cement	..	18 13 0
Indian Iron	..	..	35 12 0	35 12 0	SUGAR—		
Indian Copper	..	..	2 12 6	2 13 0	Samastipore	..	22 0 0
Tata Steel 1st Pref.	..	..	220 0 0	220 0 0	Elsund	..	12 12 0
Tata Steel 2nd Pref.	..	..	159 0 0	157 8 0	Carew	..	30 3 0
Bombay Burma New	..	..	148 12 0	143 12 0	Champaran	..	33 0 0
BANKS—				..	..	14 12 0	..
Central	..	..	..	92 12 0	TEA—		
Imperial (Fully Paid)	..	..	1,975 0 0	1,330 0 0	Lobah	..	14 15 0
Imperial (Partly Paid)	..	..	515 0 0	513 12 0	Hansqua	..	16 6 0
Reserve	..	..	131 14 0	134 8 0	Eastern Cachar	..	14 0 0
India	..	..	..	229 0 0	Pussimbing	..	16 8 0
New India Insurance	..	..	88 8 0	86 4 0	Tukvar	..	20 10 0

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The Politics of Planning

THE Press conference which took place in New Delhi last week and at other meetings the distinguished authors of the non-official Plan were asked: What is the guarantee that over a period of fifteen years during which the plan is to be put through, the Government will not change and that successive governments will continue to execute the plan? If no such assurance can be given, will not planning result not merely in waste of time but in needless dislocation and disorganization of the economic life of the people of the country? Is success possible except under conditions of dictatorship or totalitarian economy? These questions were answered variously, and, in our opinion, satisfactorily. Speaking at the annual meeting of the Federation of Indian Chambers of Commerce and Industry, Mr. G. D. Birla said: "The success of the plan, first of all depends on a national government that can inspire confidence not only of the majority of the people but of almost all the important sections of the country. Then, such a government should be a *stable government with a continuity of policy*. (Italics ours.) The planning authority should be above party politics so as to be in a position to get the fullest co-operation of the people." Similar views were also expressed by other signatories of the Plan who pointed out that once the basic structure of the plan was accepted by the country differences would only be in the order of smalls and that its main feature would not be tossed

about by the changing fortunes of the parties in elections. Sir Purshotamdas summed up the position by saying that the planners believed in the common-sense of the people who would ensure that the integrity of the plan was not allowed to be sabotaged by any party government.

While, of course, the risk cannot be entirely overlooked, we agree with the planners that it is no use magnifying it. When governments change, everything does not change. Only marginal differences in the economic and political spheres will be the subject of party controversies. The acceptance of the fifteen-year plan by the country would imply a revolution in economic thinking. To escape from the morass of poverty we shall have to go through an agricultural and industrial revolution in a fraction of a lifetime. The Plan recognises this and if the country endorses it and decides to put it through every government will have to adjust itself to the climate of economic and political thinking in favour of the essentials of the plan. There will be differences in respect of allocations, priorities and distribution of materials, labour and capital. The sphere and intensity of economic controls may become the subject of party differences; some will be perhaps more socialistic and totalitarian than others. But these are not beyond settlement and reasonable adjustment. Provided the rate of economic development

to be planned for is agreed to, differences in methods, important as they are, can be reconciled and settled.

The political difficulties of economic planning are not of the kind indicated by the critics so far. They do not arise necessarily from the instability of any government with a particular label. The real issue is whether it is politically possible in our country to have a government which will be given the large power and authority required to put the plan through. From the point of view of planning nothing but a strong Central Government which will have a determining voice in the regulation of consumption and investment, and which will be able to impose various kinds of control will meet our needs. Any plan even if less ambitious does require a government at the Centre which will be able to co-ordinate, advise and in the last resort control the activities in the provinces and States. Taking even the partial and truncated plans put forward by the Government of India, e.g., their programme of road construction, it is clear that they involve a degree of central control and co-ordination which only a strong and powerful Centre will be able to enforce. We are then faced with the horns of a difficult dilemma. From the economic point of view the country needs, and we may add, desires a strong Central Government. Politically while the Congress and Hindu opinion may be in favour of a strong Centre, Muslim opinion can only be assuaged by a Federation which will limit the powers of the Centre to very narrow and limited aims and grant all essential powers including residuary authority to the provinces. What is, therefore, politically practicable may not be economically satisfying or adequate. The Fifteen-Year Plan or indeed any other plan cannot be put through unless all important opinions in the country not only accept its fundamentals but show an awareness of the implications and assumptions that condition its success. It may be that, faced with the desperately critical economic condition of the masses the leaders of Hindu and Muslim opinion may agree to vest the central governing organ with necessary authority and power to fulfil the economic programme. But it may also not be. In that case what should the planners do?

We believe that in that event genuine attempts should be made to reconcile the economic necessities with the political probabilities at a level at which the main programme may be put through under a decentralized system of production and distribution. The power to co-ordinate, advise and help must in any case be granted to the Centre; but the machinery of effective control will be a strong body at which representatives of provincial governments will have equal rights with those of the Central Government in reaching decisions. The aim should be to secure an agreed unitary policy centrally organized and applied with the consent of the provinces. Within the framework of the recommendations of this body the Supreme Economic Council will function. It is not possible to anticipate events too far ahead. But the main principle should be the right of the governments of the provinces to consultation and to arrive at decisions. A body like this will be in a position to arrange for regional developments taking full account of the resources in each region and its requirements. The objective should be to raise the poorly developed regions to a higher level that may be practicable in the circumstances. The problem of industrial location is not to be settled merely in terms of material resources or capital. It has to be answered in terms of human

labour and welfare. If regional development is set down as one of the major premises of the Plan, it may be possible to create among all sections of public opinion in the country a very large measure of agreement in respect of the central authority that is required for the success of the Plan. Again like the question of State *versus* private enterprise the authority of the Central Government *vis-a-vis* Provincial Governments should be decided from the point of view of practicability and not on a *priori* judgment. We shall have to reckon with provincial freedom and authority. If such recognition inevitably causes a slight decline in the rate of economic development, well, the country will have to reconcile itself to the inevitable. It is a choice between political contentment and economic welfare. We should try to seek the highest common measure between the two ends.

We have not touched upon the other possibility so much in public discussion in the last three years, *viz.*, the political fragmentation of India into two or three sovereign States with practically no central authority. The economic unity of India has been so vividly brought home to every citizen of the country during this war and famine that it is unthinkable to break it even to satisfy the most extreme sectional political opinion. But if the country is broken into bits, the Fifteen-Year Plan will, of course, also go. It has been framed on the fundamental assumption that the resources of the whole country would be available for development. The abundance of minerals, raw materials and other resources and the bigness of the internal market are posited in relation to the whole country. All those basic assumptions will have become unreal. It may be argued that after all it is possible to have arrangements and agreements to allow free and unfettered access to men, material and capital. But if that is possible, why have these divisions? The same conditions that lead to political division and break-up will bring about economic division and disunity. Fiscal policies and tariffs may become different in the different political units of India. And indeed, there need be no India. All these are highly disturbing factors inimical to planning on a large scale. Further the pace of development which to a large extent and especially in the early stages depends on external finance and resources will necessarily be arrested by the distribution (and therefore reduction) of external finance among the political divisions of the country. What is more, as between one division and another within what is now India the financial resources which are of course all internal at present will become external, although the fact of a common monetary and currency system will undoubtedly ease the complexity of the problem. Indeed the political disruption of the country will completely put off economic planning for a life time. There are optimists of course—without them the world would be much unhappier—who think that a politically divided India would be economically more coherent. Each will have greater internal unity and be able to plan more effectively. Hindu India may, according to this view, be in a position to plan more effectively and it can have a strong Central Government which will be able to make up for the deficiencies in respect of such loss of materials, minerals and markets as division may cause. Such a view contains within it just enough truth to make it plausible and highly dangerous. But speaking for ourselves we feel that it ignores certain vital considerations which it will be fatal to overlook. But an examination of those aspects would take us far from the bounds set by one article.

Problems of Demobilization

IN the crowded budget discussions of the last two weeks, the speech of Sir Firoz Khan Noon, Defence Member, at the Reconstruction Committee of Council on the resettlement of the armed forces did not receive the measure of public attention that it deserved. As perhaps the first concrete and comprehensive official statement on the subject it gave out facts which threw a flood of light on the nature and complexity of the demobilization problem and outlined proposals which revealed the working of the Government's mind.

Demobilization consists of three elements: (1) armed forces, (2) industrial workers and other war technicians, and (3) administrative services. The Defence Member was concerned only with the first. Of the armed forces, the navy and the air force which are 20,000 and 30,000 strong respectively, after more than four years of loudly acclaimed development are not going to present serious difficulties. The scale of post-war air force and navy must, if any thing, be higher. The case is different with the army. The strength of the army now is approximately 1½ millions and is increasing at the rate of 30,000 per month. We do not know what the size of the army will be in the immediate and later post-war years. But the Defence Member assumes that at least 1¼ to 1½ millions out of the 1¼ millions will have to get back to civil life. Viewed in the wider context of productively employing a population of about 400 millions growing at the rate of 5 millions a year, re-employing 1½ million men is a minor matter. Nevertheless it is important in itself in the deflationary effects with which it threatens economic life if not energetically tackled. It is complex because recruitment has been uneven over different parts of the country, and even within each province some districts have been practically stripped of their man-power whereas over certain other large areas recruitment has not been done at all. It is complex also because the armymen have acquired new skill, wide outlook and better living standard which can be continued only by deliberate planning. The following table compiled from the figures given in the Defence Member's speech is instructive:—

Province or State	No. Recruited.	Percentage of Agriculturists.	No. whose card indexes are ready.	Fitters.	of whom		
					M.T. Drivers.	Clerks.	Sweepers.
Punjab	600,000	80	333,000	14,000	64,000		
Madras	260,000	80	95,000	7,000	33,000	3,000	25,000
U.P.	200,000	80	138,000		11,000	1,200	5,000
Bengal	100,000	small	42,000	2,300	5,000	2,500	
Bombay	100,000		53,000	2,200	9,500		
N.-W.F.P.	70,000	80	42,000		8,000		
Bihar	40,000						
C.P.	25,000	small					
Assam	10,000	small					
Sind	5,000						
Orissa	3,000						
Kashmir	45,000	high					
Travancore	33,000	small	20,000				
Patiala	27,000	High	19,000		7,500		
Rajputana and Central India	50,000	high			4,000		

The unevenness of recruitment and its incidence on agriculture and industry can be easily seen from the fact that the Punjab alone accounts nearly for a third of the army and the Punjab, the U.P. and Madras together account for more than 1 out of 1¼ millions. Even among them, recruitment has been heavy in the northern districts of the Punjab and in the Garhwal and Kumaun districts of the U.P., whereas in Madras in no one district has recruitment exceeded 30,000. Again, the percentage of agriculturists is as high as 80 in the Punjab, U.P. and Madras, whereas in Bengal a high proportion of the men come from towns rather than villages, in Bihar they come from all areas and classes and in C.P. agriculturists constitute only a small proportion. Among the Indian States also, few from Travancore are agriculturists, while most from Kashmir are. Despite this uneven economic and geographical incidence of recruitment, the basic fact however remains that the great majority of them are villagers rather than townsmen and that only a very small proportion of them actually own land. The bulk of them are artisans and landless labourers.

How fruitfully to re-employ them? It is here that the Defence member evades the logic of his own facts and suggests measures, which however desirable in themselves (and not all of them are unexceptionable, as well be shown below) do not go to the root of the matter. His most important proposal is the establishment of collective farms by the purchase of 90,000 acres of crown land in the Punjab out of the central revenues with a view to re-employing the Punjabi soldiers as a token of appreciation of their services. That the Punjab has made a striking contribution to the war effort and that the Punjabi soldier should not be left jobless at the end of the war, few will deny. But that hardly means that the soldiers of the rest of India do not need an equal measure of assistance. That the Central Government must spend out of its revenues to buy land from the Punjab Government to settle the Punjabi soldiers on it is a proposition whose principle few will grant. Free gift of the land at its disposal by the Punjab Government to its own men may be open to no objection. But grants by the Central Government for such schemes should be made not only on the basis of the claims of each province according to its man-power contribution to the war, but in the light of the entire resources position of the centre and all the demands of economic life on them. Even on a previous occasion we warned the country against the Government wasting its funds on ill-considered schemes of generous relief for the benefit of the soldiers on the fallacious assumption that they constitute a privileged class. Sir Firoz's suggestion confirms suspicions and calls for great alertness on the part of the public.

The Defence Member's plea that at the moment there is no other province in India where any land is available in large areas cannot carry much weight. In defence of his proposal he refers to a survey of available land already carried out by Sir Col'n Garbett. Without publishing the report it is not fair to expect the public to agree with his conclusion or even to come to a correct understanding of the matter. In recent months we have been treated to quite many large and wild schemes of land reclamation, most of them put forward by those interested in re-settling the soldiers

and we are in no position to assess their practicability or scientific worth. Recently the Crops and Soils wing of the Board of Agriculture urged the survey of cultivable wastes and primary catchment areas with a view to examining how far they could really be reclaimed. Before the Government can launch on any schemes of land reclamation and make free gifts of sizeable parcels of land to the veterans of war, scientific and speedy survey of land utilization is imperative. Only then can any scheme of agricultural improvement bear fruit.

The other proposals of the Defence Member are of a minor character and intended to find profitable use for the Rs. 10 crores which are accumulating at present in the soldiers' fund for post-war aid. Agricultural institutes to impart training in agricultural methods, an Agricultural Headquarter with an Agricultural Centre in each province for the purpose of distributing seeds and machinery and an All-India Co-operative Council for developing rural industries and marketing are all quite good so far as they go, but they hardly touch the fringe of the problem. We have had model farms and *taracai* loans for rural development for over four decades with results with which we are only too painfully aware. Petty measures of agricultural improvement such as are conceived by the present Government whose bias in favour of agriculture is as false as its aversion to industry is real, will be no substitute for an over-all economic plan aimed at a rapid and simultaneous revolution on agriculture and industry. The need is for fundamental decisions on the scale and tempo of

planning in every sector of activity, not for uncoordinated departmental inquiries and schemes which would fail to secure the most fruitful allocation of the nation's resources among a host of unlimited ends.

By the admission of the Defence Member himself, most of the soldiers are landless labourers in command of technical skill and settlement on land does not offer many possibilities. How else can they be employed except by an industrial drive? High preference in Government service can absorb only a very small proportion of them. The Defence Member suggests that the creation of large-scale transport companies would provide employment for the vast mass of motor drivers to be dismissed from the army and that other construction programmes of Government will derive their man-power from the ranks of the demobilized. The real meaning of the Government's enormously increased interest in India's road development is becoming increasingly clear, and there is grave danger that the reconstruction planning of the Government is tending to deteriorate into providing, somehow or other and at whatever cost, for the men in the army who stand by them during the war. The genuine welfare of the million armed men can be secured only by the welfare of the rest of the community, not at their expense. There is a limit even to the benevolent but intrinsically unsound measures of relief on which the Government can waste its resources in its anxiety to placate the army; and it will be reached sooner, the greater is their indifference to the main task of over-all planning.

The Week's Notes

"ELASTIC CONSCIENCE"

The Finance Member's reply to criticism in the Assembly of Government's failure to organize the production of consumers' goods within the country itself instead of importing them indiscriminately was as unconvincing as it was silly and sarcastic. Confronted with the fact that the war has been on for more than four years and that Government should have had the elementary foresight to arrange for the import of plant in the earlier stages, he remarked with typical bureaucratic nonchalance: "Why was it not done a hundred years ago? I am afraid I have had quite enough to do during my lifetime and during my own quinquennium," and refused to be "carried back to 'my ante-natal delinquencies.'" Leaving aside for the moment Sir Jeremy's ante-natal delinquencies and the delinquencies of his predecessors who have for over a century kept the imperial tradition and this country in a state of serfdom and squalor, can Sir Jeremy claim with a clean conscience that during his own term of office which, thanks to his deflationist zeal, has now been extended, he has done his best to organize a full-scale production drive adequate to the necessities of the situation? On the contrary, by systematically spoiling every industrial opportunity that this country has had including the far-reaching but eminently practicable proposals of the American Technical Mission and the proposals to establish the manufacture of locomotives, automobiles and aeroplanes, Sir Jeremy and his Government have brought about a hapless situation wherein they can plead with an air of moral elevation (which is none the less false for it) that indiscriminate dumping of all sorts of goods just at this juncture is a great service to this nation. The record of achievement which has been possible during the war in Canada and Australia is in itself sufficient condemnation of the Finance Member's specious pleas. The matter is such a trifle to him that he almost exults in saying that there were one or two trifling matters which took a certain priority in the earlier stages of the war. If Britain were so fully pre-occupied with the demands of war, and if the shipping situation were so desperate as the Finance Member paints it to be, how can he explain his countrymen being able, in the midst of so great a restriction on the production of civilian goods, to dump vast quantities of them in this country and their unseemly scrambling even now for commercial positions after war? The difficulty really lies neither in getting machinery nor in sparing shipping space, but in the politics of a situation in which Sir Jeremy can comfortably sit back and give irresponsible answers with impunity. It is clearly a case of "bad faith and elastic conscience" despite assertions to the contrary.

THE "ECONOMIST'S" CRITICISM OF THE PLAN

One of the saddening effects of the war is the growing decline in the intellectual and moral standards of the people in all countries. The *Economist* (London), whose liberal outlook on all economic questions has been maintained through a century, has in recent years, exhibited an ignorance and perversity in its handling of Indian economic affairs that is as deplorable as it is injurious. It has been systematically accusing the Finance Member of the Government of India, Sir Jeremy Raisman, having driven a hard bargain against the British Government in regard to the allocation of the war expenditure as between Britain and India. Sir Jeremy must blush at this high compliment! The *Economist* has consistently maintained that sterling balances accumulated by India were mostly the result of this unfair distribution of the military

expenditure in India, and that since India was in any case actually bearing the real burden of the war she might as well bear the money burden by agreeing to a reduction in the proportion to be thrown on Britain. Where British interests are concerned, its sense of fairness and justice vanishes. The proposed oil pipeline through the Middle East by America has roused its ire not because in itself it was not a fair deal but because Britain was not consulted and British interests were in jeopardy. The yardstick it seeks to apply to every case is British interest and safety.

In the light of the above, it is not surprising that the *Economist* should look with grave apprehension at any plan intended to make India a first rate economic power. Of course, that would constitute a serious threat to the dominance of existing powers and Britain. It, therefore, charges the planners as chauvinist and as planning to "throw away most of the benefits of foreign investment in Indian development in order to cap political with economic independence." It further says that the planners "proposed a degree of autarky that would compel India to make its own way by its own resources. They will not allow advantage to be taken either of foreign capital or international division of labour. They propose an impossible task and make it doubly impossible by the means they propose to achieve it." Now what are the facts? The plan not only does not refuse foreign capital but has actually invited and allowed for it. In the financial part of the plan provision has been made for the import of Rs. 700 crores of foreign capital. This is mistake number one committed by the *Economist*. Secondly, the plan in no sense is autarkic in conception. It envisages exports and imports on a large scale, and indeed seeks to regulate its foreign trade in such a way that it may be able to use an extra Rs. 40 crores per annum for purposes of additional import of raw material and capital equipment. The use of Rs. 1,000 crores of sterling balances and foreign loans can hardly label the plan as "economic chauvinism." Thirdly, far from ignoring and refusing to agree to international division of labour, the plan contemplates for years to come liberal imports of raw material and capital equipment. After the plan is completed, India with her highly developed economic system would rank as a very important trading nation of the world, for only the most industrialized and highly developed nations have a large share of the world's trade. So much for the facts of the *Economist*.

NOT GENUINE IGNORANCE

But no Britisher or British organ will feel his or its task satisfactorily done unless a wedge is driven between the agriculturist and the industrialist. The *Economist* is no exception to the general rule. It, therefore, allies itself with these interests and cries aloud: "It is a plan for big industry and high protection!" "Has not Indian agriculture, which has suffered as much as or more than Indian industry," it asks, "surely a first claim on its post-war resources? The makers of this grand plan seem to be oddly forgetful of India's dependence upon a soil poorly and inadequately tilled and that it cannot be brushed aside to make way for an industrial India. Mechanization of agriculture and improvement of transport and development of public works will for some time require a lion's share of capital investment." We cannot believe that these criticisms are the result of genuine ignorance. For the provision of Rs. 1,240 crores for agricultural improvement, nearly Rs. 1,000 crores for communications and public works and Rs. 2,200 crores for housing, of which a substantial portion is for rural

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India, must stare the *Economist* in its face. The true explanation of the attack of the *Economist* of the Fifteen-year Plan is that it is a dangerous and bitter pill for Britain to swallow. It, therefore, abuses the opponent.

INDIA AND LEASE-LEND AID

President Roosevelt in his 14th report to Congress on lease-lend operations for the period ended December 31, 1943, gave further details of the lease-lend help which India has been receiving. Total lease-lend aid given to India, which stood at \$295 mn. on January 1, 1943, is now stated to be \$319 mn. up to December 31, 1943. Consequently, during 1943 we have been receiving lease-lend help at the rate of \$525 mn. per year and this represents a considerable stepping up. If this rate continues, up to the end of 1944-45, lease-lend aid to India would total about \$1,500 mn. Taking the appropriate rate of conversion at $\$3 = \text{£}1 = \text{Rs. } 13\frac{1}{3}$, this equals about Rs. 350 crores. Although we have not entered into any Mutual Aid Agreement with the U.S.A., the reciprocal aid rendered by us to the U.S.A. was Rs. 12¼ crores in 1942-43 and Rs. 26 crores in 1943-44 as against the original estimates of Rs. 16.70 crores and Rs. 8.04 crores respectively. The estimate for 1944-45 is put at Rs. 43 crores, but in all probability it would be very much higher, as the vast armies based of India will soon get poised on the offensive. Apart from the fact that the increased rate of lease-lend is not primarily for the local defence of India but to subserve the higher strategy of the United Nations, we do not yet know what financial benefit we shall ultimately receive as a result of lend-lease supplies from the U.S.A., although the cost of reverse lease-lend is direct, immediate and rapidly increasing. The Finance Member tentatively suggested that our share of the benefit will be one-third. Even if there is a rough financial equality between the lease-lend aid received and reverse aid rendered, the "real" aspect must not be forgotten. The "real" and permanent benefit of the lease-lend aid received by us can be gauged from the fact that lease-lend exports of machine tools to India amounted to only \$10 mn. out of \$319 mn. up to December, 1943, although machine tools constitute at least 6 per cent. of the total lease-lend aid received by Great Britain. (As machine tools have recently been removed from the lease-lend list, we now buy these with dollar cash.) India is thus conceived primarily merely as a dumping ground for Allied arms and only secondarily is there any effort to step up our industrial war-effort. As for the "real" cost which is imposed on us currently by reverse lease-lend, as by the Financial Settlement, there is no attempt to put a definite ceiling for it.

"CREATED MONEY" AGAIN

In the context of our disastrous economic experience during the war, the word "inflation" has become as bitter a term of abuse as was the word "appeasement" in post-Munich Britain. The use of the words "created money" and allied phraseologies in the Bombay Plan was consequently a great psychological error on the part of the planners. It is clear that in public mind—and even in high quarters which ought to know better—there still lingers a considerable amount of confusion which revolves round these points. There is nothing unorthodox in the "creation" of new money to move an increasing volume of production of commodities or to direct unemployed resources to points of useful combination. In fact, the phase of secular expansion under capitalism has been generally associated with growth of monetary circulation as well as a rising trend of prices. Analysing the fear of those who fight shy of "created money," we find that they are mainly

worried lest the "created money" should so severely alter the price structure as to adversely affect the distribution of the national dividend. "When the amount of new purchasing power created is based upon and limited by the future production of goods," there cannot indeed be any rise in prices at the end of the production period, but, except in so far as we draw upon unemployed resources, there may be a rise in prices during the time-gap which intervenes between initial investment and final completion. For example, if money is created to work double shift our productive capacity, the time-lag between the flow of "created" money and the corresponding flow of commodities is negligible and there can be no inflation. The average time-lag between the flow of products and the flow of purchasing power disbursed is equal to *half* of the period of production or less than two years. If indeed it is true that the creation of money contemplated in the Bombay Plan will have decided effect on the price structure, then the opponents of created money will be right in demanding that in view of our severe ordeal during the war, we should substitute the unknown and regressive impact of inflationary finance by savings *cum* taxation finance with known incidence. When Prof. Brij Narain says that "without 'created money' there is and can be no plan and no industrialization," he merely means that a plan worth the name must be ambitious and so would require the mobilization of our labour power and resources on a scale which becomes suddenly very large so that "created money" plus direct control of consumption is administratively an easier expedient than securing the requisite fiscal adjustment. There can be no doubt about the eventual result of such "pre-financing of output," and the only question relates to the incidence of this discontinuity in the tempo of economic development during the initial period or beyond the point of full employment. If we create money only to the extent of our unutilized productive capacity, there is no inflationary effect. Even beyond that point, if money is created for constructive purposes, the time-gap being less than two years, the possible inflationary consequences can be vastly exaggerated. Rising prices can go simultaneously with rising "real" wages.

FINANCIAL SYSTEM UNDER PLANNING

But the financial system in a planned economy can itself be so adjusted as to conform to the new tempo of economic development which we envisage. Let us examine our circumstances. Firstly, let us remember that, however much the "Finance Member exhausts all the possibilities of inflation during the war," a considerable amount of pump-priming during the transition period would be necessary just to prevent the all-too-sudden collapse of the structure of price and entrepreneurial expectations which can only lead us to a disastrous slump. The expenditure on basic industries, social services or creation of *ad hoc* money would, therefore, have a vital role to play during the initial period in the matter of orderly re-adjustment of the price structure. Secondly, in so far as we have at our disposal the sterling balances (which represent sacrifices *already* made), the financial impact of the utilization of these balances could be isolated. Thus if it is arranged that the Government will contribute (in £ sterling) to the share capital of any private enterprise to the extent that the particular enterprise requires external finance, the utilization of our sterling balances (which will be transferred to the Government) will require no rupee finance. In such circumstances, we need only ensure that we get the needed residuum of internal finance which amounts to Rs. 640 crores in stage I, Rs. 2,120 crores in stage II and Rs. 5,700 crores in stage III, as we explained in our issue of February 11. These figures are not frightening

if we see the problem from the "real" aspect and remember that during stage II and stage III, aggregate national income will be respectively Rs. 3,000 crores and Rs. 9,300 crores above that in stage I in which only Rs. 128 crores (in pre-war prices) per annum of internal finance will be needed. Consequently, during stage II and stage III, our *increment* of national income can after providing the entire internal finance necessary, programme for a steady growth in the volume of consumption. The financial problem consists in impounding the necessary fraction of the progressive *increment* of national income. This can be done at source, *e.g.*, by a system of deferred payment of the necessary fraction of the annual increment of national income or alternatively by creating the requisite gap between the rate of increase of productivity of labour and the rate of increase of money wages through a formulated wages-policy. Such financial arrangements will do away with the necessity of "comprehensive and drastic" rationing apprehended by the Finance Member because the volume of effective purchasing power will be continually equated to the volume of consumers' goods available at any stage of the plan and will provide for a steady rise in general standards of living. This should also dispel the fear of those who are anxious on account of the unknown incidence of "created money" on the standards of living of different classes. In any case, in a planned economy there will be a progressively expanding social service to ensure the national minimum, thereby increasing the share of the masses of the population in the communal income and countering whatever impact the excess created money may have on the distribution of the national dividend. Constructive thinking should be directed not towards raising generalized bugbears like inflation but in evolving the appropriate financial and social institutions necessary for any given tempo of economic plan.

ROAD DEVELOPMENT

In a note we wrote early in February we reviewed comparatively the road development programme sketched in the Bombay Plan and that outlined in a Report of the Indian Roads Association, but could at that stage just mention the mileage and cost estimates drawn up by a third body, *viz.*, the Chief Engineers' Conference. The full report of the last named has now been issued (a summary of which is published elsewhere in this issue), and it is gratifying to note that there is agreement between the official and unofficial views on the target to be aimed at, which is the construction of 300,000 to 400,000 miles of new roads at an estimated cost of about Rs. 400 crores to Rs. 450 crores over a period of 15 to 20 years. The main points of detail to be settled are the proportion to the total mileage of national highways, district and village roads, their width, the proportion of metalled, tarred and concrete roads, and the sharing of responsibility for first cost as well as maintenance charges between the provinces and the Centre. As is characteristic of official and technical thinking in such matters, the Report of the Chief Engineers' Conference is precise and quite comprehensive, but rather overcautious and sectional in outlook. The division of the building programme into 'long-term' and 'short-term' in the Report is really of no significance in view of the latter being hardly more than the carrying out of essential road-repairs neglected during the war. Unless this repairing work is done on such a scale that the wrecked roads are practically rebuilt, the employment of demobilized personnel and equipment on them might become uneconomical. In the allocation of construction costs, the Report overlooks (as the Bombay Plan also does) the claims of the future district and village roads to tar, bitumen or cement surfacing, reserving these mostly to the national and provincial highways. Thus about 75,000 miles of the latter are to get at an average rate

of about Rs. 20,000 a mile, while for about 275,000 miles of the former the recommended expenditure is only at an average rate of about Rs. 7,000 a mile. This is in fact against a principle laid down by the Report itself, *viz.*, that in the construction of village and district roads, stress should be laid on types requiring least maintenance and attention. There are no grounds to assume that traffic on future district and village roads will not call for modern surfacing. Indeed the contrary is likely under an all-round plan bridging the gulf, and so increasing traffic, between urban and rural centres.

Not the least important aspects of the Report are the administrative and constitutional points raised. It rightly stresses that in future the Centre should exercise control over road development, and the national highways are to be its responsibility for both construction and maintenance. It is not necessary to regret this corrosion of provincial autonomy in a vital matter as national transport development. The creation of highway departments in the provinces and States to take over the construction and maintenance work of village and district roads from local boards, whose enterprise in the past has been inefficient and wasteful, should be equally welcome. However, the Central Road Board which the Report recommends to be set up immediately, should concentrate on long-term planning and execution and not be lost in war-time administrative punctilio.

THE MACHINE-MADE HOUSE

The advent of the modern apartment flat in big cities has concealed the great need for housing units in small-town centres. Even in big cities it should be possible for the middle classes to build small houses in suburbs, but the enormous increase in land values everywhere and the almost complete dependence of the public on costly engineers and the building trade to satisfy their house-building requirements have made it extremely difficult to own a house at a reasonable price. Hence the promise which the future holds of cheap pre-fabricated homes is of great interest. Plans are already afoot in the United States to produce such houses on a mass scale, though pre-fabrication may yet leave a substantial part of constructional work to be carried out on the site and may not be as simple as, say, the erection of a telephone booth. The U.S. National Housing Agency has estimated the post-war housing need of the United States to be 1 million to 1.5 million units during the first ten years of peace. The shipbuilder, Henry Kaiser, proposes to enter the pre-fabrication field after the war and has been collaborating for some time now with the National Committee on Housing. Kaiser hopes to be able to offer a pre-fabricated house for about \$2,400, which is only half the pre-war price of the average small home. Local bodies are also planning in the direction and Mayor La Guardia has disclosed that private industry has planned an expenditure of \$1,300 million on housing schemes in New York City during the five years after the war—a task in which the machine-made house will play the larger part. It may not at all be too early to reserve a place for pre-fabricated houses in post-war house planning in India.

A COMMITTEE FOR OILSEEDS

The Federation of Indian Chambers at its recent session adopted a resolution urging the establishment of a Central Oilseeds Committee to serve the varied needs of oilseeds, and in particular to safeguard the interests of the grower, just as the Central Cotton and Jute Committees are serving these money crops. Taken as a group oilseeds are as important as cotton and jute among agricultural products that are raw materials of industry. India grows practically all varieties of oilseeds and our annual output is nearly a quarter of the world's production of about 340 lakhs of tons. The

area under oilseeds within the country is about 250 lakhs of acres, which is more than the area under cotton and as much as that under jute. The estimated value of the total output is about Rs. 200 crores. Oilseeds are a major item in our exports and before the war about ten per cent. of the total value of exports was represented by the various oilseeds. Yet this commodity has no organization to look after its production, trade and price, though far less important commodities like coconut and tobacco are going to have committees shortly. Not that there has been no demand for it so far. On two previous occasions, in 1937 and 1941, the Federation has asked for a central organization and the Oil Crushing Industry Committee of the Imperial Council favoured the setting up of it as far back as 1931.

At the present moment the need for a Central Seeds Committee is pressing. With the loss of the Continental markets exports are disorganized. Export restrictions, and the unfavourable purchase policy of the British Ministry of Food have, it would appear, depressed the prices during the past one year, while actually the war demands of the United Nations ought to be helping the Indian grower to compensate himself for the Depression losses. It will also be recalled that in May last year the Government placed a ban on hedge trading in oilseeds. This has been considered by the seeds trade to be a further factor in making prices unremunerative to the cultivator. In fact the Agricultural Marketing Adviser's Report on Groundnuts has observed that on the whole the futures market in groundnuts has been instrumental in securing better cash prices. There is certainly need for controlling speculation at a time like the present, but executive authority should not be resorted to nullify price benefits that might accrue to the primary producers on account of the military demands for oilseeds' products like lubricants and paints. If it is intended to prevent middlemen from profiteering in the name of the grower, a working arrangement with the trade should be possible by which the present restriction can be relaxed as it has been done in the case of cotton. And the constitution of a central organization representative of all the concerned interests would help in the necessary consultation and in the exercise of control.

There are many other aspects of the cultivation and consumption of oilseeds that such a body can look into. The organization of research into the utilization of oils, the disposal of oilcakes both as food for cattle and as fertilizers, and the proper equipment of the oil-crushing industry are some of them. In this connexion it may be recalled that a part of the profits from the sale of groundnuts to His Majesty's Government has been held in reserve to be used for the future benefit of the cultivator and the oil industry, and this reserve may well form the nucleus for setting up and financing a Central Oilseeds Committee.

SEABORNE TRADE

Figures of foreign trade for November 1943 show that imports amounted to Rs. 972 lakhs and exports to Rs. 2,291 lakhs, and the total imports in the eight months from April to November 1943 amounted to Rs. 70.18 crores and exports in the same period to Rs. 140.57 crores. The favourable balance of trade for the 8-month period thus is Rs. 70.39 crores as against Rs. 57 crores in the same period last year.

On the side of imports, the 'Raw Material' group has shown a big increase of Rs. 781 lakhs over the same eight-month period of last year, accounted for by an increase of Rs. 371 lakhs in oils, Rs. 273 lakhs in raw cotton, and Rs. 120 lakhs in raw wool. Among the import of manufactured goods, which have recorded a decline of Rs. 11.33 crores to the low figure of Rs. 27.47 crores in the first eight months, all the items have suffered a decrease, the most notable being in vehicles

by Rs. 403 lakhs, all metals by Rs. 194 lakhs, chemicals and drugs by Rs. 127 lakhs and machinery by Rs. 64 lakhs.

On the side of exports, in the Food, Drink and Tobacco group, grains and pulses declined by Rs. 295 lakhs and tea went up by Rs. 423 lakhs to Rs. 25.76 crores. Exports of raw materials show a fall of Rs. 167 lakhs to the level of Rs. 27.55 crores, the decline being accounted for by jute Rs. 88 lakhs, gums and resin Rs. 135 lakhs and oils Rs. 63 lakhs. Raw cotton exports have gone up by Rs. 92 lakhs to Rs. 494 lakhs. Manufactured exports are at the high level of Rs. 70.02 crores, i.e., Rs. 761 lakhs above the corresponding figure of last year. Jute exports are valued at Rs. 32.54 crores, being Rs. 950 lakhs above last year. Cotton yarn and manufactures have declined by Rs. 203 lakhs to Rs. 29.1 crores.

TWILIGHT OF NEUTRALITY

The synchronizing of Anglo-American diplomatic pressure upon Ireland and Turkey, who have been faithful to the principle of neutrality is significant, not only in so far as it represents the fact that the Allies are now in a position of military strength to make demands of smaller European powers instead of appealing piously to the principles of International Law. It is also an evidence of the approaching twilight of one of the leading concepts of International Law under the altered circumstances of our own times. Neutrality connoting that the neutral power considered any *res acta inter alios* was a cherished method during the past three centuries of isolating any conflict to a number of belligerents and preserving collective security and international trade for the rest. That it was no idle gospel is proved by the fact that in the past a violation of the rights of neutrality was the cause of so many international conflicts, including the entry of America into the War of 1914-18. The present insistence of America upon Ireland foregoing one of her most important rights as a neutral, that of maintaining the legation of other belligerents in her territory, appears curious when we recollect that the immediate issue of her taking up arms against Germany in the last war was no other than the violation of one of her rights as a neutral. With the gradual extension of the list of contraband by the belligerent powers and the implications of naval and aerial blockade the neutral right of free trade was the first casualty of the present war; and the other implications of the principles are now threatened by the revival of the idea of a "just war" of the Middle Ages. The New York Times appears to be taking objection to Ireland holding the scales "even between Hitler and Democracies", yet indeed this is the essence of the idea of neutrality. The Allies may find themselves in a dilemma, for while strategically their cause would be considerably strengthened if they can somehow, control Irish bases, it would be weakened morally in the event of a forceful occupation—for are they not fighting for the rights of weaker nations. Neutrality which was always a precarious concept resting on the niceties of a European balance of power and possibly the supremacy of the British Navy has now little hopes of survival in the days of totalitarian war and national economy. With war in the air, land and sea, ideas and radio, neutrality is today practically impossible, when "even the air is charged with strife." With blockade naval and aerial cutting off Ireland from Germany, the Allied economic sanctions would be possibly enough to modify her strict adherence to barren principles. Already novel precepts have appeared in the International Law to fit the facts of modern life like "non-belligerency" which was maintained by Spain so long she was threatened with the rising power of Germany, and by America so long England could pay her under "Cash and Carry."

SPECIAL ARTICLES

The Technique of Economic Planning

By B. N. Ganguli

THE technique of national economic planning must vary with the degree to which the planning authority limits the economic initiative of the members of the community. The authors of the Bombay Plan are fully aware that curtailment of economic freedom is inevitable under a planned direction of a nation's economic life. They admit that during the greater part of the planning period "practically every aspect of economic life will have to be so rigorously controlled by Government that individual liberty and freedom of enterprise will suffer a temporary eclipse." In another context they say that "as far as is consistent with planning, the free choice of consumers in respect of consumption goods should suffer no restriction." These statements clearly show that organization of both consumption and production may be determined by the planning authority only for a temporary period to prevent maladjustments and bottlenecks and ensure the required tempo of economic development. But eventually, and as far as possible even during the period of transition, freedom of enterprise and consumers' choice should remain unfettered.

From a practical point of view it is very important to understand the technique of planning which is consistent with such ideas. Suppose that a free India decides to demand on the lines of the Bombay memorandum a minimum standard of food, clothing, housing, health and education as measured by Rs. 2,900 crores at pre-war prices. The masses of the population might very well say "First things first"; and the first thing necessary to evoke enthusiasm for economic planning is an attempt on the part of the planning authority to feed, clothe and house them adequately somehow without much consideration for the rights of property and for the subtleties of pricing and costs. Thus there will not be any consideration for effective demand so long as the basic minimum is not attained, and an important feature of this stage will be a considerable development of free services—medical, educational and recreational. Whether all this could be financed by conscription of labour and capital or otherwise would be a difficult problem to be faced. It is quite obvious that at this stage planning would be entirely in terms of physical and technical quantities which will make up the material content of the basic national minimum. The members of the community will receive their income in kind, or consumption will be controlled in some other way. If incomes are paid in money the payment may be combined with various permits to buy specified goods and services at definite rates.

Logically the second stage of economic planning would be the expansion of the means of production on which the authors of the Bombay Plan rightly lay so much stress. A detailed survey of India's needs and resources will have to be made and a plan of industrial development drawn up on the basis of re-organization of existing industries, and of building up new capital required for such re-organization as well as for new basic industries. Once the planning authority decides upon the nature of key industries and their needs as regards labour and materials a programme of planning would involve planning of economic development in a number of industries in an ever-widening circle centred round the basic industries. Planned economic development will now begin to take shape and

have a pace and direction. But even at this stage the planning authority will perhaps require to think not in terms of effective demand and the money-price mechanism but in terms of physical and technical quantities which must be produced with available resources. If, however, we suppose that income is paid not in kind but in money, since the capital goods industries will be of the nature of public works during the period of transition, there will be a "gap between the volume of purchasing power in the hands of the people and the volume of goods available" particularly if economic development is financed, as the authors of the Plan suggest, to a considerable extent by "created money." This would involve, as in the first stage, drastic control of consumption by rationing, price-control and compensatory adjustment of the tax-burden through provision of free social services for the poor section of the community.

In India the first two logical stages of planned economic development will take a longer time than is usually imagined. Rigid control of production and consumption which these stages would seem to require would be inevitable for another reason, viz., the attempt of the community to realize one single plan. The only disappointments which the nation will like to face will be those arising from the effects of unforeseen external events upon production and consumption, and not those which arise from maladjustment between the quantity of goods produced and the quantity of available purchasing power, or between the output of goods and the quantity consumed.

But suppose that not only at the later stages when the national minimum will have already been attained and the nation's productive equipment built up, but also at the earlier stages described above, members of the community receive their income in money and are free to consume it. This freedom of consumers' choice will make the task of the planning authority more complicated. When consumption is controlled along with production the community's choice between alternative combinations of goods and services to be produced with available resources would be determined by its own valuation of the needs of the consumers. But in the case assumed here the problem of production has to be solved in conjunction with the problem of pricing of goods and services.

What would be the technique of planning? We assume here a money-price mechanism, a quasi-automatic or quasi-individualistic determination of prices and cost according to economic considerations. Let us suppose that the nation sets before itself a goal of economic welfare represented by a certain *per capita* money income—say Rs. 135 per annum as suggested in the Bombay Plan. In this case the technique of planning would be to fix the prices of different goods and services in such a way that there is equality between demand and supply in each case. For example, if the net income from industry at the end of the period of 15 years is to be Rs. 2,240 crores, the price level of industrial goods should be fixed in such a way that the total output of such goods would be equal to the total demand for them within the community and that the price-level fixed multiplied by the output will be equal to Rs. 2,240 crores. It is very probable that apart from the effects of unforeseen events (such as booms

or depressions or monetary changes in the outside world) the actual demand will deviate from the demand anticipated by the planning authority. And if this is so, the production plan will have to be altered to equate supply to demand so as to prevent maladjustment. This implies two things. The duration of each plan will have to be short and much shorter than in the previous cases discussed above. The plan has to be revised frequently if the planning authority wishes to do its best to *satisfy the needs of consumers*. And this means that the planning activity is no longer centred in the central planning authority but is shared with consumers. Secondly, when different plans drawn up by independent planners come into operation they can easily be incompatible with one another, so that economic results cannot be satisfactory from all points of view.

Another consideration which the planning authority will keep in view is that the value of the output aimed at as a target cannot be increased by employing economic resources in some other way. To put it concretely, if the value of industrial output aimed at is Rs. 2,240 crores and that agricultural output aimed at is Rs. 2,670 crores, the planning authority must be sure that there is perfect balance between agriculture and industry, so that diversion of resources from one to the other does not decrease the total satisfaction derived by consumers. If this condition is not fulfilled the production plan has to be revised at intervals to correct a serious maladjustment which would otherwise lead to breakdown or waste of economic resources.

In the case so far considered pure monetary problems are absent except that when we assume the operation of a quasi-automatic money-and-price mecha-

nism there is possibility of hoarding. Generally speaking, the total money income, say Rs. 6,600 crores, will be kept equal to the total value of industrial products, agricultural products and services available for sale to consumers. The only problem of planning, as already explained, will be to fix the relative prices of goods and services in such a way that the total amount of money paid to consumers flows back as payment for goods and services (which are not necessarily the products of consumption goods industries).

Now suppose we assume the factor of private saving in the form of securities, bank deposits and other investments. This introduces a new element of uncertainty. When the planning authority estimates the apportionment of a nation's resources between consumers' goods industries and capital goods industries, it must estimate the probable amount that consumers will save during the period of planning. In fact the authors of the Bombay Plan have estimated this amount to be in the neighbourhood of Rs. 4,000 crores. Now, since the total value of the consumption goods offered for sale to consumers should correspond to the non-saved part of the national income, any change in the propensity to save will lead to either an excess or a shortage of consumption goods. If prices are fixed by the State authority this will not cause changes in the prices of these goods; but it will be necessary for the planning authority to alter its production plan for the next period and decide the re-allocation of resources between production for future needs and production for present needs. But the problem will be much more difficult if we have the system of free entrepreneurship and free capitalistic enterprise even in a limited field of economic life.

University of Delhi.

Legal Aspects of Agricultural Planning

By K. Santhanam

ECONOMIC planning of every kind has to deal with five aspects, technical, financial, organizational, legal and political. The importance of each aspect varies with the different sectors of planning. Industrial planning in India is dominated by technical, financial and political considerations. The measure and tempo of advance in the social services will be determined largely by financial and organizational factors. The aspects which will play the critical parts in agricultural planning will be the legal and organizational. I am not suggesting that the other aspects are not important or may be neglected but I am convinced that if the legal and organizational foundations are properly laid, the necessary finance will flow into agriculture without difficulty and the technical and political problems will not be unduly intractable. In this article, I wish to indicate the nature of the legal problems that have to be tackled if any real and large-scale attempt at agricultural planning is to be possible or fruitful.

While most economists and politicians recognize the need of legislation as preliminary to planning, they generally fight shy of discussing the actual steps needed. They have the reasonable excuse that the questions are thorny and complicated and are better left to the legislatures concerned which may tackle one little question after another without provoking the entire host of vested interests into bitter conflict. But that kind of shelving will necessarily involve the shelving of large-scale planning of agriculture and consequently of planning of industry and services. Though anti-Indian interests mischievously seek to support agricultural expansion as a means to thwart industrial progress, no Indian can deny that the former is an indispensable condition for the latter. It is not necessary to argue

at length that within the present structure of legal rights in agricultural land, little, if any, progress is possible. It seems to me a waste of effort to consolidate holdings which will be partitioned within a generation. The condition of neither the tenant nor the landless agricultural labourer will automatically improve with increase of yields. The cultivating proprietors and ryots cannot benefit by any scheme which through lack of machinery of price control or of marketing may make agricultural improvement more costly than profitable.

Agricultural legislation which will be necessary for planned reconstruction may be divided broadly into three classes according to their objectives. The size of the holding has to be fixed and maintained. The legal rights to the produce have to be redefined. Both production and marketing have to be regulated. Let us examine each of these classes in some detail.

Any scheme which contemplates the conversion of India into a land of large-scale farms on the model of Russia ignores the vital differences between the two countries. Soviet Russia has six times the land of India for less than half the population. India has also only a fraction of the industrial potential of Russia. Large-scale farming will make for an economy of manpower which, in the case of India, will not only be not necessary but will make it impossible for millions to find any kind of productive work. In 1941, it is estimated that for a cropped area of 250 millions of acres, there were over 100 millions of workers. No one has suggested that even the utmost possible expansion of industry can do more than absorb the increase of our population. Assuming that half of the 100 million

acres now classified as cultivable waste is brought under cultivation, it will give 3 acres per worker or six acres to a husband and wife. It may therefore be assumed that the best any planning can do is to secure this extent to each cultivating family under conditions which will permit of maximum production. It is not suggested that six acres should be taken as a uniform family minimum. This will have to be fixed according to regional fertility and population, but for clear thinking it will be convenient to assume that a minimum family farm will range from four irrigated acres to ten acres which are rain-fed. I do not also want to rule out the large-scale farm as it will be obviously advantageous to the country to have such farms interspersed with family farms. I would suggest that the objectives of legislation should be to distribute three-fourths of the available agricultural land into indivisible family farms of the size indicated above and the other one-fourth into impartible large-scale farms of one thousand acres and above. When such farms have been made indivisible, it will be comparatively easy to consolidate them by legislation so that the ultimate picture of Indian agriculture will be of about 40 million family farms and 75,000 large-scale farms. What will be the nature of the legislation which a courageous democracy can pass to achieve these objectives? The first obvious measures are to prevent any further partition of all holdings which conform to either type and compulsorily consolidate them. In ryotwari areas, the family farms of the area indicated and cultivated by the owners may come to about half the total cultivated land and the holdings of more than 1,000 acres may be about 10 per cent. In the zamindari areas, there will be few ryots of the latter class, but ryots having the minimum area for the family farm may be the same percentage. For all holdings which are larger than the family farm and less than the large-scale farm, two options may be given. The holders may be allowed to divide their holdings into family farms which will henceforth be severally indivisible or they may be allowed to join together and create a large-scale farm under suitable co-operative or company laws. So far, no present rights are infringed and the only difficulty is to tackle the law of partition under the various succession laws. Where there is only one family farm, some form of primogeniture may be the simplest and best way of dealing as it will automatically induce the superfluous members to seek industrial or other occupation. But local sentiment may be too strong for such a simple method of dealing with the question and some method of selling of the farm and distributing the proceeds to the heirs may have to be devised. So long as the principle of the indivisible and consolidated family farm is preserved, there should be no objection to a variety of methods dealing with inheritance. In the case of the large-scale farm, it should be treated as a co-operative farm as soon as it passed to more than one person.

The reform of land tenures is essential if the cultivators and the agricultural workers are to reap any benefit from planning. The tenures are so many that no attempt can be made to suggest reforms to them in this article. But general principles can be formulated. All those who have interest in the land can be divided into rentiers, owner cultivators, tenants and landless labourers. Legislation should be designed to freeze the share of the rentier to the existing income till some plan is evolved to buy him out. It should not be possible for the owner cultivator to alienate his land or sell it except under special permission of a proper authority constituted for the purpose. The tenant in so far as he is cultivating by the labour of his family should be put in the position of the owner cultivator except for the rent he has to pay to the owner. The landless labourer should be protected by legislation

regarding his minimum wages, hours of work, housing and holidays with pay.

Having put three-fourths of land under small-scale family farms, it is essential to group these farms and enforce some degree of compulsory co-operation for purposes of crop rotation, use of improved seeds and machinery, preparation for the market and the enforcement of reasonable conditions of marketing. It may appear to be wrong in principle to think of co-operation and compulsion together, but co-operation is a habit and in a backward people like the agriculturists of India, it is necessary to enforce legal compulsion to some extent if things have to be done in a large way. Even now, the farmer has been subjected to many controls which are not obviously to his benefit. He can be expected to understand and appreciate those which result in his betterment.

It is obvious that only popular governments can venture on these legislative projects which are bound to be highly controversial. But they require hard and protracted thinking and if post-war reconstruction means anything more than a current craze, it is the duty of all those who are thinking in terms of planning to evolve the legal foundations needed for the reconstruction of our agricultural economy. If the proposals can be ready in the form of bills to be placed before the Provincial Legislatures on the morrow of their dissolution, much time can be saved. It will also incidentally help to produce more practical and realistic party groupings based on immediate programmes. The solution of the existing political deadlock, based on agreement regarding the method of framing the future constitution may make it possible to tackle some of the problems mentioned even during the war and the solutions may be easier reached in the atmosphere of uncertainties and speculations inherent in war-time than when the vested interests have relapsed to their old attitudes of unbending opposition to every change.

NOTICE

WAR TRANSPORT DEPARTMENT

The Government of India in the War Transport Department are contemplating the appointment of additional registered dealers, under the Motor Vehicle Spare Parts Control Order, 1943. Dealers wishing to be so appointed, who have been in the spare parts business from 1938 or earlier, and whose monthly imports or purchases amounted together to not less than Rs. 5,000 on the average during the three years 1938-40, should apply to the undersigned furnishing purchase figures for each of the three years 1938-40, and information as to makes and kinds of parts mainly dealt in. If any applicant had purchased genuine Chevrolet or Ford parts from the authorized General Motors and Fords dealers during these years, the value of such purchases each year and names of authorized dealers from whom purchased should also be furnished.

Last date of receiving the application—15th April, 1944.

CONTROLLER FOR ROAD TRANSPORT,
War Transport Department,
New Delhi.

New Delhi, 9th March, 1944.

No 54

THE WORLD ABROAD

U. S. Reaction to India's Plans

(From Our Washington Correspondent)

WASHINGTON, March 13 (By Cable).

THE United States business men no longer believe that even the European phase of the war will necessarily end this year, but they are already agitating for a gradual reconversion of industry to peace-time basis. They are supported by the Congress whose spokesmen—the Senate committee, investigating war production, headed by the Senator, Mr. Harrys Truman—last week issued a report urging for the return to unrestricted civilian output as soon as materials are available from war effort. They are opposed by the Navy and War departments and the War Production Board which contend that there should be no relaxation in the nation's huge armament programme until the war is safely won. Upon the outcome of that conflict may depend the length of the war itself and the future competitive position of the American business.

Reconversion is unquestionably the paramount current topic in the congressional and economic circles. Its importance has been enhanced by the recent publication of post-war industrial programmes in other countries, notably India. The preliminary details available here indicate that a special committee of the Viceroy's Council and the plan evolved by Bombay industrialists, both envisage a post-war India which will be a formidable competitor to western industrial nations. Some United States business men believe that India may be secondary only to Britain as a rival for world markets.

Mr. Lewis L. Lorwin in the *United Nations Post-war Plans* writes: "The present war has greatly stimulated India's productive capacity and is making it one of the world's great industrial countries"; while the *Sunday New York Herald-Tribune* commented, "With Japan eliminated at the end of the war as a dominant industrial power, and China needing an extended period of recovery, reconstruction, and education before she can meet her own needs, India will have substantial head start toward post-war industrial supremacy in the aocratic trends, asserting of world's great industrial countries"; while the *Sunday New York Herald-Tribune* commented with Japan eliminated at the end of the war as a dominant industrial power and China needing an extended period of recovery, reconstruction, and education before she can meet her own needs. India will have substantial head start toward post-war industrial supremacy in the orient."

The Truman report published here a week ago advocated as basic policy that the American industry be given its freedom as materials are released from war production. It specifically opposed substituting "bureaucratic judgment" for economic trends asserting "there is too great danger that such controls would be self-perpetuating, especially if war should last a long time. If that should happen we would indeed have won the war but lost the peace." Although the committee made a list of what civilian items should be produced unrestrictedly, its general opinion was that

manufacturers should make any article they desired under certain regulations designed to safeguard the output of the war necessities.

Most business representatives hailed the Truman report. The *New York Journal Commerce* said it is "certain to influence thinking with respect to an early resumption of civilian goods production in many fields" and the *Wall Street Journal* endorsed the Committee's observation about the Government controls adding "there is further objection, they will not and cannot be administered with supernal wisdom."

But the Army and Navy influences are still powerful here, and armed services are unalterably against any slackening of the war production. They believe it is much too early to worry about increasing supplies of civilian goods at least until the successful invasion of Europe is assured. This viewpoint is supported by the Chairman of the Production Board, Mr. Donald Nelson, who warned last week that the industry must face fact, some interests will have to be sacrificed when materials are released for civilian consumption in the eventual reconversion period.

Mr. Nelson delivered a speech declaring that efforts "beat gun" in returning to civilian production, and the unavailing and sole criterion in planning reconversion will be "public interest." Mr. Nelson said that no business concern "need become agitated" now about its position on unknown day when Germany surrenders.

Mr. Donald Nelson summarized the official position as follows: "We will expand civilian production as it becomes possible without interference to the war programme, but we will permit no expansion at the expense of essential military production. Today in some areas critical shortages of manpower, certain component parts, certain materials make it necessary to move with great caution in permitting any expansion of civilian output whatever."

Meanwhile, Mr. Arthur W. White, recently Vice-Chairman of the War Production Board, told at the Annual Meeting of the American Retail Federation that the Government controls over production should extend two or three years after war with quotas based on 1939 output. Mr. White said, "If we let manufacturers to introduce what they want I do not know what we would do at the end of the war."

Thus looms an apparently inevitable clash between the Administration on the one hand and the Congress and business men on the other on the reconversion timing and methods. Odds at present favour the Administration for victory, with reconversion postponed at least until after the Allies invade the European continent.

Money Market

Brisk Demand for Funds—Securities Rule Easy —Large Floating Stock of Gold—Improved Tone in Stock Exchanges—Higher Dividend in Textiles

(From Our Correspondent)

BOMBAY, March 13.

There were two bank holidays this week, 8th and 10th, owing to *Id* and *Holi* festivals. Unlike previous weeks, the local money market showed tendency to become tight. Out of the four working days of the week banks experienced a fairly good demand for funds for two days, but, as deposits were flowing in, call money rate remained unchanged at quarter per cent. per annum and the rate for three to six months deposits moved between three-fourths to one per cent. per annum. According to one section it is anticipated that demand for money will again go up in the coming weeks, while at the same time there might be a fall in the deposits. Comparatively there has been an increase in the withdrawals of deposits from the banks. This might lead to tightness in the money market sooner or later.

Treasury Bills

The Treasury Bill rate was again firmly held at 0-12-11 by the authorities who again turned down all the tenders below Rs. 99-12-9. As against an invitation of Rs. 6 crores and offer of Rs. 8.55 crores Government accepted only Rs. 15.55 crores this week. This is an improvement upon last week's figures of 5.05 crores out of Rs. 7.79 crores. Still the Government could not get their full requirements of six crores. The tender limit for the coming week has been fixed at Rs. 6 crores. Treasury Bills to the tune of Rs. 3.95 crores were sold in favour of the Issue Department of the Reserve Bank of India during the week ending 31st March.

The Assam Government entered the Treasury Bills market this week for their requirements of Rs. 1.5 crores. Amounts offered totalled at Rs. 2.29 crores; all the tenders at 99-12-6 were fully accepted and those at 99-12-3 were partially accepted. The average rate worked out at 0-14-6 as against 0-14-0 rate allowed by the Bengal Government, 0-12-11 by the Central Government.

Securities

The gilt-edged market was firm during the earlier part of the market but after the *Id* and *Holi* holidays it began to rule easy, 3½ per cent. Government Paper which opened at 98-15 and moved up to 99-6 came down at 99-2 on Saturday. Two reasons are attributed to this. A prominent operator who had stocked 3½ per cent. paper to the tune of Rs. 10 to 15 crores from Rs. 95 and odd has been unloading his holdings by stages. There are no other buyers in the market except institutional investors. When this holder suspends selling, market shows a steady tendency but when he enters the market as a seller prices go down as there is not an even flow of buying inquiries.

There is another view that with the introduction of pay-as-you-go system and the increase in the percentage of compulsory deposits, many holders may have to sell their holdings to realize the cash neces-

sary to meet these new obligations. This section believes that 3½ per cent. paper is bound to go down as the tightness in the money market increases. On Saturday 3½ per cent. paper closed steady at 99-3 after touching a lower level of Rs. 99-2. Four per cent. 1960-70 gained four annas in the first part of the week ended March 7 to finish at 112-12. Four and a half per cent. 1955-60 showed an increase of two annas closing at 115-4. Three per cent. 1946 gained one anna to 102-3. Three per cent. 1951-54 at 100-4. Three per cent. 1963-65 at 98-9 and 3½ per cent. 1947-50 at 103-4. All these were featureless on the reopening of the market after the *Holi* holidays, excepting 3 per cent. 1963-68, which witnessed some selling pressure. It closes at 98-8. The turnover was small.

Exchange rates have been continuing at last week's level without any alterations.

Bullion

Owing to the technical position and somewhat heavy floating stocks demand for gold was little this week. The Reserve Bank was not able to sell any gold for the first part of the week. On Monday "bears" brought down the price to 70-9-9. Ready was quoted on Tuesday at Rs. 70-11 to Rs. 70-15, while the Reserve Bank was sticking to Rs. 71. When the floating stocks of four and a half lakhs came to two and a half lakhs, market began to absorb and the Reserve Bank is reported to have sold on the last day about 50,000 tolas at Rs. 71. A feature of the week was the persistent attempt on the part of some of the bears to see whether the Reserve Bank would sell at less than Rs. 71. Large offers were made to the Bank to buy at rates varying between Rs. 70-10 and Rs. 70-14, but all such offers were declined. If the Bank had accepted them it would have provided fresh scope for the bears to bring the prices substantially down and secure some gains for them.

Silver section which opened at 126-2 touched the lowest rate 124-4 on March 6. Forward silver was done at 121-8. There were optimists believing that the Reserve Bank would sell silver. When their anticipations did not materialize there were "bear" coverings which led to a rise in prices. Ready was quoted at 125-10 and forward 122-10 against 126-13 and 124-5 respectively quoted last week. After the *Holi* holidays there was a further improvement on Karachi advice. Ready silver was quoted at Rs. 126 and that for settlement at 123-6. There was a slight improvement in gold also, with ready quoting at Rs. 71 and settlement delivery Rs. 70-15-6. Floating stocks of gold is estimated at 2½ lakhs tolas and floating stocks of silver at 800 bars.

Gold Sales

There is a great disappointment in the Bullion Market that the Central Assembly has not been able to obtain the policy of the Government regarding sales of gold drastically revised. The total profits made out of the sales of gold since the Reserve Bank enter-

ed the market as a seller are estimated at Rs. 15 crores. It is said that if this amount had remained with the Government of India taxation to the tune of 23½ crores levied by the Government could have been lessened. The market is thoroughly dissatisfied with the efforts made by the Assembly Members. It is said that the Members must make one more effort to focuss country's attention on this point and force the Government to buy the gold from the U.K. and U.S.A. authorities at the international rate and sell them in India at a reasonable profit.

Stock Exchange

The Stock Exchange seems to have got over the after-effects of the fifth War budget. It has come to believe that increased taxation and compulsory deposits might not affect the dividend very appreciably and companies would find ways to maintain dividends at the 1943 rates if there are good level of profits in the future. One such device is mentioned that much may not be transferred to Reserves in future.

There is also another impression that holders of present scrips may not easily part with them because they might have to pay income-taxes on the profits made on liquidation sales. It is taken for granted that the present holders have acquired most of their holdings at lower levels and they are unwilling to face reinvestment problems which are very difficult in these days. Again there is a view that dividends may be set off against compulsory deposits as there is nothing to prevent companies from doing so. Part of the dividend may be paid in cash and part in interest bearing certificates.

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All these readings are responsible for an improvement in the tone of the market.

Earlier part of the week, all shares excepting textiles were steady, but after the *Holi* holidays all sections were steady. On Saturday the market displayed a cheerful outlook. *Tata Deffds.* advanced to 2,187-8 from 2,097-8. *Tata Ordinaries* 418-419 from 415. The Textiles too correspondingly improved. *Bombay Dyings* finished at 2,100, *Centuries* 1,025, *Kohinoors* 704. *Finlays* and *Swans* improved by ten points as there were reports that the Directors of these two mills have recommended a payment of Rs. 15 and 35 per share as against only Rs. 20 each paid in 1942. The *Morarji Gokuldas Mills* have declared an interim dividend of Rs. 15 for the current year same as last year as well as 1941.

Bank Issues and Insurance Company Shares ruled steady. In the miscellaneous section Associated Cement, Scindias, Premier Constructions, Belapurs, were firm at 222, 35¼, 214, and 238 respectively. The electrical shares remained unchanged. The closing tune of the share market has very much improved and is firm. Life Insurance Company shares will not decline as the total tax leviable on them cannot exceed 63 ples in the rupee. They are now consolidating their position.

Long-term Interest Rates—Treasury Bills— Further Currency Expansion—Confidence in Stock Exchanges—Upward Trend in Jute Shares—Coal Section Steady.

(From Our Correspondent)

CALCUTTA, March 12.

Fresh demand for funds is not on the same scale as before, though it is reported that during the week banks were still advancing money against supply bills. Even these supply bills are likely to be reduced in volume later when the war expenditure is mostly on goods and services utilized locally. For though no abrupt decline in war orders in the near future may be expected, the Finance Member has said that alternative sources of supply are being explored to relieve the strain on India's economy. The large imports of consumers' goods, on the other hand, would tend to reduce the total volume of surplus funds, especially with the progress of the Government's programme of immobilization of funds. Money rates, therefore, will be determined in the last resort by interest rates on Government securities which will increase in volume. The increasing measure of support to Government loans, whether voluntary or compulsory, will have an encouraging influence on stock exchange securities and result in a reduction in the yield basis in the long run. The fear expressed sometime back that long-term interest rates would tend to increase has, therefore, been eliminated.

Treasury Bills

A rise in the average discount rate on Treasury bills has been effectively checked by the persistent rejection of unsuitable tenders for the last three weeks. Thus, in the first week the amount of accepted tenders was Rs. 89.5 lakhs, in the second week Rs. 5.05 crores and in the third week Rs. 5.55 crores. The average discount rate has remained unchanged at twelve annas and eleven ples per cent. per annum in all these three weeks. One would have wished that a similar policy had been adopted in the case of the Provincial Governments as well. The Assam Government had to pay as much as fourteen annas and six ples per cent. for its requirements of Rs. 1.5 crores three months' treasury bills. The Bengal Government is asking for another Rs. 3 crores.

Reserve Bank

The returns of the Reserve Bank for the week ended March 3, 1944, show that there has been expansion of currency against sterling securities after the lapse of two weeks. Notes in circulation showed an increase of Rs. 6.44 crores to Rs. 873.04 crores while notes issued were higher by Rs. 3.29 crores at Rs. 884.33 crores. Sterling securities showed a rise of Rs. 5 crores to Rs. 768.83 crores.

In the Banking department there are some important changes. Central Government balances are naturally lower in the first week of the month owing to the heavy disbursements, there being a decline of Rs. 10.87 crores to Rs. 45.6 crores. The increase in other Government balances cannot be satisfactorily explained. The rise is as much as Rs. 18.74 crores to Rs. 32.63 crores. This is perhaps due to the payments from the Centre in respect of the provinces' share of income-tax. If that is so, the drop in Central Government balances is not appreciable. Banks have not been affected by the larger payments on account of tax.

Bank deposits with the Reserve Bank are actually higher at Rs. 62.80 crores against Rs. 58.10 crores. There is no important change in other deposits. There is a sharp increase in foreign balances by Rs. 16.64 crores to Rs. 151.42 crores. The large receipts of sterling, in spite of the sales of gold, on an appreciable scale shows the magnitude of allied war expenditure in this country.

Stock Exchange

The Calcutta Stock Exchange remained closed for three days in the week on account of the *Holi* festival. But during the three days markets remained open it was clear that the bearish effect of the immobilization proposals had spent itself and that the upward movement had been resumed. Saturday's session was active and a large volume of business was put through with a good rise in prices in both the Jute and Coal sections. The Calcutta market was never inclined to take the budget proposals seriously as it felt that the profits for the standard period for most industries have been satisfactory and that it would be possible still to distribute satisfactory dividends, with the extremely sound financial position of many of the companies. The strength of the Bombay market has been an additional bullish factor for local operators.

Ideas about fluctuations in prices are now based on a four per cent. return. On this assumption there is good scope for rise in some of the popular shares. That really sound shares offer only a four per cent. return will be evident from the rating of *Dunlop, B.I. Corporation, Indian Wood Products, Amalgamated and Bengal*. Shares like *Indian Irons* and *Howrahs* offer a slightly higher yield owing to the lack of adequate support from investors due to the fear of wild fluctuations. But before long these shares also would be marked higher. During this week itself there has been a sharp rise for *Howrahs* while *Indian Irons* are quoting at the highest levels for sometime.

Jute Shares

The reason for the general rise in prices for jute shares this week is perhaps to be found in the general improvement in the coal position and the hopes regarding a higher level of exports. All signs point to a higher level of production in the coming year. So many mills have been requisitioned that it stands to reason that the remaining mills will have to work longer hours. So far mills have been working 54 hours per week continuously. It is not clear whether the I.J.M.A. will decide on an increase in the number of working hours with the arrears of production to be made up by the steam-driven units. There is also the question of allotment of adequate supplies of coal by the Government. It is too early perhaps to think of the possibility of an increase in working hours. But it is generally felt that even on the basis of a full 54 hours week it would be possible for mills to report a good level of profits especially as the loss on account of cheap rations to labour will not be so heavy with the introduction of rationing throughout the Calcutta area. Jute companies have paid good dividends in 1935.

and 1936. Even if these dividends are paid it can be expected that prices would improve appreciably.

Coal Shares

The Coal section is steady. It is reported that the Government of India are anxious to increase production as much as possible and that a conference would be convened shortly to consider the ways and means for increasing the total output to 2½ million tons. In 1940 the production was as much as 29 million tons. The target fixed, therefore, is not impossible of achievement but it all depends on how the bonus scheme operates. No details in this respect are available.

Other Scrips

The interim dividend of the *Indian Iron and Steel Company Limited* for the year ending March, 1944, is due to be announced shortly. Earlier expectations were that the Managing Agents would decide on the payment of a higher interim dividend. In view of the latest budget proposals, however, it is doubtful whether the dividend would be higher. A dividend of eight annas was paid on the last occasion. But even on the basis of last year's dividend the return on the shares is more than 5.25 per cent. tax-free.

There is nothing of importance in other sections. Cotton shares have been quietly steady with Cawnpore Textiles quoting Rs. 16-1. Sugar shares have been uninteresting though the general expectation is that there may be greater activity in this section in the near future. Tea shares were quiet last week on the an-

nouncement of the excise duty but have been firmer during the past few days.

In the Miscellaneous section, Karanpura Development has improved to Rs. 32-8, while B. I. Corporation has remained steady at Rs. 6-8. The dividend has been only maintained at four annas per share in spite of the large increase in earnings for 1943. Paper shares have been very firm and Titagur Paper have risen by more than a point to Rs. 29-8.

The Jute market has been very firm and sellers are very reserved. Mills are eager buyers but are not prepared to pay the increase in rates asked for. The rate of buying by mills is determined by the extent of business in the goods market. The firmer tone of the jute market is due to the discouraging reports regarding the progress of sowings in the jute districts and the ideas of a smaller crop for the next season. Mofussil markets are very firm and there is no tendency to part with holdings.

The jute manufactures market has been very steady and business is not possible owing to the lack of sellers. Black market prices were higher than maximum prices by one or two rupees, but it is reported that there has been a reduction in the volume of business put through in the black market as there is a feeling that the mills take measures to check black market activity. A census of stock holders is being taken.

FROM THE PROVINCIAL ANGLE

Madras Letter

WORKING OF JOINT STOCK BANKS—INCREASE IN DEPOSITS—ENHANCEMENT OF PROPERTY TAX—CORPORATION COUNCIL'S DECISION

(From Our Correspondent)

MADRAS, March 10.

THE results of the working of the leading joint stock banks in South India for the year 1943 are now available and certain striking features are disclosed by the balance sheets. The first and the most important is the increase in the deposits of all kinds which have in most cases more than doubled during 1943. In this connection, it should be noted that in 1942, South Indian banks had an anxious and difficult time, consequent on the war developments in the Far East and the threat to the East Coast of India by Japan. This had led to the want of confidence in the banking institutions generally and was responsible for the subsequent heavy withdrawals from the banks. At that time, certain banks were even forced to recall part of their advances and also had to liquidate a part of their investment from what they were in the previous year. The deposits in the banks have been steadily mounting up but a persistent feature has been the preference to keep funds in current deposits and short-term deposits. In one sense, this has proved a blessing in disguise to banks. With the institution of several economic and price controls initiated by the Central and Provincial Governments, banks have had to curtail their advance against trade requirements and therefore, as the normal trade channels have been choked up, these large deposits have found their way into the only available avenue namely the gilt-edged market, incidentally maintaining the funds in as liquid a form as possible. This is fully reflected in the sharp rise in the investments of banks. The margin of profit between the rate at which the deposits are accepted by the banks and yield realized from the investments has been sometimes to the extent of two per cent and this has largely accounted for the striking improvement in the profits. The profits have been higher by even five times than those for the previous year, a record in the annals of South Indian banks. These profits have been utilized to allocate sums liberally to reserve and other funds. The crushing burden of taxation is also evident from the statistics as a very large portion of the net profits has been set apart to provide for taxation. The dividends to the share holders have been on a higher level and certain banks who had not declared dividends in the past few years have passed on to the dividend paying stage. Some of the banks have taken the opportunity to reorganize their capital structure so as to maintain a good proportion between the paid-up capital and deposits.

Increase in Property Tax

The Madras Corporation Council has decided to levy increased property tax on a slab system ranging from 15½ per cent. to 20 per cent. on the annual valuation of the properties. It is usual to consider the taxation measures along with the budget. But as the quinquennial revision of assessments in 24 divisions, comprising about half the city, for 1944-45 has been taken up and as the tax payable under the revised valuation has to be notified to the property owners before the end of the month, the question of fixing the tax had to be taken before considering the budget. Property tax is the Corporation's main source of income, as is the case with several Municipal Councils in the Province, and the revenues from this item amount

to over Rs. 46 lakhs. Under the proposed enhanced rate, nearly Rs. 1½ lakhs more are expected. While on this question, it is relevant to mention that there is no uniformity in the rate of property tax levied by the municipalities of this Province. While some Municipal Councils levy the tax at rates exceeding 20 per cent. of the annual value of the properties, a large number of local bodies levy the tax at much lower rates. The Madras Government now propose to amend the District Municipalities Act to empower the Government to direct such of the Municipal Councils as are levying the tax at comparatively low rates to raise the tax to a reasonable level. The Government state that this has become necessary as the cost of municipal administration has increased considerably due to the payment of dearness allowance to the employees and several other factors.

Dwelling Houses

The Collector of Madras has ordered under the Defence of India Rules requiring the owners and lessees of houses and business premises in the city with a rental value of Rs. 75 per month or over to inform him within a week if they are now vacant and to inform him similarly within three days of their becoming vacant in future. Failure to comply with the Order makes a person liable for prosecution. It is stated that the object of this Order is to make it easier for the authorities to find vacant accommodation when new offices, etc., required to be opened. In this connection, it is interesting to note that, according to figures available with the Madras Corporation, there are only 53,518 houses in the city including business premises and excepting cottages, tenements, etc. It will be easily seen that for the size of a city like Madras with a population of nearly nine lakhs, the number of dwelling houses is small. During the war, there have been no additions to existing premises or no new constructions. And with the influx of upcountry population, consequent on the many war-time occupations, living accommodation has become increasingly difficult.

Rural Education

With a view to benefit the agriculturists and to give an impetus to the 'Grow More Food' campaign, the Agricultural Department to the Government of Madras will publish with the co-operation of other Departments a monthly journal in Tamil and Telugu mainly dealing with agricultural topics but including also other technicalities of village life like public health and co-operation. The journal is to be distributed free to selected villages as well as agricultural associations, reading rooms, libraries and selected schools. The Agricultural Officers in the Districts have been asked to arrange for the reading of the journal to villagers at the time of their congregations.

The Stock Exchange

The Madras Stock Exchange opened with a steadier feeling. When the share prices declined following the publication of the Central Budget, some stray buying was noticed at the opening of this week and there was a gradual improvement in the prices.

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HEAD OFFICE:

IMPERIAL BANK BUILDING, BANK STREET, FORT,
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Textile shares which suffered the worst were the first to recover when the small buying set in. The quotations improved up to a maximum of twenty five points. Towards the close of the week, weakness again set in with a small decline in the quotations. The market cannot be said to have recovered from the budget shock just now. The foregoing remarks apply equally to the Planting section. Share values after improving to some extent declined again at the close. Tea and coffee shares suffered most but rubber shares were steadier and retained the improvement registered earlier. A feature of the week was the great interest shown in chemical shares. Mettur Chemicals and

Mysore Chemicals and Fertilizers were very active and recorded an improvement of about two points. Mysore Papers were steadily absorbed at increasing rates. There were more enquiries for Singareni and the shares were quoting higher than the past week. Very firm conditions prevailed in the Government Securities market. Three and a half per cent. Paper further advanced to Rs. 99.9. Almost all the dated loans have recorded fractional rises. A fairly good volume of business resulted during the period under report. State Loans continued to be in good demand, particularly Mysore.

Bombay Letter

FIRST ALL-INDIA TEXTILE CONFERENCE—SIR VICTOR SASOON ON THE FUTURE OF DOMESTIC INDUSTRIES—NEED FOR INDUSTRIAL INSTITUTE—TRAINING OF TEXTILE LABOUR (From Our Correspondent)

BOMBAY, March 11.

ONE of the most important events of the week was the first session of the All-India Textile Conference which was attended by a large number of delegates from the different parts of the country. Sir Victor Sasoon, who presided, emphasized the necessity of establishing domestic power looms and developing rural calico avenues as promising lines and said that having regard to the Central and Provincial Government's policy in the matter of provision of cheap electricity, there was great possibility in the country of manufacturing light power looms with small electric motors which would be within the means of the small capitalist. Such domestic industries would also help to avoid the herding of labour into towns. Further Sir Victor advocated the establishment of an Industrial Research Institute on the lines of the Shirley Institute in Manchester to do research work on various types of textile fibres, both natural and artificial, of which so many existed in the country.

Training Of Textile Workers

In the discussions that took place in the Textile Conference, delegates from various mills stressed the urgency of providing pre-employment training of workers and also the expansion of post-employment training. The scarcity of skilled labour was recognized and the necessity of establishing specialized technical institutions and continuation classes was also emphasized. Mr. D. P. Joshi of the Morarji Gokuldas Mills said that training of operatives should be given in three stages, viz., (1) in schools to be started in villages or taluka towns where the children of the factory operatives could be trained (2) in technical classes established in factory towns themselves, and (3) in the factory or mill itself. The technical education of officers and managers was also considered.

Food Plan Discussed

The Bombay Provincial Rural Development Board, which held its meeting this week in Bombay and discussed the Government plan of food purchase, emphasized the necessity of Government doing all they could to enlist full public co-operation. For creating greater confidence, the Board recommended that some of the grain purchased should be retained for storage

in the village and that full publicity should be given to orders concerning food procurement, the liability of each agriculturist being clearly intimated to him. The Board also stressed the importance of proper storage of grain. Regarding the all-important question of price the Board felt that it would be unfair if the foodgrains purchased in the villages were to be sold back to the villagers at a considerably higher price. The Board was of opinion that the prices at which the grain was to be sold should be approximately the same as at which it was purchased. Regarding supplies, the Board emphasized that simultaneously with the introduction of the food purchase scheme, arrangements should be made to see that supplies from the grain purchased were made available for those people particularly in villages and small towns who are dependent on the market for their requirements.

Progress Of Land Development Work

The Director of Agriculture explained during a meeting of the Provincial Rural Development Board the progress of Land Development Work undertaken in 1943-44, and the programme for 1944-45. In Bijapur district alone the area now contour-bunded or trenched was 125,000 acres for 1944-45. Development work on a larger scale, covering a total area of 500,000 acres, was aimed at. Suitable sites have already been obtained for large bunding projects. The estimated cost of this programme is Rs. 70,00,000 including provision of over Rs. 3,00,000 for experimenting on land development and rural reconstruction work in Ratnagiri district. The cost per acre of the land development work was estimated at Rs. 12. This would, in the first instance, be borne by the Government. Of this, the Government would contribute about 25 per cent. and the rest would be recovered from the landholders in instalments of As. 12 an acre in 12 years. No interest would be charged, and the instalments will begin after two years.

"Grow More Food"

The Agricultural Department of the Bombay Government is giving special attention to the rice production in Konkan Division, as the paddy crop occupies a very important position in this district. The Konkan farmer gets a very low outturn of rice per acre. The Department, therefore, has carried on

research both as regards breeding seed of high quality and better yield, as well as cultural methods such as manuring, etc. In Ratnagiri and Colaba districts, arrangements for the purchase and sale of 4,000 tons of groundnut cake at concession rates have almost been completed. The cake is to be distributed through approved agents and depot keepers. As a result of the subsidy granted by the Government of Rs. 40 per ton and the controlled rate for the cake having been fixed at Rs. 75 per ton, it is now possible to obtain this manure at a low price of As. 12 per maund of 28 lbs.

Bengal letter

LEADERS' CONCERN OVER FOOD SITUATION—SALT FAMINE IN BENGAL—GRIEVANCES OF RE-ROLLING MILLS—REACTION TO THE BOMBAY PLAN

(From Our Correspondent)

CALCUTTA, March 12.

AT one of the recent sittings of the Bengal Legislative Assembly, the prospects regarding the food situation in the province came up for an urgent discussion. The occasion for the discussion was provided by the imposition of a ban by the Government on the publication of a statement issued by the leaders of the parties in Opposition in the Assembly regarding certain aspects of the food situation in Bengal. The propriety of Government's action in this respect was vigorously challenged on the floor of the Assembly. The Assembly debate proved to be extremely helpful in that it threw the light of publicity on the banned statement and brought to the fore some of the major disquieting issues that have been haunting the public mind for sometime past but which have not found proper outward expression due to the veritable 'black-out' imposed by the Government on news and views about the food situation. The Opposition leaders' statement had complained of the existence of complacency in high official quarters regarding the food situation; had referred to reports of rising prices and scarcity of rice and paddy pouring in from different parts of Bengal; had asked for a visible demonstration of the success of Government's food plan by moving foodgrains to the deficit areas. These are facts which need to be squarely faced by the Government.

Salt Scarcity

Acute scarcity in the supply of salt in the different parts of Bengal has provoked a considerable amount of hostile criticism. The Bengal Government have taken the stand that it is the failure of the Central Government to send their promised quotas of salt that has caused the salt shortage. This reply of the Bengal Government has, however, scarcely given any satisfaction to the public. Sections of public opinion have forcibly urged that Bengal's difficulties in getting supplies of salt should be radically dealt with. This means that Bengal's excessive dependence on outside sources for her requirements of salt must go, and the province must try to become self-supporting in this respect by the manufacture of salt within the province. It is maintained that Bengal which is close to the sea can produce salt adequate to meet her needs, provided that the rules under the Gandhi-Irwin Agreement are amended permitting people living in the coastal areas to manufacture salt both for domestic and commercial purposes. The Government on

The cake, however, is meant for the rice crop only, and the quantity allowed per acre is 425 lbs. Another advantage to the farmer who uses this manure is that the residual effect of the groundnut cake is good for the succeeding crop in the same soil. Thus by spending about Rs. 12 per acre, the yield can be increased by 25 per cent. These concessions to the buyer of groundnut cake and the advantages of using groundnut cake are being widely publicized in the rural areas, so that the cultivator can take full advantage.

their own admission have not as yet given much thought to this matter, and are awaiting the report of Industrial Survey Committee to come to any decision regarding the possibilities of manufacture of salt in Bengal on a commercial basis. At present the Government have been working a limited scheme under which salt produced by people in the coastal areas has to be brought to warehouses where the excise duty is collected. The scheme, however, has not been attended with much success.

Difficulties Of Re-rolling Mills

At the First Annual General Meeting of the Indian Re-Rolling Mills Association, which was recently held in Calcutta, Mr S. K. Bhattar reviewed the present position of the re-rolling mills industry with particular reference to some of the serious handicaps under which many re-rolling mills have been placed due to the control system adopted in respect of the industry. As Mr. Bhattar indicated, the fault lies not so much with control as such, the need for which was recognized by the industry, but with the mechanism through which control is exercised. In exercising control trade has not been taken into confidence, nor has its co-operation been sought by the authorities. Stating some of the specific grievances of the re-rolling mills, Mr Bhattar pointed out that such grievances are in respect of three distinct matters: Supply of raw material to the industry, supply of coal, and disposal of finished materials. In respect of the first item unjustifiable discrimination is made by the Iron and Steel Controller so that in some cases raw materials have been allocated only to the extent of 11 p.c. of the capacity of the mills, while in some other cases the allotment was as much as 300 p.c. Then again, insufficiency in coal supply has created formidable difficulty which in turn has resulted in closing down of some mills. The coal rationalization scheme introduced by the Iron and Steel Controller has made the position in this respect worse still. In regard to disposal of finished materials, some mills have their entire year's production lying in their mills, while others are able to dispose of their production as soon as it is ready. In short it is all through a story of unfair and unjustifiable discrimination.

U.P. Letter

GOVERNMENT AND LABOUR WELFARE—SUGAR
OUTPUT ON THE INCREASE—LICENSING
AND STAMPING IN THE CLOTH
TRADE

(From Our Correspondent)

CAWNPORE, March 12.

THE Labour Welfare Department of the U.P. Government is being placed on a permanent basis with effect from the next financial year. During the current year a considerable expansion in the Government Labour Welfare activity has taken place and the budgeted expenditure for the year now exceeds Rs. 1,50,000. The number of Government-run labour welfare centres has been raised to 24, from 7 last year, and this does not include the centres at Lucknow and Allahabad, which are not directly run by the Department, though financed by it. At the annual function of the Government Labour Welfare Department held this year in Cawnpore, Sir Robert Menzies, Chairman of the British India Corporation Ltd., in the course of his presidential remarks referred to the "smallness" of the grant considering the vast field that had to be covered. He was not in a position to comment on the future of industry, and, therefore, of labour after the war. The provision of labour welfare, he felt however, was as paramount as the provision of industries for winning this war.

Municipal Elections

The U.P. Government have at last decided to hold general elections to the Municipal Boards of the Province. The last general elections had taken place in 1935. The coming elections are likely to provide an opportunity to the Government to test the strength of the various political parties. In industrial and commercial centres, the chambers of commerce have been pressing their claim to representation on the Municipal Boards. In Cawnpore the Merchants' Chamber of the U.P. have again made representations for a seat on the local Municipal Board. The Upper India Chamber of Commerce and the U.P. Chamber of Commerce are already entitled to nominate three and two members respectively on the Board. The Provincial Government have, however, assured the Merchants' Chamber that their claim would receive proper consideration. It has also been pointed out that in addition to trade and industry the Depressed Classes and Labour too have been pressing for special representation.

Sugar Production Up

Sugar production in India in the current crushing season is expected to show an increase of about two lakhs of tons compared with the previous year's figures, according to the figures issued by the Director, Imperial Institute of Sugar Technology, Cawnpore. In a Press Note issued by him recently, it is pointed out that "on the basis of returns received from factories under the Sugar Production Rules, 1935, the Director, estimates the production of sugar directly from cane in India during the season 1943-44 at 1,205,300 tons as against the actual production of 1,070,700 tons in the season 1942-43 or an increase of about 22 per cent. One hundred and fifty cane factories are estimated to be working in this season. The same number worked in the last. The quantity of cane estimated to be crushed is 12,149,000 tons against 10,418,500 tons in the previous season. The cane crushing season is expected to last from the middle of November, 1943, to the end of April, 1944, in the U.P. and from the beginning of December, 1943, to the middle

of April, 1944, in Bihar. After the returns on which this estimate is based were received the condition of the cane crop improved due to winter rains. Also the prices of *gur* declined further. The present estimate of production is hence likely to be exceeded."

Piecegoods Market

Cawnpore and other piecegoods in the province have been experiencing shortage of non-U.P. cloth. This was mainly due to stoppage of bookings from the direction of Bombay to the markets here, and this having preceded a period when stockists here as in other parts were reluctant to make any purchases in view of the expected fall in prices with effect from the 1st March. The markets remain closed on account of *Holi* festival, and further buying pressure is expected when these reopen.

The U.P. Government have amended their cotton cloth and yarn order. The hawker is now a recognized dealer and he will have to be licensed. The other registered dealers can now sell him cloth. Several concessions have already been made in regard to the stamping of pre-August cloth. It is now learnt that in case of goods where prices are not ascertainable a levy will be made at one anna per yard, and the date and the tex-mark will be stamped. Stamping in a similar manner will also be done for the cloth of disputed origin, that is, whether it is foreign or Indian. The U.P. Government have also exempted from stamping all stocks of non-tex marked cloth up to 1,000 yards and yarn up to 50 lbs. Identification marks will, however, be placed on such stocks to show that these have been exempted from stamping and the payment of stamping fees.

Textile Mills' Profits

The profits of cotton textile mills of this province during the year ended 1943 for which reports are now available have been huge. The Swadeshi Cotton Mills of Cawnpore which has led in this respect so far has produced a record-smashing balance-sheet. Its profit for the year 1943 amounts to Rs. 3,12,23,793, as against Rs. 1,56,74,446 in the year 1942. Out of this a sum of Rs. 2,25,50,000 goes towards estimated taxation and Rs. 36,25,000 to the E.P.T. compulsory deposit.

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A DELHI DIARY

NEW DELHI, March 16.

IT is still very difficult to say whether the discussion of Budget grants in the Assembly—with the daily tale of division defeats for the Government—is having any favourable reactions. The Finance Member seemed to be unfortunately in a querulous mood. On Monday, when the motion for refusing supplies to the Viceroy's Council was debated, Mr. T. T. Krishnamachari raised two important questions affecting the Government's financial policy—one relating to the gold sales on behalf of the United States and the United Kingdom and the other about the Government's attitude to new industries. The price at which gold was sold in this country led, he said, to a direct loss of some crores to the Indian exchequer. The Government's contention was stated thus in the course of an answer in the Council of State: "Wherever Allied Governments are selling gold it is sold at the local market rates. Such information as is available to Government indicates that the market rates in India are lower than in any of the countries in which gold is at present being sold on behalf of any Allied Government." It was also explained that in order to meet their disbursements in India, the U.S. Government obtain rupees partly by selling gold in India through the Reserve Bank and partly by selling dollars to the Reserve and Imperial Banks. Similarly purchases in India on behalf of H.M.'s Government are paid for partly by the sales of gold in India and partly in sterling. It is not correct to say that gold is sold in India at the local market rates, for these are in fact Government-controlled rates. The question, however, to which no satisfactory answer has been given is—why should gold be sold in India at a price which is 70 per cent. higher than the price in England and the United States. It does not appear from the Finance Member's statement in the Assembly that any steps will be taken to prevent this loss to the Indian exchequer. The suggestion is made that just as the U.S.S.R., U.K., and the U.S.A. Governments have agreed to pay for 60 per cent. of their requirements in Iran in gold the Government of India should seek similar terms from the U.S.A. and His Majesty's Government. The Government of India are in no mood still to accept even this moderate suggestion, for the Finance Secretary described it as unreasonable to demand that 60 per cent. of their expenditure should be met in gold. Three reasons were given by Mr. Jones—firstly, that H.M.G. had already mobilized all their gold stocks for war purchases from non-sterling areas, secondly that India lay within the sterling area and, thirdly, that H.M.G.'s expenditure in India was of a very different category altogether. Lobby circles regard this answer as most unconvincing.

No less important was the question raised regarding the Government's attitude to Indian industries. It was revealed in the course of the discussion that certain instructions have been issued regarding Indian industries "which will not be in a position to be able to start production by June 1, 1944." According to the Finance Member, they "shall not be regarded as essential for the conduct of the war." Presumably, that means such industries will not receive the necessary facilities from the Government of India. In Assembly circles this statement of the Finance Member has caused considerable concern, for one cannot think of a more serious handicap to industries. On the one hand, the Government profess to recognize the need for increasing the production of consumer goods as an anti-inflationary measure. In fact, the Finance Member assured the Assembly last week: "I entirely agree that as soon as it is possible to import machinery and plant for the production of the goods this country requires it certainly should be done." But if the Government's policy is to discourage industries on the ground that production will not be available this year and at the same

time to import large varieties of consumer goods from foreign countries, it is contrary to this very assurance. Before the war, when the Government was urged in the Assembly to facilitate such industries as locomotive manufacture or aircraft construction, the usual reply given was that it would be more economical to import these from outside. And when the war started, the favourite argument employed was that as it would take three or four years to set up factories and secure production, it was not a practicable proposition. In Assembly circles there are bitter comments on the Government's policy—not only was nothing done before the war to start these big industries but even after the war began, opportunities available were deliberately thrown away. At the moment, the Government's controls operate in so many directions that without the Government's active assistance no new industry can be started. But unfortunately there is nothing to show that the Government are over-anxious to develop Indian industries and provide facilities for the import of capital goods. The need for vigilance is therefore urgent, or unless the Government's policy is radically modified, the chances for new industries even after the war are bound to be precarious.

In the Council of State, two important resolutions bearing on the subject of industrialization were discussed, but, though the Government's spokesmen did not show themselves unsympathetic, their assurances were far too vague to satisfy the House. Regarding the manufacture of broad gauge locomotives in India, the Government were only prepared to accept it in principle. Still, the old formula was repeated that the Government were doing everything possible to finalize the plans. As regards the proposal for an industrial commission, Mr. M. S. A. Hydari told the House that the Government were engaged in preparing certain plans and had not quite made up their mind whether the objective could be reached by certain measures which they proposed to adopt or by the adoption of certain other measures. It appears that the Government is now engaged in selecting industrialists for the proposed tour in England and the United States. An official announcement is expected to be made early next month. Sir Jeremy Raisman will also be going to England as soon as the Assembly session is over.

It is understood, according to a statement made by the Transport Member that the Coal Commissioner has taken steps to obtain more machinery for collieries and has prepared a scheme for food rationing in the Bengal and Bihar coalfields. He has discussed with the trade a scheme which involves the fixation of the prices of all grades of coal and is now about to take steps to fix prices in consultation with the trade and other interests. The Transport Member said that certain further recommendations were also under the consideration of the Government. In answer to a question in the Assembly he announced that a proposal is already under consideration for issuing an order under the Defence of India Rules to prohibit the deliberate wetting of charcoal, but no such action is contemplated in regard to the admixture of dust with coal and coke, nor is it proposed to confer powers on Railways to refuse to accept unscreened coal or wet charcoal.

One other important announcement made this week is the Commander-in-Chief's promise that plans will be made for the importation of frozen meat from abroad for troops in India and that importation will commence as soon as cold storage facilities have been installed. "This is expected to result in some reduction of the amount of indigenous meat required for the armed forces," said his Excellency. The suggestion made to the Government was that in order to prevent any serious shortage of cattle the slaughter of useful cattle should be totally prohibited throughout the country.

ARGUS.

NEWS PAGE

On the recommendation of the appropriate Committee of the Textile Control Board, it has been decided to apportion as follows the 15 per cent. distribution margin on sales of yarn recently announced by the Textile Commissioner: A dealer shall not buy or sell, except to a consumer, yarn at a price either ex-any godown or storage or f.o.r. any station of despatch, being a godown or station within 100 miles of the manufacturer's premises, which exceeds by more than 3 per cent., or in the case of a godown or station not within 100 miles of the manufacturer's premises at a price which exceeds by more than 7½ per cent., the ex-mill maximum price or the ex-mill contract price, whichever is less.

An Ordinance has been promulgated which extends the period of existing policies issued under the War Risks (Factories) Insurance Scheme by one year from April 1, 1944, and which applies to all policies issued in respect of properties mentioned in the War Risks (Factories) Insurance Ordinance. The basis of insurable value will remain unaltered. So far as properties insurable under the War Risks (Inland Vessels) Insurance Ordinance are concerned, the Government of India have decided that fresh policies covering a period from April 1, 1944, to March 31, 1945, should be issued.

A special analysis of the trading results of Lancashire cotton firms for the past year shows that the average profit of 62 spinning mills has been £7,959 per company as compared with an average of £8,078 for 65 companies in 1942. The average dividend of 102 spinning mills this year has been 10.68 per cent., as against 10.22 per cent. in 1942.

It is learnt that the end of next month will see the rationing scheme becoming applicable to over 5,000,000 people in the Madras Presidency, covering 82 municipalities in the province. The need for its extension to *panchayat* areas will be examined.

The office of the High Commissioner of India in the Union of South Africa points out that the effect of the announcement on pensions in the recent Union Budget may be summarized thus: In 1937 Indians were entitled to old age pensions of £6 per annum. This was raised in April, 1943, to £15 for urban and £12 for rural Indians. It is now raised to the coloured level of £21 plus £3 added in this Budget to the coloured level making £24 per annum.

It is understood that the question of establishing a central drugs laboratory is now under the consideration of the Government of India in the Department of Education, Health and Lands. They are also considering the question of compiling an Indian pharmacopoeia as early as possible.

The Minister for Labour and Commerce, Ceylon, will shortly seek the authority of the State Council for floating a public corporation, to which major industries

run and initiated by Government will be transferred. The authorized capital of the proposed corporation is Rs. 22,000,000, of which Rs. 5,000,000 is to be the share of Government.

It is understood that talks on post-war trade of the British Empire and United States have been going on for the last six months. American economic experts have been discussing with Lord Keynes and Mr. Richardson, representing Britain, what patterns should be followed after the war to assure world prosperity. Britain's goal is stated to be a 50 per cent. increase in her foreign trade to compensate for the loss of earnings from foreign investments, shipping, banking and insurance.

Until the war in Europe is over it will be impossible to forecast when the coal trade between Britain and Egypt will be resumed, writes Sir John Beynon, a prominent member of the coal trade in England in the *Journal of the Anglo-Egyptian Chamber of Commerce*.

The United States must find additional men for coal mines as stocks have become dangerously low, according to a statement issued by the War Man-power Commission. The Commission, after making a wide survey, found that by April 1 the stocks of coal in the retailers' yards would be down to between ten and twelve days' normal supply.

With a view to adjusting the technical training scheme to the war-time needs of civil industry, the Government of India have decided to appoint an Advisory Committee which will review the existing methods and syllabuses of training under the scheme and will advise how it should be adjusted to meet the present-day needs of industry.

United Kingdom aid to the United States under return lease-lend amounted, up to December 31, 1943, to £339 millions. This is made up under three headings: capital installations erected in the United Kingdom for the United States forces, £136 millions; goods and services transferred in the United Kingdom, £133 millions; and shipping services £70 millions.

Lord Knollys, Chairman of the British Overseas Airways Corporation, talking recently of post-war air services, said that, according to circumstances, successful operations might be achieved through entirely Government control or private control or a combination of both.

Gopal Krishna Gokhale

By D. G. Karve

"WHAT, My Lord, is needed is that we should be enabled to feel that we have a Government national in spirit though foreign in *personnel*—a Government which subordinates all other considerations to the welfare of the Indian people, which resents the indignities offered to Indians abroad as though they were offered to Englishmen, and which endeavours by all means in its power to further the moral and material interests of the people in India and outside India. The statesman who evokes such a feeling among the Indian people will render a great and glorious service to this country and will secure for himself an abiding place in the hearts of our people. Nay, he will do more—he will serve his own country in a true spirit of Imperialism—not the narrower Imperialism which regards the world as though it was made for one race only and looks upon subject races as if they were intended to be mere footstools of that race—but that nobler Imperialism which would enable all who are included in the Empire to share equally in its blessings and honours."

There are not many outside the ranks of careful students of Indian Economics who remember Joshi. Fortunately the political, social and cultural activities of Ranade have secured for him a much wider recognition as a leader of thought and in fact as a maker of modern India. Gokhale was by comparison a younger man. Apart from his age, he belonged to the era of legislative assemblies and played a distinguished part in them. Thus it is a curious circumstance that whereas the economists see a founder in Ranade, a High Court Judge, and recognize a fellow researcher in Joshi, a Secondary School teacher, when they have occasion to refer to Gokhale, a Professor of Economics, their thoughts turn to the speeches that he made in the Legislative Councils—mostly in the Imperial Legislative Council. It is as an exponent of the non-official view-point on Indian finance that Gokhale even in his own day attracted compelling attention. While he was great in several other fields such as education and politics he was not unique, he was not without a peer or at least a second. In financial debates, however, he was not only superb but he was indispensable. As an admiring Finance Member of the Government of India put it, a budget meeting of the Imperial Legislative Council at which Mr. Gokhale was not present—he having excused himself from such attendance on account of ill-health in 1913—was like 'playing Hamlet with the part of Prince of Denmark left out.'

Gokhale was a very painstaking student of the system of Indian finance both in its historical and analytical aspects. During his own membership of legislative bodies in India he had a first-hand knowledge of its working. As a result of all this intimate study he had come to the conclusion that Indian finance was a bundle of inherent contradictions. While the people were poor and were becoming increasingly so the public treasury was overflowing and in fact surpluses were piling up year after year. When the Central Government was almost inconveniently burdened with surpluses the provincial Governments and especially the local bodies had not enough to carry on even their day-to-day function. The richer and the comparatively well-to-do classes were happy in their experience of escaping with a light burden of direct taxation, but the poorer sections of the community had to shoulder a heavy load of indirect taxation. Those who bore proportionately a smaller portion of public burdens

were the principal beneficiaries of the actions of the state which, beyond the bare maintenance of peace, did little for the betterment of the common people who were the chief paymasters of the exchequer.

These internal contradictions were, in Gokhale's opinion, a result of wrong theory and mistaken technique. Economy is in all countries a desirable financial virtue, but in a poor country like India economy ought to have been a *sine-quid-non*. Forgetting this wholesome truth the Government of India in Gokhale's days proceeded to violate it at both ends. On the revenue side they kept up a level of taxation that was much too high for the current needs of Government and on the expenditure side they went in for wasteful military and administrative expenditure. A level of taxation that was thought to be necessary when the exchange rate was as low as 13d a rupee, thus requiring a high rupee revenue to meet the Home Charges, was maintained when the rate of exchange had been raised to 16d as a result of suspension of the free coinage of silver. Not only was the level of taxation not reduced but the existence of surpluses was made an occasion to fasten on India unjustifiable military charges and to add to the cost of administration. These trends of extravagant expenditure once set in motion created in due course a straitened condition of finances, which was used as an excuse for further taxation. Thus as Gokhale said, the surpluses are a double wrong; it is a wrong that they are there at all as the result of heavy burdens on the people, and they are a wrong in that they lead to unjustifiable and wasteful expenditure.

It is a common principle of public finance that recurring expenditure should be met out of current, and non-recurring out of borrowed funds. The Government of India flagrantly violated this salutary principle on several occasions. Surpluses created out of unnecessarily high taxation were used for financing capital expenditure on railways and for extraordinary military expenditure. A high tax burden crippled the producing interests, agricultural and non-agricultural, for years together and yet the Government had no relief to offer. Both for civil and military expenditure of even the ordinary type a standard of costliness much too high for the country's resources was sedulously promoted. In this connection Gokhale urged the adoption of relativity in standards of 'efficiency.' As Lord Salisbury had once said, 'All efficiency must be relative,' that is it must take into account not merely the requirements but also the resources of the people for whom we are going to secure that efficiency. Judged by this standard military, railway and general administrative services in India have proved too costly for the country. The cost involved has been too great not only in the shape of current taxation but, even more so, in the shape of the deadening effect that it has had on the production system of the country.

While the producers, especially the agricultural producers, had to bear heavy burdens without anything by way of active encouragement on the part of the state the masses were doubly sinned against. All the taxes except income tax and certain import duties on luxuries bore heavily on the poor, who had little share in the beneficent services, such as they were. Almost the entire state expenditure was preservative in character. Some developmental services *e.g.*, education, public health, agriculture and irrigation were maintained. But not only was a large part of the rele-

vant expenditure absorbed by administrative services but the activities concerned were almost entirely confined to urban areas. Gokhale constantly urged the reorganization of the whole system of finance so as to transfer the weight of public burdens on to those who were capable of bearing it, and to provide for expanding services for the more needy sections of the community.

In pursuance of this essentially sound principle of finance Mr. Gokhale steadily fought for a lowering of the salt-tax. In his day this tax had the merit of being the only easily adjustable source of public revenue; hence its retention in the financial tool-house was not objected to by Mr. Gokhale. He, however, challenged the merits of a policy which kept up a level of taxation more than eight times the cost of production on an essential article. His final views on the subject are interesting even to this day. "The salt duty question in India is essentially a poor man's question: for it is the poorer many—and not the richer few—who eat more salt when it is cheap and less when it is dear. The soundest and best policy in the matter—even financially—would, therefore, seem to be to raise an expanding revenue on an expanding consumption under a diminishing scale of duties. Again, every reduction effected in this duty gives the Government a valuable financial reserve, which may be used without difficulty in times of sudden emergency." Since the days of Gokhale emergency reserves very much more fruitful than the salt-tax have come on the scene, and the whole question as to whether on any reasonable grounds it is at all necessary to continue the salt-tax has become topical. But if we must have a salt-tax we could hardly follow a principle better suited to the case than the one that Gokhale has here enunciated.

A very interesting part of Gokhale's scheme of Indian finance concerns the position of the Central Government *vis-à-vis* the financing of benevolent departments. India is not only a continental country in its size, but it harbours different degrees of economic resource and progressiveness in different parts. To leave the financing of beneficent services to the provincial administrations is in practice to tolerate a generally starved programme of public welfare. The really productive and expanding sources of revenue can be appropriately handled only by the national government, which alone can represent the highest degree of progressive thought. While administration of social services must necessarily be a provincial and local responsibility the general policy and finance must continue to be a legitimate duty of the Central Government. If the Central Government was not prepared to play such a constructive and comprehensive role there was no justification for it to have the expanding sources of revenue. It could then legitimately be called upon to be content with such sources of revenue as appertain to its functions and leave all direct taxation to the provinces allowing for the necessary adjustments by a system of provincial contributions. This indeed is a very logical position and we are bound to hear of its merits more and more as the economic integration of the country proceeds *pari passu* with a political decentralization of the extreme sort.

India's finance was thus exploitative in the worst sense of the term. Mr. Gokhale characterized this situation as an unnatural one, and the concealed tribute underlying the so-called Home Charges was named by him, as by Dadabhai Naoroji, the root of all the economic evils of India. To those who, assuming superior airs of detachment, would dub Indian economic thought as being too deeply tinged with political colour Gokhale's answer was simple and convincing. Because

the Government of the country was controlled by an alien people and because this entailed a drain on the country's resources no normal economic policy was possible in this country. India's economics was a vassal drawn at the wheels of an Imperial chariot. Either the Government must be transformed into a people's government or the present Government must agree to act as a national government. While working for the former alternative Gokhale also continued to appeal to the powers dispensing India's destinies that they should more and more take on a national role. How far Gokhale expected this latter appeal to succeed in its purpose is not known. In any case he could not have been very hopeful. It only shows how fundamentally unnatural is the very basis of political economy in a politically dependent India.

The surpluses in the public exchequer which attracted so much notice from Gokhale were essentially currency surpluses i.e. they were advantages secured for the state treasury as the result of a particular currency policy. This policy of limiting the supply of legal tender by state action has now become universal. Managed money is no longer heterodox, in fact it has become the norm. In Gokhale's days his description of the Gold Exchange Standard as a managed standard was hotly resented by official spokesmen who went all out to prove that the exchange standard was as automatic as the Gold Standard itself. Such a statement would be deemed obviously self-contradictory today. The special merit of the exchange standard consists in its being amenable to greater control on the part of the currency authority than the Gold currency standard. In denying this simple fact the Government spokesmen of the day were not only wrong on theory but they were giving away their case entirely. They were in effect operating the exchange standard without knowing the rules of the game. The size and composition of the currency reserves and the volume of currency in circulation once freed from the automatic gold control have to be regulated by some other set of principles such as the price level and the stability of exchange. Except for an obstinate opposition to any lowering of exchange at any time the Government never attempted to correlate their currency policy to any scientific principle.

The ever-increasing issues of rupee currency to meet the unlimited sale of council bills suited the interests and inclinations of foreign dealers and foreign officials. When first the rate of exchange was raised by limitation of currency, it constituted a measure of indirect taxation on the producers of the country. The government, its foreign servants, foreign dealers and the creditor classes benefited at the cost of the tax-payer, the producer and the debtor class. When the balance of trade was corrected in due course and fresh rupees began to be minted to meet the council drafts, prices began to rise. This process was also allowed to go unchecked so that in course of years the problem of high prices became acute and the Government disowned all responsibility for it. The use of currency reserves for capital expenditure on railways was only a flagrant case of utter incapacity to recognize the peculiar rules of a managed standard. Gokhale had to urge on the Government the obligation on their part to regulate currency so as to subserve accepted national economic policy. Not only Gokhale's efforts, but of many other Indian economists, have been spent in vain on this task of making the Government of India see its responsibilities as the chief currency authority of the country under a managed standard. Speaking with due reservations, Gokhale preferred the introduction of a free gold currency alongside of a restricted rupee having a fairly high position as legal

tender. As compared with a mismanaged system the free gold standard would have been a definite improvement according to the notions of the day. "It seems to me," said Gokhale, "that the only way now out of our difficulties is to follow the example of France and the United States, and while admitting the rupee to unlimited legal tender, stop the coinage of new rupees and coin gold pieces instead."

Problems of Indian agriculture and industry attracted the constant attention of Gokhale. It is interesting to see that Gokhale was not an enthusiast as far as co-operation was concerned. While he welcomed co-operative credit as a principle, he was conscious of the existence of many other ailments in India's rural economy. He, therefore, suggested that co-operative credit should be tried in selected areas. Even here a preliminary settlement of debts and a fixation of state revenue in perpetuity should be necessary accompaniments of the co-operative experiment. When the ground was so cleared, then co-operation would have the best chance to succeed. The chief defect of agricultural economy was, however, low productivity and to overcome this modern science had to be pressed into the service of tillage and allied occupations. Unless capital and enterprise are attracted to the agricultural industry in sufficient strength to make a scientific revolution practicable the basic problem of India's natural economy would not be solved.

Gokhale's views on industrial policy are very topical just at the present moment. He felt that the industrial organization of India in pre-British days compared very favourably with the industrial organization of the United Kingdom before the industrial revolution. The sudden contact of Indian with English industries ushered in an economic transition, which would normally have been regulated in the national interest by an Indian government. The British Government of India not only failed to do this, but they allowed, if indeed they did not actually encourage, the establishment of British capital and enterprise in India. Gokhale calls this the evil of absentee capitalism and compares it with the Irish experience in the following terms. "As in Ireland, the evil of absentee landlordism has in the past aggravated the racial domination of the English over the Irish, so in India what may be called absentee capitalism has been added to the racial ascendancy of Englishmen." He observes in one place: "When we come to this question of India's industrial domination by England, we come to what may be described as the most deplorable result of British rule in this country. In other matters there are things on the credit side and things on the debit side. . . . But when you come to the industrial field, you find that the results have been disastrous. You find very little here on the credit side and nearly all the entries on the debit side."

It was natural under such circumstances to appeal to the Government to change its policy as indeed Gokhale often did. In fact the economic problem was always uppermost in Gokhale's mind, and one of the grounds on which he urged his schemes not only of technical but even of primary education was the bearing that all-sided education has on the industrial efficiency of the people. Gokhale was an ardent supporter of Swadeshi which he characterized as 'voluntary protection'. By a people being Swadeshi-minded the consciousness of economic domination is maintained in the minds of those who work for national betterment. There is always a danger of the political issue putting into the background vital economic questions. Such an undesirable development is prevented by the Swadeshi movement, which has also the added usefulness of patronizing all constructive indigenous effort.

There was a peculiar hesitation in Gokhale's advocacy of a policy of protection for India so long as effective political power was not transferred to the Indian people. He feared that the main advantage of protection will be reaped by foreign firms doing business in India and having the special support of the Government. These views are somewhat unusual and they are best stated in Gokhale's own words:—

"Until we grow so strong in our influence and in our position in this Council that the Government will think it necessary to accept and act on our views I really think that on the whole a policy of Free Trade, reasonably applied, is the safest policy for this country. Otherwise influential interests, influential combinations, influential parties in England, who can have ready access to the Secretary of State, to whom we have no such access, will not fail to take the fullest advantage of the situation."

Since the days of Gokhale our voice in the legislature has become more powerful and under the somewhat altered political conditions many Indian industries have benefited by the policy of discriminating protection. But the fact that in several of these protected industries foreign capital has established itself and that to an important extent the real advantages of protection have been denied to this country is undoubted. To that extent the burden on the Indian consumer and tax-payer has benefited not his kith and kin but a foreigner. By such devices as Imperial preference often imposed on the nation against the wishes of the legislature the inherent weaknesses of protectionism in a dependency, alluded to by Gokhale, have been clearly brought out.

Whether for this reason we should continue to welcome Free Trade is a different matter. There is reason to believe that with all the inherent limitations of the case the adoption by Government of a purposeful policy of the development of national resources is preferable to a policy of declared indifference. A preference for British enterprise is a concomitant of both policies, so long as effective power is not transferred to the Indian people. But we cannot, as Gokhale himself would have been the first to point out, postpone constructive work of nation-building till the day after Independence Day. In fact there would be a poor chance of accelerating the advent of such a day in the absence of economic strength. A policy of expedient compromise is as necessary in this field as in several others.

Gokhale was, like Ranade, an advocate of planned economic progress under the auspices of the State. "What the situation really demands," he observes, "is that a large and comprehensive scheme for the moral and material well-being of the people should be chalked out with patient care and foresight, and then it should be firmly and steadily adhered to, and the progress made examined almost from year to year." If there are objections to a scheme of protection under foreign rule objections to planning under similar conditions are ten times as strong. But we can no more rule out the advantages of a planned economy on political grounds, than we could deny to ourselves the benefits of protection. But in both cases an attitude of caution is called for, so that we might not hope for too much, and we might be alive to the price, in the economic as well as the political spheres, that we are paying for even the limited advantages obtained. "What the three of them, Ranade, Joshi and Gokhale, would have to say to the prospect of economic planning for India would be very interesting to know.

Poona.

BEYOND

Capacity



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LETTER TO THE EDITOR

Sir,—In the concluding paragraph of the article "Agricultural Marketing" which appeared in your esteemed journal of February 11, 1944, it is pointed out that the cultivator cannot directly bring his produce to the money lender in the village in return for the financial facilities he is given by the money lender. It is further pointed out that "In return for his loans, he often has an understanding, and sometimes a written agreement, with his peasant debtor that the latter would sell his produce to him. Such understandings or agreements often cover periods up to ten years, and the price at which the produce is to be sold, settled in advance, is considerably lower than the market rate."

The cultivator is of course indebted to the money lender. He has to sell his produce to him and he is consequently unable to take the advantage of a fair market price for his produce. But it does not seem to be in accordance with facts that there is often an understanding and sometimes a written agreement between the peasant debtor and the money lender to the effect that the former would sell his produce to the latter. That such an understanding or agreement often covers periods up to ten years is still less in accordance with facts. It is also not a fact that as a result of this understanding the price is settled in advance. The price is of course lower than the market price in the *Mandi*. It is naturally to be so. The cultivator is saved the cartage charges and strain on his cattle, and as the *Mandi* price varies from day-to-day he is avoided the risk of a fall in price.

The money lender may be knowing while advancing the loan that he will purchase the produce cheap from the cultivator, but there seldom is understanding and never an agreement that the produce will continue to be sold to the money lender for ten years. This practice of selling the produce to the money lender in the village by the cultivator may last for years; but it is not because there is an agreement or an understanding

to that effect but because it is convenience for the cultivator.

Moreover, the debt legislation that has been passed in various provinces in recent years has considerably curtailed the hold of the money lender upon the cultivator. In fact the source of rural credit has practically been dried up without promoting alternative means like the extension of co-operative credit. Further, during the war, particularly in the last two crop years, it has been noticed that the price of grain quoted by the cultivator in the village has been the same practically as in the nearby *Mandi*. The War-time rise in prices has undoubtedly given an advantage to the cultivator. The existence of such understandings and agreements as are referred to is not common knowledge and I shall be glad to be enlightened on the point.—Yours, etc.,

KRISHNAKUMAR SHARMA.

Mr. Sharma's attention is invited to the various marketing reports issued by the Agricultural Marketing Adviser and, in particular, to page 135 of the Report on the Marketing of Groundnuts wherein it is stated that "Instances are reported from the Ceded Districts of Madras and Banganapalle State (Madras States) of producers entering into agreements to sell their produce from 1 to 10 years to village merchants giving them loans." Professor Radhakamal Mukerjee in his Chapter on Agricultural Marketing in the Economic Problems of Modern India, Vol. I, cites the instance of the *ichandsa*, a distinctive type of *mahajan* operating in the cane-growing areas of the United Provinces, who advances loans many months before the sugar-cane crop is ripe on the stipulation that the sugar cane juice will be sold to him at a particular rate settled in advance, which is usually very much lower than the prevailing market rate when the crop ripens." He also mentions the *Khasi beoparis* of Assam and the *parias* in the Bengal villages who resort to similar practices.—Ed.

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Book Reviews

The Problem of Population, by Gyan Chand, Oxford University Press, No. 19. Price 6 annas 1944.

Dr Gyan Chand, the author of *India's Teeming Millions*, has struck a note of grave pessimism in this pamphlet. He is oppressed by the depressing sets of facts which confront him:—A birth-rate that is probably the highest in the world; a death-rate that is almost certainly the highest; a pressure of population that cannot be relieved by emigration or further extension of cultivation; a deadlock between agriculture and industry—agriculture unable to develop until the surplus population has been absorbed by industry and industry unable to develop until the agriculturists are prosperous enough to buy its manufactures. He concedes that the vicious circle will be broken and the deadlock resolved; but argues that even when India is fairly set on the path of national reconstruction further growth of population would be undesirable. We must cry halt to the population. The analogy between Russia and India which many seek to draw in hopefulness is, according to the author, misplaced. The position of India is in many respects significantly different. India is already densely populated and has no open spaces to fill; she is the only *lebensraum* for her people and this is limited in the extreme. Our population problem will be our main problem which will make most of the difference between India and Russia. Dr. Gyan Chand strongly pleads for a reduction in birth-rate which is necessary not only to avoid or reduce the preventible loss of life but also to improve the quality of our people by reducing their quantity. He concludes that the work of spreading knowledge and propaganda must be undertaken as part of an all-round policy of nation-building "when the state is fully alive to its duty to the people and can adopt a bold policy based on the knowledge that its authority is derived from their willing consent." Not all may agree with everything that the author has said; the relative emphasis laid on the methods of tackling the problem may also differ; some may take the view that the author has underrated the importance of a flank attack on the question by a bold and far-reaching plan of economic development which will create the conditions most favourable to a reduction in birth-rate. But all will agree that the pamphlet is a courageous statement of the problem and the argument developed with vigour and eloquence.

Tariff and Industry by John Matthal, Oxford University Press, No. 20. Price 6 annas 1944.

In this pamphlet Dr John Matthal, former member and later President of the Tariff Board has attempted two things:—a survey of the policy of discriminating protection and an examination of the trade and tariff policy which India should adopt after the war. On both his observations are suggestive and valuable, he points out that the Secretary of State has been the dominating authority and that "it is a legitimate inference that the fiscal autonomy lacks substance. This impression is strengthened by various cases which have occurred during the past 20 years where the recommendations of the Tariff Board as well as those of the non-official section of the legislature have been rejected by the Government of India." After criticizing the rigidity and narrowness of the construction placed by the Government on the triple formula of the Fiscal Commission Dr Matthal points out that in spite of its limitations discriminating protection did achieve substantial success. As regards future tariff policy the author rightly holds the view that it should be determined by the compelling need of rapid industrialization. India's right to make her own tariff arrangements should be unhindered in respect of what may be termed as key industries, comprising those essential for defence purposes and also those the products of which are indispensable to other industries. According to him, "no trade agreement which is likely to limit her freedom to develop essential industries can be accepted by India at the present stage of her economic development." Dr Matthal has argued that in view of the lengthy period of reconstruction that will follow this war, "restriction on the import of consumer's goods will be desirable at first in order to conserve foreign exchange for the purchase of capital goods; but this will be a temporary phase. When the execution of the plan has been completed the position will be reversed and capital goods will replace consumable goods in the schedule of commodities eligible for special treatment. But since restriction in the case of capital goods, if enforced by means of high import duties will lay a heavy burden on all industries other measures of protection will have to be devised for the assistance of industries producing such goods." These sum up the main argument of his timely pamphlet which deserves to be widely read. Its analysis and conclusions are shrewd and penetrating.

GLEANINGS

PROBLEMS OF AGRICULTURE

The Advisory Board of the Imperial Council of Agricultural Research at its annual session held recently in Delhi decided to appoint a Sub-Committee to put up proposals for post-war reconstruction in the spheres in which the Council is interested. The memorandum prepared by this Sub-Committee will be considered by a special meeting of the Advisory Board of the I.C.A.R. before being submitted to Government. The Advisory Board during its three-day session considered a large number of proposals from Provinces and States for financial assistance in research work. An interesting village rehabilitation scheme came from Baroda. Certain villages in the State had passed into the hands of moneylenders. It is proposed that the State should buy the land back from the moneylenders and settle on them the original cultivators. In resettling the cultivators, the scheme proposes a number of experiments which, it has been recommended, may be assisted financially by the Council. In one village the cultivators will receive consolidated holdings. In another, the State will treat the whole village as a Government farm and the cultivators will work as labourers but they will be paid on a profit-sharing basis. In a third village the collective system of farming will be tried. Here the land will be owned jointly and farmed jointly by the cultivators. In a fourth village the cultivators will work on the lines of co-operative farming. Each cultivator will have his own rights, but the farming will be done jointly.

The Advisory Board recommended that the question of storage pests may be taken up on a wide scale. The problem has gained importance due to large stocks being stored under present conditions. The Council is financing research on how to save stored grains from pests. Various methods will be tried including the effectiveness of mercury vapour as a preservative. Five research stations have been recommended for sanction for improving different varieties of tobacco grown in India. A proposal to establish a Fruit Research Institute at Lyallpur was approved by the Board and recommended for sanction by the Council. The function of the Institute will be to develop fruit products' industries. It will test the products of various manufacturing concerns and advise them on improvements that could be effected. The work of the Institute will extend all over India. The Board recommended for sanction a scheme for cross-breeding maize. It was pointed out that in America hybrid corn had been developed which gave a very high yield. The crop produced by cross-breeding in India, it is estimated, may give an extra yield of 50 per cent.

The Board considered at length the problem of the depletion of cattle in the country. Various suggestions were made which are being submitted to Government for consideration. Among them are: All slaughter of cattle below the age of nine years should be prohibited, or if this is not feasible, a quota should be fixed for slaughter houses and restrictions placed on the number of cattle to be slaughtered; military authorities should be asked to associate civil veterinary surgeons in slaughter house inspections; rules applying to military slaughter houses should be extended to all kinds of slaughter houses. The Board also recommended a plan of research work on the problem of animal nutrition which visualises fundamental work at Izzatnagar with four sub-stations in different provincial stations. Different feed for animals will be tried out to determine the most economical feeds. Work will also be taken up from the breeding point of view. The object will be to grade up animals and

to secure a breed that will give good bullocks and at the same time cows that will yield a reasonable quantity of milk. The Board also recommended the appointment of Dairy Development Officers in some Provinces and Sheep Development Officers in others. The latter will encourage sheep breeding in villages.

PRODUCTION OF VEGETABLE SEEDS

In 1945 India will be self-sufficient in the production of vegetable seeds. A year ago—when India produced only a small percentage of her requirements—production of acclimatized European vegetable seeds was taken up in Kashmir and Baluchistan with financial assistance from the Imperial Council of Agricultural Research. These centres are now producing nearly as much seeds as required. At a meeting attended by the members of the Imperial Council of Agricultural Research, Provincial Directors of Agriculture and representatives of seed merchants, substantial agreement was reached on wholesale prices for different varieties of seeds. The Marketing Adviser to the Government of India and the Vice-Chairman of the I.C.A.R. were authorized to suggest, in the light of the discussions at the meeting, wholesale prices which may be enforced by Government. The question of retail prices was also discussed at the meeting. Seed merchants have been asked to furnish facts and figures before prices for retail sale are suggested.

The meeting further agreed on the desirability of a Seed Act to ensure distribution through seedsmen of vegetable seeds of quality. It has recommended that the Act should be applied to selected seeds and seedlings only and that dealers in those seeds should be licensed and required to test the germinating capacity of the seeds at regular intervals and to certify their purity. The meeting also agreed on the desirability and importance of setting up a special seed testing station and recommended that the Government of India be moved to set up such a station at an early date.

MR. SARKER ON THE BOMBAY PLAN

"It cannot be gainsaid that at least until recently, the emphasis of the Government was on post-war reconstruction on the lines pursued in advanced countries of the West and envisaged mainly such problems as demobilization, disposal of contracts and the transition of the war economy to a peace-time one, which virtually amounted to the liquidation of the Government's war liabilities rather than to a plan of economic development. Such an attitude missed the essential difference between conditions in Western countries which already enjoy a high standard of living and India with her extreme poverty. Our problem is not merely one of reconstruction. It is essentially one of construction from the very beginning. That is why we speak of our task as one of economic development of India and not of post-war reconstruction. It appears that the Government have also begun to slowly appreciate this, for they now also concede the necessity of formulating a development plan for India. It is to be hoped that in evolving this plan, they will follow in all essentials the outline offered in the plan under discussion," said Mr N. R. Sarker speaking on the Bombay Plan at the recent session of the Federation of Indian Chambers of Commerce and Industry. After referring in outline to the main features of the Plan, Mr Sarker observed:

"The authors themselves have pointed out that, in view of the inadequate data on which many of them are based, the estimates of expenditure as also of

production and income are to be regarded merely as rough approximations and their value as more illustrative than absolute. It may be necessary, probably it will be necessary, to borrow capital from outside. But it must be clearly understood that, in view of our bitter experience in the past, foreign capital will not be utilized unless it is free from political influence and interference of vested interests. Our liability will be merely to pay an agreed rate of interest on the capital borrowed and its final repayment. No other conditions such as participation in control or profits etc. must be attached to such borrowing. However, the plan is not complete without an indication of the future role of the State in economic matters as well as schemes of distribution. Without some equitable methods of distribution, individual income may not be sufficient to achieve the minimum standard, while a minimum income without correlating it to prices may be meaningless. All these considerations had also been present in the minds of the authors and they have promised us another volume embodying their proposals on these weighty matter. It is not yet time therefore to say anything now on these topics in anticipation of their conclusions.

"There are two basic assumptions underlying the Plan. One is the economic unity of India, the other the establishment of a national Government. In view of the interdependence of provinces and regions of India upon each other for resources and markets as also for the purpose of preventing waste and overlapping, it is essential that there should be a central power with full authority for the formation and implementation of the planned scheme of economic development, although in other matters there may be a larger measure of independence for provinces and regions. Without economic unity and the absolute power of a central authority over economic matters, it will not be possible to carry through any rational plan of economic development as quickly as is called for in the circumstances of the country. The other essential condition is the establishment of a national government. Economics and politics touch vitally at this point. Every plan of economic development and *a fortiori* a plan of such dimensions, necessarily means an increasing intervention on the part of the State in the economic life of the nation and of every individual within it. Without a national Government, it is not possible to imagine that the sacrifices and curtailments of individual liberty that such rigorous measures of control will entail will either be cheerfully borne or readily agreed to."

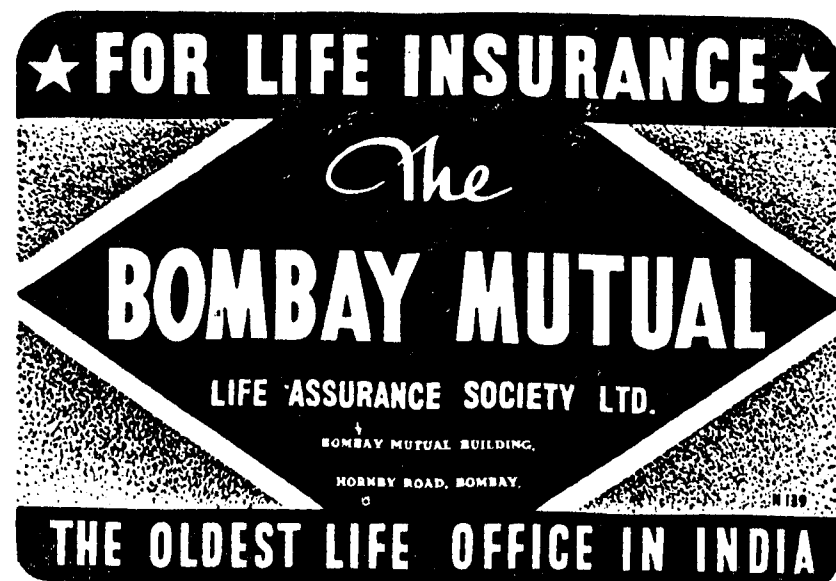
INDIA AND LEND-LEASE

In his 14th report to Congress on Lend-Lease operations for the period ended December 31, 1943,

President Roosevelt revealed that Lend-Lease exports to India from March 11, 1941, to December 31, 1943, totalled 819,452,000 dollars. Exports in 1943 were 70 per cent. greater than the combined shipments for 1942 and 1941. "Our strategic policy towards India has been determined by the importance of India's strategic and geographical position in the Far Eastern part of the war," said President Roosevelt. "India is a major supply centre for the war against Japan. From India extends the air supply line into China. Lend-Lease exports of guns, ammunitions and other munitions to India for the British and Indian armies and navies through December 31, 1943, amounted to 554 million dollars. With the help of munitions and other materials lend-leased by the United States India has become a vast military base."

"From the beginning of the Lend-Lease programme to December 31, 1943," continued President Roosevelt, "we shipped to India 250 million dollars of agricultural productions. Of primary importance have been transportation, communications and construction equipment shipped to India. In order to enable Indian railways to carry heavy additional burdens imposed by the war, we have provided locomotives and freight cars. We have furnished 40,000 trucks to supplement the railway system and cranes, lighters and stevedoring equipment in order to facilitate the building of air bases, barracks and military roads. We have sent construction machinery, cement-making machinery and lumber. We have provided under Lend-Lease some of the machine tools and raw materials such as steel, copper, aluminium and zinc which have helped India to expand her munitions output. Lend-Lease exports of machine tools to India have amounted to 10 million dollars and currently India is buying all of its machine tools in this country for cash.

"India's exports of raw materials have been increasingly important in the United Nations' war effort. India is now our sole source of jute used for making burlap bags. She is one of the principal suppliers of mica which is essential to the production of radio equipment for the armed forces. Other important materials imported from India are manganese, shellac, talo, beryl and kyanite. In order to increase the production of these items, we have furnished under Lend-Lease a variety of industrial tools as well as mining and pumping machinery. The Lend-Lease aid we have sent to India has assisted and will assist the United Nations in gaining victories over the Axis. But this aid has not flowed in one direction. India has supplied what she can for the common war effort in many forms. Our forces in India have also received substantial reverse Lend-Lease from India as shown in another section of the report."



Transport

The Future of Roads

The use of each means of transport for the traffic for which it is best suited is recommended by the Technical Sub-Committee on the future of Road Transport and Road-Rail Relations of the Post-War Reconstruction Committee of the Viceroy's Council. Cheap and efficient transport for all, it says, can be achieved only if the transport resources available and to be made available are utilized to the best advantage possible, with due regard to the specific needs of the various sections of the community and avoiding overlapping capacity and financial resources of the country. The Committee suggests a unified and co-ordinated transport policy, administered with the concurrence and co-operation of the provinces, and with the single purpose of providing efficient transport. This policy necessarily requires regulation and control of all forms of transport.

There are many gaps within the network of Indian Railways which only road transport can fill. The introduction and development of motor transport in rural areas, the Committee says, will be of very great advantage and benefit to the rural population as well as to the trade, industry and general prosperity of the country as a whole. The picture of the future of rural India is one in which motor transport will penetrate to the remotest villages connecting them with the main transport system; and will play a gradually increasing part in marketing between village and market town and in distribution between town and village. Thus the villager will have at his disposal modern means of transport, readier communication with the outside world, medical attention and other social services to no less a proportionate degree than the town-dweller. To attain this result, active development of road and constructive development of road transport are necessary.

The Committee recommends that start should be made now, during the war, to develop motor transport on sound lines. The Central Government are distributing new motor vehicles for uses and under conditions approved by it. Circumstances are, therefore, favourable for introducing and establishing motor transport where it is needed. A start now made will, besides lessening the magnitude of the post-war problem, lay a strong foundation for future progress. In the post-war period, it points out, further development will be easily possible with the large number of vehicles and drivers which will be released after the war. This will also assist in resettling demobilized drivers. Motor transport, not likely to be used to any appreciable extent in the near future for marketing staple crops, should be encouraged to assist special forms of agriculture, such as market, gardening and fruit growing. The transfer to the roads of short-haul goods traffic, in which field motor transport can compete economically with railways, should be encouraged. Except, where long distance goods traffic by road is in the public interest, competition between road and rail should be prevented by a system of regulation, combining expert judgment of the merits of each case on the basis of public and economic need with scientific zoning.

The Committee considers healthy competition between road and rail in the carriage of passengers desirable. The principle of maximum amalgamation of passenger service operators to form substantial concerns on main routes, and of controlled monopolies on light traffic routes, should be the basis of policy. Subject to salutary conditions, there should be no restriction on the range or numbers of passenger motor trans-

port. Minimum fares for both road and rail should be fixed by agreement. Railways, the Committee further suggests, should now develop closer co-operation with road passenger transport and ultimately acquire a commanding interest. There is, however, no advantage in railways operating or participating in motor transport of goods on parallel routes.

The Committee recommends that machinery should be set up, as soon as possible, to promote the rational development of motor transport and road-rail relations. In each province there should be a whole time Transport Commissioner. He should be the Chairman of the Provincial Transport Authority for passenger motor transport and controller of goods transport. The Committee further recommends a Central Transport Budget for transport as a whole, in which provinces should share for pooling of revenues and balancing of capital expenditure on both road and rail. A small Expert Committee should be appointed immediately to make recommendations as to the structure of the Central Transport Budget.

The creation of an Indian Road Board is also recommended. Its functions would be to examine in greater detail the complex problems involved: to prepare for the launching of the road plan, to make a beginning in the regulation and co-ordination of transport and the development of closer road-rail relations; and ultimately to be responsible for the development of roads and road transport and to implement the policy of road-rail co-ordination.

The co-ordinated plan of road communications for India evolved at the Chief Engineers' Conference at Nagpur in December last has been published by the Posts and Air Department of the Government of India. Though no decisions have been reached on the views expressed by the Conference, its report will serve as the blue-print for post-war road development. It suggests a 20-year programme for building 400,000 miles of roads at a total cost of Rs. 450 crores. The development programme is divided in two parts, a long-term programme to give elaborate road communications throughout India and a short-term programme to deal with the immediate problems arising out of the war. The latter includes the immediate making good of damage of roads due to war conditions of increased traffic and short supplies and the use of demobilized men together with machinery released at the end of the war.

The long-term programme divides roads into four classes: National Highways (including "Trails" for developing and opening up large tracts deficient in communication), Provincial or State Highways, District Roads and Village Roads. The National Highways and the "Trails" are to be the framework within which the road system of the country is to be developed. These are to be the financial responsibility of the Centre both for construction and maintenance. Provincial Highways and rural communications, both village and district roads, are to be designed and constructed by the Highway Department of the Province or State. Classification and other standards for the various roads have been laid down in the report. It is estimated that the total approximate lengths of hard crust roads will be 147,000 miles and of earth roads 253,000 miles, as against existing mileages of about 79,000 and 163,000

respectively. The maintenance costs, after completion of the programme, are anticipated to be Rs. 6 crores.

The report suggests that all Provinces and States should prepare skeleton schemes or Project Estimates for submission to the Centre by the end of August, 1944. The Provinces and States are required to indicate priority for the Projects proposed for construction during the first two years after the war. The Centre would decide the priorities for National Highways. Priorities for other types of Highways and roads will be decided by the Provinces and States themselves. Detailed estimates for all projects are required to be ready by December, 1944. The report visualises the possibility of using demobilized personnel and machinery that would be available from army surplus. Indents, it is suggested, should be placed for 1,200 rollers, one-third diesel and two-thirds steam. The immediate formation of a Road Board is also suggested. The Board, it is laid down, will balance rival claims for priority in construction; co-ordinate and direct the efforts of all construction agencies; phase work so as to make the best use of demobilized men and plant released by the Army; regulate competition between the various construction agencies for labour and material; decide rival claims for priority in bridge construction; decide on allocation of available tools and plant; discourage recruitment of staff on a parochial rather than a qualification basis; and deal with similar difficult and controversial matters. It will be guided in its policy by the recommendations of an Advisory Council.

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M.A., F.I.B. (LOND.),
Managing Director.

TO SAVE MONEY *Grow and Eat more Vegetables* TO KEEP FIT

LOOK! enough
vegetables
to last for
three months



Yes, in that small handful of seeds are enough potential vegetables to provide delicious and strength building meals for your family for months to come! Vegetable growing is so easy. Seeds cost very little and, properly nurtured, they soon bloom into fine rows of fresh green vegetables! Make your town garden grow food for you. Two or three days work for you or your mali—nature will do the rest!

You can easily grow some of these vegetables:-

Sweet potatoes	Country peas	Luffa
Ladies fingers	Tomatoes	Potatoes
Pumpkins	Country radish	Onions
Country beans	Country carrots	Brinjals
Country spinach	Gourds of all types	

For information to:-

The Provincial Organiser, NATIONAL WAR FRONT, 25, Rajpur Road, Delhi	Or	The Provincial Organiser, NATIONAL WAR FRONT, Ajmer-Merwara, Ajmer.
The Department of Agriculture, Punjab, LAHORE.		

AAA 548

DOCTORS say, everyone should eat half a seer of vegetables DAILY. They contain precious vitamins and are especially good for growing children. So, in saving money, improve your diet and your health.

AGRICULTURE

Farming in China

Mr G. Watts' Padwick, Imperial Mycologist, who recently visited China as a Government guest, has given an interesting and instructive account of his impressions of agricultural conditions in the province of Szechwan, the heart of China, in an article in the latest issue of the *Indian Farming* (September 1943). Szechwan is the most productive agricultural province in China, inhabited by a sturdier looking peasantry, independent, cheerful, full of humour, healthy and well fed—a land more heavily populated than almost any other similar farming country in the world, a land skillfully cultivated by some of the world's best farmers, so highly valued by its owners, that they feel it should never be idle, that every inch of it must be used, a land without waste, a very old land which was terraced and cultivated four thousand years ago in much the same way as it is today, and by the ancestors of the same vigorous race which now inhabits it. In size and population it has a striking resemblance to Germany, and is connected with the sea by a great navigable river. With a moderate climate, (unlike some of the more exposed parts of China), the winter is cool, with a December average of 49 degrees and the summer is warm, with a July average of 80 to 82 degrees. In the dry winter, as humidity is high and evaporation consequently low, water can be conserved from one season to the next in ponds and *bunded* fields. The total rainfall for the five important months, November to March, is only 5 inch., less than one month's rainfall during June, July, August or September, and is quite insufficient to grow a crop. Thus, as in the case of India, winter crops have to be grown on residual moisture or on irrigation water.

IRRIGATION

The Chengtu plain, the northern portion of the province, is irrigated by the Min and To rivers. This system of irrigation has been in existence for 15 centuries. Numerous mountain streams are used to irrigate crops in the hills. Many ingenious devices exist for using and conserving water. In fast flowing streams, large water wheels are erected, turned by the force of the water and have small buckets attached to them set at an angle to carry the water upwards and tip it into pipes conveying it to irrigation channels. Similar smaller wheels are used for transferring water from one field to another and raising it from low lying fields to higher levels, but in this case the cultivator himself turns the wheel with his feet.

CROPPING

The crops can be divided into nine main classes; foodgrains (same as those of India, rice, wheat, etc.), pulses, starch and sugar crops, vegetables, spices and drugs, oilseeds, textile plants, soap and varnish trees and fruits. The foodgrains constitute 60 per cent. of the total area, legumes only 10 per cent. tubers and root crops (as sweet potatoes, Irish potatoes and yams) 7 per cent. and oilseeds 6 per cent. Rice, wheat and barley are the most important grains and among pulses, soya beans, green beans, broad beans, and peas are the most important; sugarcane and sweet potato rank first in producing sugar and starch; while rape is the most widely grown oilseed.

RICE CULTIVATION

Over 40 per cent of the cultivated land in any year bears a rice crop. The seed beds are sown in April, the seedlings transplanted in May, and the crop harvested from mid-August to mid-Sep-

tember. Although there is sufficient time to fit an intermediate crop of wheat or barley, there is not always sufficient water. The entire area is not double cropped, as two of the most important winter crops, peas and broad beans do not fit properly into the scheme. The Government has further insisted that 30 per cent. of all rice area must be followed by a winter cereal. The period during which land is vacant is, on the whole short. Unlike the Indian cultivator, the Chinese does not believe in sowing his crops broadcast because he wants to intertill them, which he can only do if he sows them in rows. He may broadcast legumes, such as vetches, in wheat and barley crops, to serve as a green manure for the rice crop following.

FARMING PRACTICES

As the cultivator considers his holding too small to support many big livestock, he keeps neither milch cattle nor draught cattle; he is prepared to do with his hands the work for which many others would employ oxen. However he employs buffaloes to prepare his rice fields, ploughing and cultivating under water. The plough used is a simple implement shaped like the Indian *kodali* or *kani*, but having a big curved beam and a simple handle. Beyond this he does most of the cultivation by hand, with fork, hoe and spade. Because of so much hand labour the farmer avoids unnecessary cultivations; the previous preparation of the land for most crops is only one digging or ploughing and one forking or harrowing. But the land is cultivated and weeded while the crop is growing. The practice of transplanting seedlings, common for rice the world over, has been extended to other crops, as sweet potatoes, maize and sorghum. Only a small seedbed is required during the early stages of growth and by the time the seedlings are ready for transplanting, the wheat or barley crop has been removed and the land prepared. In this way, the farmer manages to get a catch crop on land which would otherwise remain idle for a season.

The farms are marvels of care and attention. Crops like wheat, beans and barley are sown in drills by hand. The rows are kept free of weeds by hoeing. The plants are individually manured by hand at frequent intervals, with nightsoil, oilcake farmyard manure, composed and decomposed urine. Everything that rots (night soil, farmyard manure, all forms of waste) goes back to the land, except that consumed by the pig. The pig itself, tethered to a tree by a bit of string, is a small factory for making manure.

All this careful attention results in crop yields which are much higher than those in India: Rice 2,300 lb. per acre compared with 820 lb. in India; wheat 946 lb. against 640 lb.; barley 920 lb. against 790 lb. and jowar 880 lb. against 430 lb. Individual care of plants, cautious conservation of water and above all, the almost fanatical faith in the practice of manuring—these are the salient facts about Chinese Agriculture. The Szechwan farmer is a highly skilled cultivator, to whom, with all our modern knowledge, we can teach little or nothing about methods of cultivation. What science can give him, as it can give all cultivators throughout the world, is not an improved knowledge about his own job of filling the soil, but an organization for the provision of new improved seeds, of fertilisers of any and every sort, organic, and inorganic adequate irrigation and methods of attacking plant and animal pests and diseases on a nation-wide scale. No amount of research can provide these things unless there is an accompanying arrangement to put them to use. This is as much true of India as of China.

COMMODITY MARKETS

(From Our Correspondents)

BOMBAY, March 11.

It is understood that the Government of India are determined, whenever necessary, to put into operation their policy for the purchase of cotton to prevent manipulation. Thus when the G.C.C. is quoted at Rs. 400 per candy Government would buy at that price ex-godown or its equivalent elsewhere, and the other descriptions at the "floor" prices or the market rates for these descriptions whichever are lower. The Government may commence buying even when the G.C.C. is a little above the 'floor' level. The same policy will be followed for the Karachi market also when the 4F Hedge Contract touches or is slightly above the 'floor' of Rs. 46.

Cotton

The decline in the Indian Cotton Contract continues owing to the heavy movement of crop in the up-country especially in Broach and Surat. In the spot market inquiry was slight though it is expected that at these levels mills would come in to buy. The quotations for the principal varieties are as under:—

New crop Navsari ..	Rs. 590
Broach B6 ..	Rs. 22 off I.C.C. May
Broach B8 ..	Rs. 20 to 30 on I.C.C. May
Punjab 289F ..	Rs. 625
Comptahs new crop	Rs. 590

Regarding exports, U.K. has bought fair quantities of 4F S.G. and fine Bengal.

Seeds

In the groundnuts market Bold was quoted for March-April at Rs. 15 for Bombay delivery and for April-May at Rs. 15-10 and Khandesh quality was quoted at Rs. 15-14 for March-April as also for April-May while the quotation for Mormugao delivery was Rs. 15-15 for March-April.

As in other seeds markets, business in castor-seed market was only nominal and castorseed Madras for Bombay delivery was quoted at Rs. 16-2 and for Navlakhi delivery at Rs. 15-14, while for Mormugao delivery the quotation was Rs. 15-10.

The following are the oil quotations:—

Groundnut Oil Ready ..	Rs. 9-10 per qr.
Groundnut Oil March ..	Rs. 9-10 " "
Copra Oil ..	Rs. 10-60 " "
Linseed Oil ..	Rs. 8-40 " "
Castorseed Oil ..	Rs. 11-80 " "

HAPUR, March 13.

There has been a general recovery in the local grain markets during the week under review and the prices have gained appreciably. So far as the wheat prices are concerned, this bullishness is due to higher outside news and insufficient arrivals from villages. The consumers are at present experiencing a shortage of wheat in the market and the new wheat will not come before a month or so. The local wheat stock is estimated at 187 *khattis* (1,50,000 maunds), but it belongs to Government. The Government should dispose off their stocks at present rates as it would ease the situation and prices.

The Government would possibly change their system of purchasing grains from the forthcoming season.

Uptil now the Government were making their purchases through their agents, but the next harvest will be purchased on a "Tender System."

The local traders are awaiting developments at the first meeting of the Central Food Advisory Committee, convened by the Department of Food at New Delhi on the 15th instant, at which problems concerning the fixation of maximum price levels, procurement of foodgrains, and other allied matters are planned to be discussed.

Gur

The market ruled steady following reports that the Government have allowed exports of *Gur* outside the province on permit system. The permits will be available from the Regional Food Controllers. Arrivals are increasing, the weekly receipts being 33,000 maunds.

Pulses

The local *Urad* market manifested a bullish sentiment on false rumours that some Delhi traders have been successful in obtaining permits from the Government to export *Urad* from here, while *Moong* and *Arhar* markets ruled quiet owing to bearish statistical position. The Kutch and Delhi manipulators showed a good activity in *Urad* market and a keen buying interest was noticeable. The present firmness in *Urad* prices appear to be temporary and artificial for it is anticipated that the Central Government would control the prices of pulses. The *Moong* and the *Arhar* stocks are computed at 30,000 maunds and 165 *khattis* respectively. Sixteen *khattis* of *arhar* were opened during the week. *Urad Baisakh* opened at Rs. 10/4/6 and closed at Rs. 10/11/0 touching the highest and the lowest at Rs. 10/12/1½ and Rs. 10/3/1½ respectively. The latest quotations are:

Wheat: Ready Rs. 12/8/9; Gram: Ready Rs. 9/6/6, stock 4 *khattis*; Barley: Ready Rs. 7/4/3. Stock 9 *khattis*; Peas: Ready Rs. 7/4/3 stock 54 *khattis*; *Arhar khatti* Rs. 7/12, stock 165 *khattis*; *Gur*: Ready Rs. 6; Raw Sugar, Rs. 6/4; *Moong Jeth* Rs. 9/3/3.

COMPANY NOTES

The United Commercial Bank Ltd.

Another milestone in the progress of the United Commercial Bank was marked when a new branch was opened at New Delhi in the New Asiatic Building on January 28, 1944. Leading business men, some of the directors of the Reserve Bank and prominent citizens were present on the occasion. Deposits to the extent of Rs. 18 lakhs were received on the opening day itself and there has been since then a steady stream of deposits flowing into the bank. The United Commercial Bank, as is well known, has a paid-up capital of Rs. 1 crore and Mr. G. D. Birla is its Chairman. Among its banking features which deserves to be noted by the public are the following: The Bank offers special facilities for the collection of pay bills, pensions etc. free of charges to constituents. The bank is represented in London and New York and therefore is in a position to afford exchange facilities. We have no doubt that the bank has a great future in New Delhi.

On the 11th March 1944, Jaipur had the fortune of having a branch of the United Commercial Bank which was opened in the presence of the elite of the town. The officials, industrialists and other leading citizens of Jaipur graced the function. Deposits of over Rs. 27 lakhs were received on the opening day itself. The bank is bound to render valuable service to the State of Jaipur by affording ample facilities for the financing of trade, commerce and industry.

CURRENT STATISTICS

BANK OF ENGLAND				
(000's omitted)				
	Mar. 1, 1944	Feb. 23, 1944	Mar. 3, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion ..	1,049	1,121	1,390	263,700
Public Deposits ..	10,400	8,900	6,900	3,100
Other Deposits ..	243,100	254,000	222,600	129,100
Of which Bankers' Deposits ..	179,900	200,300	164,900	90,100
Govt. securities ..	222,220	210,400	183,600	113,000
Other securities ..	25,300	14,300	27,600	31,000
Of which discounts and advances ..	9,300	2,100	4,600	6,400
Notes and coins ..	14,700	23,700	28,500	34,200
Notes in circulation ..	1,036,300	1,077,500	922,500	529,500
Ratio of Reserve to Liabilities ..	5.80%	8.98%	12.47%	21.38%

U.S. FEDERAL RESERVE BOARD				
(000's omitted)				
	Mar. 2, 1944	Feb. 24, 1944	Mar. 4, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves ..	19,091,000	19,911,000	20,830,000	14,660,610
Total Bill discounted ..	37,000	48,000	12,000	6,100
Bills bought in open market ..	..	..	..	550
Total U.S. Government securities ..	11,624,000	11,816,000	5,800,000	2,423,900
Liabilities				
Federal Reserve Notes in actual circulation ..	17,339,000	17,135,000	12,872,000	4,609,280
Deposits — Member Bank Reserve Account ..	12,383,000	12,109,000	12,933,000	10,951,000
Ratio of total Reserve to Deposit and Federal Reserve Note-liabilities combined ..	62.8%	62.42%	86.9%	77.9%

RESERVE BANK OF INDIA
Weekly statement of account as on March 3, 1944.
ISSUE DEPARTMENT

	Rs.	Rs.
LIABILITIES		
Notes held in the Banking Department ..	10,33,04,000	
Notes in circulation ..	873,91,48,000	
Total Notes issued ..		874,37,52,000
Total Liabilities ..		884,32,52,000
ASSETS		
A. Gold Coin and Bullion:—		
(a) Held in India ..	44,41,43,000	
(b) Held outside India ..		
Sterling Securities ..	763,83,93,000	
Total of A ..		813,25,39,000
B. Rupee Coin ..		12,74,42,000
Government of India ..		
Rupee Securities ..		58,32,71,000
Internal Bills of Exchange and other commercial Paper ..		
Total Assets ..		884,32,52,000
Ratio of total of A to Liabilities: 91.953 per cent.		

BANKING DEPARTMENT		
	Rs.	Rs.
LIABILITIES		
Capital paid-up ..	..	5,00,00,000
Reserve Fund ..	..	5,00,00,000
Deposits:—		
(a) Government		
(1) Central Government of India ..	45,59,96,000	
(2) Government of Burma ..	31,65,000	
(3) Other Government Accounts ..	32,63,28,000	
(b) Banks ..	62,79,82,000	
(c) Others ..	10,05,68,000	
Bills payable ..	2,96,64,000	
Other liabilities ..	11,61,53,000	
Rupees ..		175,98,36,000

ASSETS				
				Rs.
Notes ..	..	..	..	10,38,01,000
Rupee Coin ..	..	..	..	21,35,000
Subsidiary Coin ..	..	..	..	1,76,000
Bills Purchased and Discounted:—				
(a) Internal ..	..	..	..	..
(b) External ..	..	..	..	..
(c) Government Treasury Bills ..	..	..	..	1,54,85,000
Balances held abroad* ..	..	..	..	151,42,20,000
Loans and Advances to Governments ..	..	..	..	23,00,000
Other Loans and Advances ..	..	..	..	20,00,000
Investments ..	..	..	..	8,50,16,000
Other Assets ..	..	..	..	3,46,99,000
Rupees ..				175,98,36,000

*Includes Cash and Short term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

	Mar. 3, 1944	Feb. 25, 1944	Mar. 5, 1943	Sept. 1, 1939
Held in the Banking Dept. ..	10,38.01	12,54.13	9,42.61	35,04.49
In Circulation ..	873,91.48	837,49.69	625,38.05	1,21,3.17
Total Notes ..	884,32.52	830,03.82	634,80.69	217,17.65
A. Gold Coin and bullion ..	44,41.43	44,41.43	44,41.43	44,41.46
Sterling securities ..	763,83.93	763,83.93	395,73.17	59,70.11
Total of A ..	813,25.39	808,25.33	440,14.60	103,9.57
B. Silver Coin ..	12,74.42	13,45.70	12,19.92	75,87.11
Rupee securities ..	58,32.71	58,32.71	182,43.17	37,28.93
Silver bullion under Coinage ..	..	..	..	..
Percentage of Reserve to Liabilities ..	91.963	91.843	69.335	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

	Mar. 3, 1944	Feb. 25, 1944	Mar. 5, 1943	Sept. 1, 1939
Cash ..	10,61.16	12,83.89	9,53.91	35,15.27
Balances held abroad ..	151,42.20	134,77.59	91,56.79	10,08.31
Investments ..	8,50.16	8,50.16	6,31.26	6,81.31
Bills discounted:—				
(a) Internal ..	..	..	..	..
(b) External ..	..	..	..	..
(c) Govt. of India Treasury Bills ..	1,54.85	2,09.50	38.72	1,15.67
Loans and Advances to the Government ..	23.00	30.00	..	31.00
Deposits:—				
(a) Govt. ..	78,51.89	70,69.33	32,41.16	14,69.43
(b) Banks ..	62,79.82	53,10.03	52,95.14	26,91.43
(c) Others ..	10,05.68	9,34.68	5,36.37	1,24.37

STERLING PURCHASES

	Total Amount Purchased.	Average rate.
1943-44:—		
February ..	11,070	1sh. 6d.
March ..	17,779	1sh. 6d.
April ..	9,219	1sh. 6d.
May ..	8,721	1sh. 6d.
June ..	6,338	1sh. 6d.
July ..	7,006	1sh. 6d.
August ..	8,546	1sh. 6d.
September ..	8,371	1sh. 6d.
October ..	8,947	1sh. 6d.
November ..	7,476	1sh. 6d.
December ..	9,573	1sh. 6d.
January ..	1sh. 6d.	11,130

IMPERIAL BANK				
Weekly Statement of Affairs as on February 25, 1941.				
(000's omitted)				
	Feb. 25, 1944	Feb. 18, 1944	Feb. 26, 1943	Sept. 1, 1939
Fixed deposits, savings bank, current and other accounts ..	212,83.31	215,25.24	172,93.89	87,26.24
Govt. securities ..	145,26.30	144,99.08	121,89.99	51,02.78
Other investments ..	2,90.88	2,93.98	1,31.21	98.27
Loans ..	13,42.26	13,32.82	9,52.69	7,63.33
Cash credits and overdrafts ..	39,61.37	23,54.47	18,83.03	19,73.06
Bills discounted ..	4,65.17	6,04.19	2,52.76	2,91.74
Cash in hand and with the Reserve Bank and with other banks ..	25,66.61	29,09.95	28,56.02	14,68.87

SCHEDULE BANKS
Comparative Statement

	3-3-44	25-2-44	5-3-43	1-9-39
Demand Liabilities				
In India ..	521,51.15	516,21.14	367,07.18	134,36.49
Time Liabilities				
In India ..	167,93.60	168,83.70	120,31.79	102,24.34
Cash in India ..	24,09.50	24,15.68	14,77.36	6,69.91
Balances with Reserve Bank ..	61,12.17	57,58.53	49,55.18	25,17.19
Advances in India ..	194,53.44	192,39.76	120,35.01	101,52.6
Bills discounted in India ..	9,14.79	8,51.23	3,36.67	3,57.19

TENDERS FOR TREASURY BILLS

(In thousands of rupees)				
Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter-mediate of Issue Dept.
Dec. 7	13,73.75	6,00.00	0 12 3	..
.. 14	14,02.50	6,00.00	0 11 11	..
.. 21	14,26.25	6,00.00	0 11 0	..
Jan. 4, '44	10,77.75	6,00.00	0 9 0	..
.. 11	8,55.50	6,00.00	0 8 7	..
.. 18	12,11.25	8,00.00	0 8 8	..
.. 25	19,76.75	8,00.00	0 10 4	..

CROP FORECASTS
For season 1943-44

Crop and Forecast	Tracts comprised in the Figures	Estimated Area	Per cent of preceding year (100=figure of same date preceding year)	Final figure 1942-43	Estimated Outturn	Per cent of preceding year (100=figure of same date preceding year)	Final figure 1942-43
Rape & Mustard—	94 per cent. of the total rape and mustard area of India ..	3,058,000	88	5,761,000	(a)	..	1,043,000 tons
Linseed—	94 per cent. of the total linseed area of India ..	2,370,000	92	3,403,000	(a)	..	411,000 tons
Sesamum—	86 per cent. of the total sesamum area of India ..	4,167,000	99	4,328,000	441,000 tons	104	463,000 tons
Sugarcane—	96 per cent. of the total sugarcane area of India ..	4,113,000	114	3,800,000	5,696,000 tons	112	5,076,000 tons
Wheat—	98 per cent. of the total wheat area of India ..	32,361,000	96	34,298,000	(a)	..	10,971,000 tons
Groundnut—	99 per cent. of the total groundnut area of India ..	8,531,000	111	7,697,000	3,305,000 tons	116	2,858,000 tons
Rice—	97 per cent. of the total rice area of India ..	79,960,000	106	75,193,000	30,603,000 tons	123	24,896,000 tons
Cotton—	All cotton-growing tracts ..	19,261,000	102	18,812,000	4,934,000 bales	110	4,554,000 bales
Castorseed	Practically all castor-growing tracts ..	1,202,000	88	1,334,000	108,000 tons	74	147,000 tons

	Feb. 1	11,71.00	8,00.00	..	1,00.00
.. 8	13,34.00	8,00.00	0 12 0	..	1,87.00
.. 15	14,74.00	8,00.00	0 12 6	..	1,75.00
.. 23	10,46.50	89.58	0 12 11	..	3,57.00
Mar. 3	7,79.25	5,05.25	0 12 11	..	1,45.00
.. 7	8,55.50	5,55.50	0 12 11	..	3,95.00

MATURITY OF OUTSTANDING TREASURY BILLS

Date	Amount	Date	Amount
20th February ..	5,675	24th ..	60,000
26th ..	60,000	6th April ..	57,900
2nd March ..	100	14th ..	2,100
3rd ..	59,975	15th ..	74,725
8th ..	3,550	21st ..	5,275
10th ..	51,975	22nd ..	925
11th ..	4,475	27th ..	78,275
17th ..	59,900	28th ..	800
18th ..	25	..	..

SUGAR POSITION

1943-44

(Figures in Tons)

Producing areas.	Production upto 22-2-44.	Despatches during the period 22-2-44 to 22-2-44.	Progressive total of despatches upto 22-2-44.	Percentage of progressive despatches to production.	Physical stocks on 22-2-44.
U. P. ..	4,11,633	13,181	1,04,661	25.4	3,08,952
Bihar ..	1,48,838	6,303	41,009	27.6	1,07,829
Bombay ..	37,352	1,689	11,674	31.3	25,678
Madras ..	18,801	1,005	5,746	30.6	13,055
Punjab ..	5,812	410	2,208	39.3	3,404
Bengal ..	7,100	97	765	10.8	6,335
N.-W.F.P. ..	3,297	277	1,587	48.1	1,710
Orissa ..	1,267	103	186	14.7	1,081
Indian States ..	73,344	1,338	22,164	30.2	51,80
Total ..	1,07,244	24,383	1,90,020	28.9	5,7224
N.B.—Balance physical stock of 1941-42 and 1942-43 sugar as on 22-2-44 was 9,150 tons.					

INDEX NUMBER OF WHOLESALE PRICES OF GROUPS OF ARTICLES IN INDIA

(Base: Week Ending 19th August 1939=100)

CALCUTTA				(Base: Prices in July 1914=100)			
Groups	Average for July, 1943	Average for June, 1943	Average for July, 1942	Jan. 1944	Dec. 1943	Jan. 1943	Sept. 1942
Food and Tobacco	294.4	303.3	155.8	1944	1943	1913	19.9
Other Agricultural Commodities	225.6	241.8	145.7				
Raw Materials	182.8	178.4	162.3				
Manufactured Articles	259.5	257.5	172.7				
Primary Commodities	234.1	237.5	156.5				
All Commodities	239.3	241.7	159.9				
Chief Articles of Export	236.8	243.9	152.2				

BOMBAY				(Base: Prices in July 1914=100)			
Commodities:	Oct. '43	Sept. '43	Oct. '42	Aug. '43	July '43	June '43	July '43
Foodgrains	235	236	171				
Cereals	7	216	175				
Pulses	2	331	157				
Sugar	3	231	156				
Other Food	3	292	165				
All Food	255	252	173				
Oilseeds	5	179	118				
Cotton, Raw	5	94	94				
Cotton, Manufactures	6	282	223				
Other Textiles	2	93	83				
Hides and Skins	3	99	99				
Metals	5	522	783				
Other Raw and Manufactured Articles	4	228	230				
Non-food	231	239	266				
General Index	240	244	233				

BANGALORE				(Base: Prices in July 1914=100)			
Commodities:	Aug. '43	July '43	June '43	July '43	June '43	July '43	July '43
Food Grain sand pulses	293	284	314				
Oil and Oil seeds	264	303	297				
Other food articles	244	267	276				
Textiles	277	293	356				
Others	349	349	389				
General Index Numbers	306	306	213				

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939†

(Base: August 1939=100)

	Bombay				Ahmedabad				Sholapur				Cawnpore				Nagpur				Jubbulpore				Lahore				Madras			
	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43	1939-40	1940-41	1941-42	1942-43
Jan.	109	111	130	193	111	108	130	237	110	105	132	201	114	110	145	225	111	111	138	212	112	119	148	228	109	113	143	264	109	110	119	164
Feb.	107	113	129	195	108	108	129	226	108	105	127	207	112	108	144	234	105	109	134	234	107	117	147	292	108	111	147	256	106	110	117	167
Mar.	105	113	130	198	107	108	132	237	103	108	132	219	109	106	150	246	105	108	133	262	109	121	155	278	110	109	145	254	107	110	117	173
April	105	115	131	214	107	111	136	256	101	107	136	223x	110	107	149	268	106	113	138	291	110	124	155	279	110	120	148	267	108	111	121	176
May	106	116	135	214	105	112	141	271	103	107	142	234	109	108	155	299	111	113	145	317	112	122	158	309	101	113	155	278	109	110	123	177
June	108	116	145	224a	110	114	152	289	104	111	149	252	108	114	175	338	109	116	160	361	116	126	178	317	100	109	162	275	109	111	131	163
July	108	120	150	225	108	121	160	288	104	115	153	266	109	126	180	341	108	120	181	361	119	134	199	312	102	114	166	275	109	115	136	185
Aug.	109	125	160	227	107	126	168	293	104	118	158	266	112	130	203	339	111	125	183	354	117	131	202	319	102	120	177	286	110	117	140	185
Sept.	107	123	162	233	108	126	160	312	103	119	162	289	113	133	202	353	111	125	183	356	124	138	202	301	108	125	183	296	110	115	140	185
Oct.	108	119	164	236	100	126	166	329	103	123	177	288	112	134	206	349	117	125	184	273	124	138	202	301	111	133	166	326	111	117	115	198
Nov.	118	120	170	236	111	129	168	327	103	130	196	293	112	143	224	334	114	131	190	280	124	141	214	323	115	143	191	307	112	120	159	199
Dec.	110	123	179	235	108	136	204	318	104	136	201	284	111	151	224	314	113	136	200	284	119	153	231	328	115	143	252	307	112	123	161	193

Nagpur and Jubbulpore do not include housing.

(a) Figures from June onwards relate to the calendar month and not to the month ended 15th June as before.

(b) Fall in index is due to the taking into account controlled cereal prices instead of market prices.

(x) Revised figure.

† Indian Labour Gazette.

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Grade & Quality	Market	Unit	This Week Rs. a.p.	Last Week Rs. a.p.	A Year ago Rs. a.p.	Pre-war (1939) Rs. a.p.
Rice (not in husk)	New Crop	Calcutta	per md.	17 12 0	17 12 0	15 0 0	4 14 0
Wheat	Basmati Sela Average quality	Amritsar Karachi	"	8 0 0	8 0 5	5 15 0	..
		Hapur	"	11 13 9	11 13 9	..	5 15 0
		Lyallpur	"	10 4 0	10 4 0	5 1 0	2 5 0
Sugar	Marhowrah Crystal No. 1	Cawnpore	"	15 5 6	15 5 6	14 8 6	9 15 0
Sugar raw	Chikna best quality	"	"	8 8 0	8 8 0	..	..
Tea	For home market	Calcutta	"	0 8 6	..	1 1 10	0 4 0
Potatoes	Desi	Cawnpore	"	5 8 0	5 8 0	..	..
Groundnuts	Bold	Bombay	per md.	11 6 0	11 6 0	..	..
Groundnut Oil	Expeller	Madras	per 500 lbs.	175 0 0	175 0 0	..	..
Castor Oil	Average	Madras	per 500 lbs.	208 0 0	208 0 0	172 0 0	..
Castor seeds	Average	Bombay	per cwt.	15 8 0	15 8 0	18 0 0	7 2 6
Linseed	Bold	"	per cwt.	11 8 0	11 8 0	13 8 0	6 12 6
Mustard	Toria 9% admixture	Karachi	per 656 lbs.	100 0 0	100 0 0	77 12 0	26 12 0
Cotton (raw)	Fine M.G. 4-F (Punjab) R.G. "Jarilla 3/4"	"	per 784 lbs.	505 0 0	505 0 0	..	..
"	"	Bombay	per candy	468 12 0	442 8 0	..	..
Jute	Raw Firsts	Calcutta	per 400 lbs.	82 0 0	80 0 0	72 0 0	41 0 0
Jute Bags	B. Twills 2 1/4 lbs.	"	per 100 bags.	67 12 0	67 4 0	61 4 0	28 13 0
Wool (raw)	Kandhar (cleaned)	Karachi	per md.	60 0 0	60 0 0	50 0 0	32 0 0
Cow hides	Best quality (Agras)	Calcutta	per 20 lbs.	10 8 0	10 8 0	10 8 0	10 8 0
Goat skins	Best quality	"	per 100 pieces.	155 0 0	150 0 0	145 0 0	115 0 0
Tanned Hides	Best quality	Madras	per lb.	..	..	1 4 0	0 12 0
	(cow)	"	"	1 6 10	1 6 0	..	..
" Skin	Best quality (goat)	"	"	2 11 6	2 10 6	2 2 0	1 12 0
Shellac	T. N. Superior	Calcutta	per B. md.	71 0 0	71 0 0	64 0 0	14 0 0
Kerosene oil	"	"	per 4 gals. in tin.	5 4 3	5 4 3	5 5 3	3 13 3
Coal	Selected Jharia (best)	"	per ton into wagon	12 8 0	12 8 0	7 8 0	4 12 0
Pig Iron	Foundry No. 1	Cochin	per ton f.o.r.	104 0 0	104 0 0	94 0 0	89 0 0
Copra	Fair average quality	"	per 684 lbs.	185 0 0	180 0 0	160 0 0	..

* May 1944

RURAL RETAIL PRICE INDEX NUMBERS DURING THE MONTHS OCTOBER TO DECEMBER 1943

Base: January 1943=100

	Cereals			Pulses			Other articles of food			All articles of food			Fuel and clothing			Miscellaneous		
Name of Centre	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.
EASTERN ZONE																		
1. Bamra	146	133	..	191	195	..	140	160	..	155	161	..	132	129	..	136	151	..
2. Malbani	235	230	168*	164	164	164*	164	165	164*	169	170	164*	114	132	132*	143	143	143*
3. Rajapur	434	180a	181	228	213	233g	173	207e	232e	195	204	225	131	138	147	124	118	119
4. Shankargarh	169	160	150	174	170	168	110	115	115	141	140	136	87h	87h	87h	97	92	90
5. Sonali	283	246	185d	182	181	157d	207	218	223	216	216	206	105	105	105	b	b	b
NORTHERN ZONE																		
6. Multapi	131	136	100d	119	118	90d	131	133	129	122	129	115	111c	111c	111	92	99	101
7. Nana	110	124	128	117	127	131	106	113	113	108	117	119	128	134	129	124	126	121
8. Salamatpur	157c	146c	152	119	119	115	104	107	107	115c	117v	110	95c	96c	96	155c	155c	159
9. Shujabad	142	142	140	120	118	114	121	115	114	128	123	122	116c	117c	116	128	128	126
10. Gujjar Khan	148	149	148	150	159	148	113	114	120	127	129	130	120c	123	127	113	118	111
SOUTHERN ZONE																		
11. Krishna	163	157	180	103	103	102	120	123	123	127	128	128	104c	118c	113	87	87	89
12. Lakh	142c	127c	118	153	155	122i	117	117	121	128c	125	121	123	123	123	91	101c	107
13. Mair	144	144	139	144	152	149	127	129	132	133	137	136	88	88	88	108	107	105
14. Muniguda	143	125	125	131	121	126	109	108	116	117	112	118	86	86	86	85	88	91
15. Kudchi	150	b	b	143	161	162	127	124	125	132	129	130	108c	108c	108	103c	104c	104

a The fall is due to fall in the price of rice.

b Price quotations are not available.

c Revised figures.

d Due to fall in the prices of all the items under the group.

e Due to an abnormal rise in the price of onions.

f Due to rise in the prices of bidis and tobacco.

STOCKS AND SHARES

This week.				Previous week.				This week				Previous week			
Rs. a. p.				Rs. a. p.				Rs. a. p.				Rs. a. p.			
BOMBAY (March 14)								CALCUTTA (March 14)							
GOVT. SECURITIES								JUTES—							
2½% (1948-52)	..	..	99 12 0	99 12 0	Alliance				..	484 0 0	465 0 0				
3% (1946)	..	..	102 4 0	102 4 0	Barnagore				..	192 0 0	182 0 0				
3% (1949-52)	..	..	100 12 0	100 12 0	Champdany				..	229 0 0	227 0 0				
3% (1951-54)	..	..	100 4 0	100 4 0	Howrah				..	74 0 0	70 5 0				
3% (1953-55)	..	..	100 4 0	100 4 0	Kamarhatti				..	597 0 0	581 0 0				
3% (1963-65)	..	..	98 8 0	98 8 0	Kankanarah				..	7 4 0	7 2 0				
3% (1960-68)	..	..	98 2 0	98 2 0	Nuddea				..	512 0 0	510 0 0				
3½% (1947-50)	..	..	103 4 0	103 4 0	Auckland				..	303 8 0	302 0 0				
3½% G.P. Notes	..	..	99 5 0	99 2 0	STEEL & ENGINEERING—										
4% (1960-70)	..	..	112 8 0	112 8 0	Bhartia				..	18 5 0	18 5 0				
4½% (1955-60)	..	..	115 12 0	115 12 0	Indian Iron				..	38 2 0	36 12 0				
5% (1945-55)	..	..	105 4 0	105 4 0	Marshalls				..	4 15 0	5 0 0				
TEXTILES								Kumardhubi				..	9 7 0	9 7 0	
Poddar	..	..	482 8 0	..	Steel Corporation				..	28 4 0	27 10 0				
Ahmedabad	..	..	512 8 0	502 8 0	Jessep				..	23 12 0	23 10 0				
Bombay Dyeing	..	..	2,116 8 0	2,051 4 0	TEXTILES—										
Central India	..	..	433 0 0	416 8 0	Kesoram				..	19 3 0	..				
Indian Bleaching	..	..	222 0 0	223 0 0	Cawnpore Textile				..	17 1 0	15 12 0				
Kohinoor	..	..	711 0 0	689 0 0	New Victoria Pref.				..	10 4 0	9 15 0				
Century	..	..	1,045 0 0	975 0 0	Dunbar				..	300 0 0	292 0 0				
Colaba Land	..	..	216 0 0	235 0 0	Egin				..	83 0 0	85 0 0				
Phoenix	..	..	765 0 0	755 0 0	COALS—										
Simplex	..	..	263 0 0	252 8 0	Bengal				..	607 0 0	586 0 0				
Swadeshi	..	..	605 0 0	576 0 0	Equitable				..	53 12 0	53 12 0				
Vishnu	..	..	582 8 0	..	West Jamuria				..	54 0 0	54 0 0				
Sasoon	..	..	19 6 0	..	North Damuda				..	10 5 0	10 8 0				
Apollo	..	..	5 2 0	..	South Karanpura				..	13 13 0	13 12 0				
Swan	..	..	327 0 0	..	Bhailgora				..	17 0 0	16 8 0				
Finlay	..	..	346 0 0	..	East Indian				..	32 0 0	32 0 0				
Morarji	..	..	750 0 0	..	Burrakur				..	33 7 0	32 4 0				
New Great	..	..	428 0 0	..	MISCELLANEOUS—										
Model	..	..	323 12 0	..	Consolidated Tin				..	2 2 0	2 2 0				
MISCELLANEOUS								Indian Copper				..	2 14 0	2 14 0	
B.I.C.	..	..	6 9 0	..	B. I. C.				..	6 10 0	6 8 0				
Bombay Burma	..	..	412 8 0	410 0 0	I. G. N.				..	146 0 0	143 8 0				
Alcock	..	..	630 0 0	637 8 0	Burma Corporation				..	3 14 0	3 14 0				
Belapur Sugar	..	..	240 0 0	237 0 0	British Ceylon Corporation				..	19 4 0	19 4 0				
Bombay Tramway	..	..	145 12 0	141 8 0	Titagarh Paper				..	29 5 0	23 8 0				
Bombay Steam	..	..	683 12 0	655 0 0	Dalmia Cement				..	..	18 13 0				
British Burma Petrol	..	..	3 4 0	3 2 0	SUGAR—										
Andhra Valley	..	..	1,855 0 0	1,830 0 0	Samastipore				..	22 8 0	22 0 0				
Shivrajpur	..	..	69 8 0	63 8 0	Belsund				..	13 2 0	12 12 0				
Tata Oil	..	..	82 8 0	80 0 0	Carew				..	30 14 0	30 3 0				
Tata Chemical	..	..	31 8 0	32 4 0	Champaran				..	42 4 0	..				
Tata Power	..	..	1,890 0 0	1,830 0 0	Ramnagar				..	14 4 0	14 12 0				
Tata Hydro	..	..	202 0 0	198 0 0	Buland				..	39 6 0	..				
Tata Steel Ord.	..	..	422 0 0	410 8 0	TEA—										
Tata Steel Defd.	..	..	2,165 0 0	2,036 0 0	Biswanath				..	40 0 0	..				
Premier Construction	..	..	219 0 0	..	East India				..	15 12 0	..				
Associated Cement	..	..	222 8 0	219 0 0	N. Tarai				..	30 10 0	..				
Indian Iron	..	..	38 0 0	36 12 0	Eastern Cachar				..	14 2 0	14 0 0				
Indian Copper	..	..	2 13 0	2 12 6											
Tata Steel 1st Pref.	..	..	220 0 0	220 0 0											
Tata Steel 2nd Pref.	..	..	161 0 0	159 0 0											
Bombay Burma New	..	..	..	148 12 0											
BANKS—															
Central	..	..	94 4 0	..											
Imperial (Fully Paid)	..	..	1,932 8 0	1,975 0 0											
Imperial (Partly Paid)	..	..	508 12 0	515 0 0											
Reserve	..	..	135 6 0	134 14 0											
India	..	..	180 8 0	..											
New India Insurance	..	..	..	88 8 0											

THE EASTERN ECONOMIST

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Industrialization and Trade

CONSTRUCTIVE economic thinking in India is today set towards the objective of achieving rapid development of the internal resources of our country. While the pace has undoubtedly been set by the publication of their memorandum early this year by the industrialists from Bombay, rival plans are already coming forward to catch the eye of the nation. The Government of India, we are assured, is busy preparing a plan for the internal development of the country. The Muslim League has announced its intention of appointing a Planning Committee to map out the economic possibilities of Pakistan. The Indian Federation of Labour is also reported to have produced a rival plan. While, therefore, eyes are riveted on plans of internal development, it is also necessary to take our international bearings, primarily in the context of the needs of our plan for industrialization. Already charges of "economic chauvinism" and autarchical propensities have been levelled against the planners. Knowing the quarters from which such charges come, the planners have nothing to disown or live down to. But it is necessary that we should ourselves know our latitude and longitude, for no country can afford to completely cut itself from the international economic system without repercussions on its standard of living or the possible rate of economic development. The international economic policy which we may follow after the war must be co-ordinated with the essential requirements of plans for internal development. The rapid industrialization of new areas of the world and the rise of the new and powerful technique of economic planning cannot fail to impress itself forcibly on the system of international trade. In what respects need we adjust our-

selves to the emerging pattern of international economic relationships? And conversely what possible effect will our industrialization have on the world trading system?

In the first place, we must remember that as long as natural resources, skilled labour and capital resources are not evenly distributed throughout the world, at any moment the advantages of international specialization must be substantial and no country as at present territorially organized can completely isolate itself from the rest of the world and yet function at a high and rapidly improving standard of industrial level. However these (static) advantages of international specialization must be weighed against the highly dynamic advantages of the technique of economic planning which has rendered the factors in industrial development "mutable" in a greater or less measure. Thus the Russian experiment has shown that the fixed capital of a country can be more quickly built up than we could ever imagine in the hey-day of *laissez faire*. Differences in industrial skill can be removed very effectively and surprisingly quickly by technical training on an ambitious mass scale. Even in the matter of natural resources, up to a certain point, modern technology can come to our rescue by the use of lower grade natural resources, synthetic products and technical substitution which make greater use of resources which are comparatively abundant in any particular country. All these no doubt make much heavier demand for capital investment and for special operating skill, but a planned economy can speed up the rate

of capital formation and technical training scheme almost to any extent it chooses. Consequently, provided we possess a reasonable sufficiency of various natural resources, we can speed up the rate of capital formation and thus have much greater rate of economic development than would be possible under free trade and *laissez faire*, although the "real" cost of such development in terms of labour and materials may be considerably higher.

The advantages of international trade are, however, real within the limits of its volume. But international trade touches only a fraction of the national income of a country. The volume of world commerce, in general, will expand roughly only at the rate at which the economic development of the world as a whole is proceeding, and any attempt by any country to increase its own share of world trade by unilateral action can only be at the expense of other countries and is thus very difficult of achievement. Consequently, if a country chooses to depend wholly on the advantages of international specialization, the rate of its economic progress must be largely limited by the rate of the development of the world as a whole, unless it can count on a steady supply of foreign capital in requisite volume. On the contrary, a planned economy in the interest of a rapid rate of economic development, reduces its proportion of external finance and thus substitutes for the temporary (static) advantages of international specialization during the transition period of a decade or so the outweighing benefits of rapid economic progress through intensive capital formation.

In the context of India's plan of economic development, however, the charge of "economic chauvinism" or autarchy, is somewhat incongruous. In the interest of rapid economic development, we have indeed to lower our proportion of external finance by rapidly building up our basic industries, but this cannot in any way be construed as turning away from the international economic system. In the matter of natural resources, India may not be so rich, relatively to her vast population, as the United States or the Soviet Union, but it cannot be doubted that if her economic unity can be maintained, she is reasonably well endowed for an ambitious economic development. Consequently, by such a plan we are no more than taking advantage of the potentially rich "mutable factors in industrial development" and trying to bring about an order of international specialization which conforms more closely to our great economic potentialities. Not only during the initial period of the Plan we shall be vitally linked with the world trading system through our need for equipments, raw materials and special categories of consumers' goods. If we can utilize our sterling balances and import the necessary amount of foreign capital, we shall to that extent be spared the rigours of exchange control and the costly paraphernalia of autarchy. Beyond the point necessitated by reasons of security, autarchy is wanted not for its own sake but only in so far as it allows a country to escape the limitations imposed by international factors and achieve a higher rate of development. On the contrary, if foreign countries do not co-operate with our plan for economic development so that our sterling balances are juggled away through one means or other and we do not get foreign capital, the Planning Authority will be forced to institute strict exchange control and all the features of autarchy. If we have autarchy after the war, it would be not because we shall seek it but because we are forced to have it through the antagonism or non-co-operation of foreign countries.

But assuming that there is no such antagonism or non-co-operation, all economic considerations would

show that the industrialization of our country will lead to a growth in our international trade, although not proportionately to the rate of growth of our national income. In other words, although our proportion of external finance will steadily fall, our international trade in absolute volume will increase. Indeed, we shall seek more international trade in so far as it enables us to secure a part of our national income at more advantageous terms of exchange.

There will, of course, be change in the make-up of our trade. During the initial period there will be a great demand for plant and equipment which will be largely financed out of our sterling balances. But very soon, thanks to the increasing prosperity, India will become a great market for foreign goods—not for simple manufactures as before, but for high-grade equipments, deficient raw materials for our giant industrial machine as well as special classes of consumers' goods. It is a cliché to say that trade radiates from industrial countries and industrialization of the less industrialized countries would, in general, lead to an increase of international trade. Actually, the increase, if any, of international trade as well as change in its structure, would depend on the type of country as well as the degree of industrialization. The industrialization of a backward country, comparatively poor in natural resources, would lead to an increase in international trade in which large import of raw materials and export of simple manufactures would tend to bulk largely. During the war an impetus to industrialization has been given not only in backward countries like India but also in rich primary producing countries like Canada, Australia and Argentina. The industrialization of the latter countries would not lead to so great an increase in income per capita as in a backward country like India. Consequently, while industrialization of countries like Canada, Australia and Argentina is not likely to lead to any great increase in international trade but may possibly even lead to a displacement of its import trade, rapid industrialization of countries like India would be a definite factor tending towards the expansion of world trade. If it is true that in view of the serious deterioration in the international economic position of Great Britain, her prosperity depends on an expanding system of world trade, we would be justified in saying that increasing prosperity of Great Britain after the war hinges decisively on the rapid industrialization of backward countries like India. The industrialization of India, far from throwing a menace to British prosperity, is the only effective basis for it in the new situation, and Great Britain has every interest to welcome it and help to bring it about. If British financial and commercial interests do not recognize this, it is because they are unwilling to face the immediate problems of adjustment and adaptation. It took nearly two decades for Britain to realize that she could no longer depend for her prosperity on her old export industries like cotton and coal but must rely upon new industries like motor car, electrical goods, etc. Similarly it may take another 20 years for her to realize that her own prosperity is rooted in the development of less advanced countries like India, China, etc. It is only if we are denied the utilization of our sterling balances for our economic development that we shall be forced to institute strict exchange control or autarchy so far as it is possible. On the other hand, if our sterling balances remain available to us and foreign credit also is made available to us, in industrializing herself, India could increasingly participate in an expanding system of world trade and in so far as we pursue a positive tariff policy, it would be not to limit the volume of our trade, but to influence its structure in consonance with the essential requirements of our national economic development.

Government's Transport Plan

IF the Bombay Plan has done nothing else it has at least contributed to the quickening of the slow moving machinery of Government in their post-war planning. Within the last fortnight the Government have come forward with their plans for road and civil aviation development after the war and invited public opinion. The schemes, especially that relating to road transport, have been conceived on bold lines and drawn up by persons who undoubtedly know their jobs. But that is not to say that they are immune from criticism. Several questions have to be answered before the public can be expected to endorse the plan.

The main features of the 20-year road programme were summarised in our columns last week. It envisages the building of 400,000 miles of roads at a capital cost of Rs. 450 crores (based at about 50 per cent. above pre-war prices) to be completed if possible even in ten years. The development programme is divided into two parts, a long-term programme to give elaborate road communication throughout the country and a short-term programme to deal with the immediate problems arising out of the war. It is, however, evident judging from the report of the Technical Sub-Committee that the road programme is dominated by the Government's immediate desire to use it for absorbing the demobilized soldiers, the plant and road machinery released after the war. From the long-term point of view the objective set out is that the country should have a network of roads connecting every nook and corner within a road frame. For this purpose the roads are to be classified as under:—(a) National Highways which will be the road frame within which the road system is to be developed and which will link up the provincial capitals, main ports, and international routes at the frontiers. The construction and maintenance of these national roads is to be the financial responsibility of the Centre. (b) Provincial Highways which are the arterial roads of a province or State connecting up with the National Highways. (c) District Roads which traversing each district serve areas of production and markets and connect them with one another and with highways and railways and (d) Village Roads which connect villages with each other and to the nearest district road, main highway, railway or river ghat.

While the actual construction of every type of road is to be the responsibility of the provinces, the task of designing, planning, co-ordinating and laying down standards and specifications is to be done by a central organization, namely, the Road Board which is to be an expert whole time body with adequate staff to deal with its large volume of administrative work. The Road Board, it is suggested, should consist of a chairman, a member for road development, a member for traffic, a member for finance and a secretary. Its functions are numerous: To balance rival claims for priority in construction, to co-ordinate and direct the efforts of all construction agencies, to phase work so as to make the best use of men and material and to ensure fulfilment of the programme. The Board is to be assisted and guided by an Advisory Council in its policy of serving impartially the interests of the Central, Provincial and State Governments. Well under 20 years the Road Board is expected to complete its programme of increasing the road mileage of the country from the existing mileage of 79,000 miles of hard crust roads and 163,000 miles of

earth roads to 147,000 miles and 253,000 miles respectively i.e., by 86 per cent. and 55 per cent. respectively.

The above in bare outlines is the Government's road plan. Before we make one or two comments it is necessary to point out the discrepancy in the figures of the existing mileage given in the report. The length of the existing roads in British India alone is in the neighbourhood of 300,000 miles as has been pointed out in the Bombay Plan made up of 74,000 miles of metalled road and 2,26,000 miles of unmetalled road. The Government's plan proceeds on the assumption of about 2,42,000 miles for the whole of India and this is to be increased to 400,000 miles. Impressive as Rs. 450 crores of capital expenditure on road construction may be, it is wholly inadequate for a target of 600,000 miles which is the aim of the Bombay Plan. But even so our first difficulty in judging the soundness of the Government's planning of transport is that we do not know the relative place which this part of the plan occupies in the general scheme of planning. The trouble about planning is that unless we have a complete picture of the whole plan, partial plans, however, beautifully conceived, in isolation from one another, will only lead to lack of balance and unco-ordination. Every first year student of economics knows that the resources of the country in capital and labour must be so distributed that they will have the same utility in each of their marginal uses. We know the preference of this Government to road programme. It serves a number of purposes on which they have set their heart. The utilization of unwanted and surplus machinery, the employment of the demobilized soldier and the need for quick movement of troops for internal and external defence have all combined to assign to road development a high priority. But whether the country will agree with the Government in this respect is extremely doubtful. For as Sir M. Viswesvaraya has pointed out, if the Government has only limited capital resources it is doubtful if a large portion should be directed to road construction as in the early years at least it will not be self-financing and as until industry and agriculture develop very much more rapidly than is the case at present, it will be putting the cart before the horse. No wonder that the public have grave misgivings about the special interest of the Government in respect of road development when the country is yet to know what the Government's proposals for over-all economic development are. Indian public opinion feels that the high degree of priority to road development under the plan is to be explained by the desire to facilitate the sale of British goods in every nook and corner of the country and incidentally find a market for the big motor industry which will develop in Britain after the war. Without necessarily identifying ourselves with this view, we cannot refrain from drawing attention to this widespread misgiving. The suspicion can only be allayed if the Government's planning in other respects is done with equal zeal.

The plan provides for the establishment of a Plant Committee but there is no indication that the committee will be asked to examine the desirability of manufacturing in the country all the road-making machinery needed for construction. Already orders are sought to be placed with Britain for the import of 1,200 road rollers, and other kinds of plant. It is also feared that several worn-out and condemned

machines and plant not wanted after the war may be dumped on India at high cost. Unless the functions of the Plant Committee are widened so as to fix responsibility on it to arrange for home manufacture, the danger of frittering away our external reserves in buying up wrong things cannot be overlooked.

It is gratifying to note that the importance of cement as the future road material has been fully recognized; but what one would like to know is what arrangements Government have taken or propose to take to accelerate cement production in India immediately, as the Government's plan is apparently not to wait even for the end of the war but to proceed forthwith with the repair of war-damaged roads. There is nothing in the plan to indicate that Government have bestowed any attention on the question of increased cement production. The method of financing the programme of road development has not been explained. But it is obvious that loans, not ordinary revenue, will be the source of finance. Sir M. Usman, the Member for Posts and Air, has stated that "the programme envisaged is an ambitious one but that need not frighten us. We propose to go on with our examination undeterred by fears of finance and other difficulties." Would that the same courage and vision inspire the Government in their planning in other fields!

The relation between road transport and railways has been the subject of examination by the Technical Committee, and some very illuminating suggestions have been put forward with a view to co-ordinating and resolving the differences between road and rail transport. We shall return to the subject in another article. But it is necessary to draw attention to a great lacuna and gap in the Government's transport plan. Civil aviation has been dealt with; railway programme is being examined, and the outlines of road development have been put forward. But canal transport and its role in the general scheme of transport have nowhere been discussed; nor is there any evidence to show that Government are seriously considering the question. In the past not only were canals neglected, but railways were allowed to crush them.

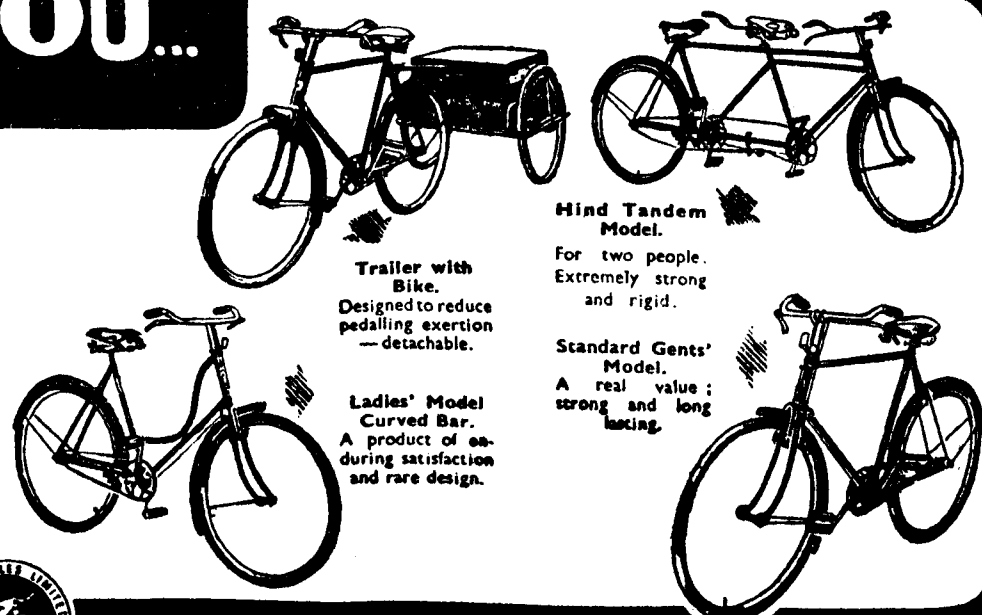
The case of the Buckingham Canal in Madras Province illustrates the extent to which a very useful means of transport can be practically killed. In any planned transport system the importance of canals cannot be overlooked. They afford the cheapest method of carriage of cheap and bulky goods, although the carriage is perhaps slow. It should be possible to deepen canals wherever possible so as to afford facilities for speedy transport. The country can be linked from one end to the other by careful survey of river and canal communications. The absence of a scheme for developing canal transport is a grave defect in the Government's transport plan.

We shall deal in a later article with the question of civil aviation. But a passing reference should be made to the basic assumption of road planning. It is that the Central Government must undertake the responsibility for transport development in India. Consultation with the provinces and States, of course, there should be at every stage. Actual construction of roads may be left to provincial and State agencies. But the responsibility for fixing targets, assigning priorities, co-ordinating activities and balancing rival claims must, it is emphasized, rest with the Central authority. To quote the words of the Technical Committee:—"We believe that the future of land transport will be in grave danger of lasting damage unless there is a unitary policy centrally organized and applied by arrangements of this nature." Earlier the committee has pointed out that "the Indian Road Board should implement and administer the general road transport policy, direct the regulation of transport commissioners regarding the policy to be pursued by them. It should also deal with appeals from the decisions of Provincial Transport Commissioners."

This is the crux of the matter. Planning of transport or industry or agriculture must be at least on national lines. Economic planning to be successful requires a strong and stable Central Government which will control and guide the economic life of the whole country. It is incompatible with a Government which is not clothed with the necessary powers of control and co-ordination.

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March 1944, a record somewhat disappointing if we into account that full ten months have passed cloth and other controls were instituted. On Mar. 1944, the index of manufactured goods actually at the lower level of 248.8 than the index of primary commodities at 256.7 and it is tempting to test, as was done by the Finance Member, that the ban and rural centres practically broken down owing to the unavailability of motor vehicles and accessories and has this not severely affected the ryot's economy? There is little doubt that the war is making the country still poorer and its prosperity is only a figment of our sophisticated imagination.

One of the resolutions demands the restoration of cultivators of lands from which they have been evicted presumably for land revenue default in 1943, and in this connexion it draws attention to the need of modifying the recent Bengal Ordinance on the subject which does not go far enough in undoing the mischief wrought by the famine on tenancy conditions. To the tradition of encouraging self-reliance among the peasantry the resolution further urges the Government to set up settlement boards of villages for settling such cases of transference of land and evictions through mutual understanding of the parties concerned.

POWER ALCOHOL

The need for supplementing our limited and inadequate resources in oil and petroleum has been apparent. When the Congress was in power genuine efforts were made to promote the manufacture of rectified spirit and power alcohol so as to supplement our fuel resources and, incidentally, utilize the sugar factories and distilleries to the best advantage. A power alcohol plant was actually set up. The Government took the important step of encouraging the use of power alcohol by insisting upon its being mixed with petrol in some percentage. Mysore and Travancore Governments did the same thing in regard to power alcohol and rectified spirit respectively. Mandya Sugar Factory produces about 1,500 gallons of power alcohol and Travancore about 1,000 gallons of rectified spirit. Rectified spirit contains a much larger percentage of water (about 5 per cent. in weight) than power alcohol, which is practically 99.75 per cent. pure. But its efficient manufacture depends upon the use of a plant—a dehydrated column—for taking away water.

NATION'S HEALTH

In a recent address, General J. B. Hance, Director-General, Indian Medical Service, not only emphasized it was a primary duty of every State to ensure its citizens had at their disposal all the necessary amenities of positive health, but also gave out facts which revealed the lamentable state of medical services in this country and the vast distance to be traversed on the road to health. There are 40,000 registered medical practitioners in India today. To assure positive health, 300,000 are required. There are 7,000 trained nurses and 778,000 are needed. There are approximately 100,000 trained health visitors now and 70,000 are required. There are only 5,000 trained midwives, whereas 90,000 are required. The country at present has 75 pharmacists and 100,000 are required. These figures must suffice to throw up the problem of training the required medical services in all its complexity. The task, says Gen. Hance, is not utopian. Even in India which started with comparatively less favourable conditions, a similar measure of progress has been achieved in the space of twenty years. The Bombay Plan assumes the provision of (1) proper arrangements in respect of sanitation and water supply in rural and urban areas (2) a dispensary for every village (3) general hospitals and maternity clinics in towns and (4) specialized institutions for the treatment of special diseases as the minimum required for national health and estimates a non-recurring cost of Rs. 281 crores and recurring annual cost of Rs. 185 crores. The figures are necessarily tentative. The Health Committee under Sir Joseph Bhore unfettered by any narrow terms of reference is expected to cover the whole range of public health problems. The training of health services, just like the training of the personnel in a national plan of industrialization, is a task to prove formidable and complex. It is to be hoped that Gen. Hance, and the Health Committee, in the labours he is playing a leading part, will devote themselves fully to this aspect so that we can have in power alcohol should also be more clearly laid down. It may not be generally known that it cannot compete

their report a practicable and satisfying charter for the nation's health.

THE WORLD ORDER OF WILLKIE

With the universal confidence in war terminating within next four years, post-war foreign policy is bound to be the outstanding issue for the coming Presidential election in the United States. The plan of Mr Wendell Willkie for avoiding another world war outlined in the *Foreign Affairs* has therefore the importance of an election manifesto in a country of greatest post-war consequence. Relentless logic is no virtue of such manifestoes, and the reported substance of the article easily betrays Mr Willkie's anxiety to please those who want the projection of the United States sovereignty in world affairs as well as those who seek its limitation in the interests of a world order. He has attempted to reconcile the conflicting concepts of national sovereignty and international order, and naturally his approach is analogous to that of the League of Nations twenty-five years ago or that of Field-Marshal Smuts recently. The idea of a world order is interpreted in terms of co-operation among sovereign states, which in practice inevitably reduces itself into a balancing of power and interests at the cost of weaker peoples, till the equilibrium can no longer be maintained and mutual fear and depression lead on to another war. It is an incomplete and partial view to think that the League of Nations failed either because its constitution made little provisions for sanctions, or because the United States deserted it at its birth. It failed primarily because it was a league of powerful nations instead of free and equal individuals, meant to safeguard an inequitable peace settlement instead of a rule of law worldwide in scope. To recognize the true causes of wars and to try to eliminate them is to face the fact of powerful national interests seeking international economic exploitation or national protection against international trade. Mr. Bernard Shaw put his finger on the most important cause of wars when he said that it was for a five per cent. rate of interest. The need for a world order, to such interests, is only so far it can ensure international trade either through a partitioning of the world into spheres of trade and influence or ruling out of order any kind of national protection on the spacious principle of "open door." Certainly a candidate for the U.S. Presidentship can ill afford to raise these basic issues to eliminate wars, but we cannot lose sight of the dangers of a world order based on national instead of popular sovereignty.

IMPORT OF CONSUMER GOODS

The explanation given by the Government in defence of their policy of importing consumer goods shows that they have not yet understood and appreciated the main criticism of the public. The country should welcome the import of goods of

essential mass consumption. Where shipping space is said to be scarce the order of priority should have some relation to the order of urgency in terms of the public demand. This principle of allocating scarce space for most imperative needs was not followed by Government when imports of liquors, glassware, umbrella fittings, etc., were permitted. Secondly, the arrangement for imports should be based not only on the needs of consumption but also of production. Many instances have been cited by industrialists in which production could not be stepped up owing to the lack of certain parts and components. These should have secured priority over the import of comparatively non-essential goods. Thirdly, no one has contended that merely because of a small volume of internal production of certain classes of consumers' goods their import should be banned. But in such cases it is legitimate to expect the Government to fix the prices of these articles in such a way as would ensure a reasonable profit to the home producers. Instead what the Government of India did was to fix the prices of such competitive goods without relation to the costs of the internal products. This resulted in disorganization of the market and acted as a damper upon production. The Government should have consulted the producers and determined fair selling prices based on the costs of production. If they have no costing machinery therefore, it is time they had one. The difference between the price at which the goods are bought abroad and that at which they may be sold should be appropriated by Government. All this is plain common sense. But what was actually done was that without notice and without consultation imports were permitted to arrive, while firms were asked to take delivery pending grant of licence.

It is clear that the Government of India are in complete ignorance of what they hope to get in any period of time. If there are surplus stocks which are unwanted, they are sent down to India; then the question of shipping space does not arise. Again if British and American industries in their anxiety to retain the market and prevent the growth of the home industry want an allocation of capacity for producing consumers' goods to be exported to India, they are able to do so and get shipping facilities. Our case is that it is India and Indian interests that should be the basis for the rationing of scarce British and U.S. shipping for imports into our country. If the Government of India are helpless in the matter, it would be more honest on their part to admit their helplessness rather than attempt a lame and unconvincing defence which is an insult to the public's intelligence. The action of the Government is not calculated to allay the fears and suspicions of the public that the future of the industries started in war-time is not bright. The assurance of the Commerce Member given in the Assembly last week "that it was the Government's declared policy that no import should affect Indian industry at any point" is redeeming, and we hope that he will be able to implement his assurance in this regard at least in the future.

SPECIAL ARTICLES

A Commodity Reserve Currency

By B. R. Shenoy

DURING the last half century or so, dissatisfied with the gold standard, several economists had gone in quest of more perfect standards of currency. The best known among the proposed alternatives are the tabular standard of Marshall of sixty years ago and the compensated dollar standard of Professor Irving Fisher of 40 years ago. The latest in this line is the commodity reserve currency or, more appropriately, the basic raw materials standard of Professor Frank D. Graham of Princeton. First outlined by the former in 1933, it is now being vigorously advocated by both and has been receiving growing attention from professional economists in the United States of America and also Great Britain.

Before examining this standard, we may briefly review some of the fundamental defects of the gold standard, which, it is claimed, the new scheme would avoid. First, when the demand for gold temporarily increased, though its supply tended to increase also, it did so rather slowly, so slowly that by the time some quantities of it became available, the need for it had generally passed. This delayed response meant that the problem of short supply in due course got converted into a problem of excess supply. So far from proving a relief it would thus become a source of embarrassment, as the new supplies would permanently augment the stock of gold and would provide the basis for an expansionary creation of credit.

Second, the gold standard had little or no shock absorbing qualities which might modify the cyclical movement of prices. When the general price level declined in the course of a business cycle, there resulted, no doubt, a stimulus to an increased production of gold. But, as the gold mining industry formed but an insignificant part of the sum total economy, the increased purchasing power acquired by the industry made little or no difference to the aggregate stream of money demand for goods in general so that the downward movement of prices continued unresisted. In the opposite situation of a rising price level, too, owing to the comparative insignificance of the gold mining industry, there is nothing inherent in the standard which might produce an automatic break on this tendency. As the industrial demand for gold is negligible, excess supplies of the metal must necessarily find a monetary asylum and must work themselves off through a rise in the general price level.

In the third place, the gold standard has failed to meet adequately the community's demand for liquidity, which, so long as uncertainty about the future must be expected, must always arise. Individuals would, then, naturally desire to hold a larger proportion of their assets in readily available forms so as to be able to convert them into the things which the unknown future circumstances may demand or into more permanent investments after the uncertainty had passed. Under the regime of a gold standard, a general preference for liquidity, owing to the inelasticity of the supply of gold, generally produced a strain upon the standard and caused its break-down in the weaker countries.

We shall examine the new scheme of currency in the light of these short-comings of the gold standard. Its basic idea is exceedingly simple, though it might seem somewhat strange and at first sight also complicated. Under it the currency unit would represent, instead of a defined quantity of gold, a de-

defined quantity of a composite unit consisting of a weighted list of basic raw materials. Mr Benjamin Graham, in the interests of administrative convenience, would restrict the number of raw materials to twenty-four for the United States of America. His list is as follows:—Corn, wheat, sugar, oats, coffee, barley, rye, silk, copper, cottonseed oil, cotton; wool; cocoa, lead, tin, zinc, petroleum, hides; rubber; cottonseed meal, flax seed, tobacco and tallow. Professor Frank D. Graham, however, in order more certainly to assure the attainment of the ends in view, would be inclined greatly to enlarge this list. The several commodities would be weighted according to their significance in the economy such as indicated by, for instance, the amount of them consumed during the past five years.

The composite unit so constituted would now be given monetary status. The currency authority would undertake to buy such units unlimitedly and also redeem its notes into them without limit on demand. Whether or not the buying and the selling prices of these units should be identical is considered a matter of detail. If the two prices are kept identical, the expenses of handling and storage of the raw materials might be assumed by the State, which, they estimate, may not be more than one or two per cent. of the pre-1940 revenues of the Federal Government. In their view this cost would be comparatively minor when set against the real cost of the stocks of gold acquired by the Federal Reserve System. Alternatively, the buying price may be kept somewhat below the selling price on the principle of seigniorage in which case the difference between the two prices would be employed to defray the expenses of handling and storage.

Under such a standard, even as the price of gold remains fixed within limits under the gold standard, the aggregate price of this weighted list of raw materials would remain fixed. Within the limits of this aggregate price, prices of individual commodities may vary. If, however, the prices of some should fall and prices of the rest would rise, as the aggregate of the whole must remain constant. It follows from this that \$1, instead of being defined as 23.22 grains of fine gold would represent so much corn, plus so much wheat, plus so much sugar, plus so much oats, etc. It will be noted that the relationship of the different commodities with money is not similar to that of silver and gold under bimetalism, whereby for a defined quantity of gold or silver one could get from the mint's currency at a statutorily fixed rate. This relationship is rather similar to that under the symmetallism of Marshall, whereby for a certain quantity of gold plus a certain quantity of silver one could get in exchange from the currency authority a unit of basic money. Under bimetalism the prices of silver and gold were separately fixed, whereas, under symmetallism, the price of either might fluctuate; only the price of the two together would remain fixed.

This standard of currency may be coupled with any of the four principal systems of currency issue which prevailed under the gold standard, namely, the fixed fiduciary issue system as obtained in Great Britain, the proportional reserve system as obtained in the United States of America, the exchange standard system as obtained in India, or the French system before 1928. The authors of the basic raw materials standard, however, have shown a prefer-

ence to none of these. They would have a system of their own. They would require the bank of issue to hold a 100 per cent. goods reserve against its liabilities. They would apply the 100 per cent. reserve rule to the demand liabilities of commercial banks also, with this difference that the reserves of the latter would be not in goods, but in central bank money.

In order to prevent the system from being unduly rigid, however they would introduce in it certain elements of flexibility. To provide for a seasonal or other temporary increase in the demand for currency they would authorise a large fiduciary issue, which, unlike under the British system, would not be fully utilized ordinarily. It would be drawn upon only to meet the requirements of elasticity. Likewise as a precaution against any possible temporary short supply in any of the raw materials holding up currency issue they would permit, in established cases of such short supply, issue of currency reserves to be drawn upon in acute emergencies for industrial purposes, subject again to certain restrictions designed to prevent the misuse of these powers, "futures" may also be substituted for the goods already in the reserves.

Its protagonists maintain that this standard is superior to the gold standard in several vital respects. In the first place it would operate automatically, more truly so than the gold standard. For under the 100 per cent. reserve rule, there is no room for any arbitrary element to interfere with the volume of the monetary circulation, the influx and the efflux of commodities in the reserves along being left to determine it. Though, theoretically, a managed currency may be superior to an automatic one in practice, the latter may be more expedient as, though it may be less perfect, it is free from the risks of abuse and faulty judgment which may result from personal or party prejudices or from imperfect knowledge on which policy decisions have often to be made.

In the second place it would stabilize the price level of basic raw materials as a whole and thereby would operate powerfully towards stabilizing the general price level. This may be expected to result because important price movements of fabricated goods are invariably blanketed by those of raw materials. In other words, the raw materials standard would help to prevent violent swings in prices, production and employment. This would be realized through its action upon the output and supply of raw materials and the volume of money in circulation. The downswing of the depression would be held in check because production in the raw materials sector of the economy would be sustained and the output of it will be offered to the currency authority against currency. The currency thus passing into circulation would put a break upon the sagging price level. In the opposite case of the upswing, the rising tendency of the prices of the basic raw materials would induce currency being turned into the bank of issue in exchange for commodities at the statutory price. This, by reducing the supply of money and increasing the immediate supply of goods, may stifle the boom.

In the third place, the raw materials standard permits gratification of the community's desire for liquidity without involving any severe strain upon the standard or causing a stoppage of production. For, *pari passu* with the movement of individuals into liquidity, the bank of issue, through acquiring the

commodities offered to it, would go in for illiquidity. The individuals' preference for money and the aversion for goods would be automatically balanced by the currency authority's absorption of basic raw materials. The process of central bank purchases of commodities, however, would not proceed indefinitely without setting in motion its own corrective. As the supply of money in circulation increased and the supply of raw materials in the market declined, private demand for them would begin to rise and would reduce the inducement to make further offers of goods to the central bank. If this reaction continued it may even lead to a sale of commodities by the central bank.

Finally the commodity reservoir would constitute an invaluable national asset in emergencies, especially in a war of survival. Gold reserves are of value only in proportion to the presence of neutral or allied sources for converting them into essential goods and the availability of safe and sufficient transport facilities for doing it. Great Britain's gold reserves, for instance, would have been more than useless for the prosecution of the war in the absence of the British Navy and the willingness of America to sell to her essential goods and materials of war. The possession of equivalent corn, iron, petroleum, etc., in the currency reserves, on the other hand, would be a god-send and would materially and also unequivocally help to further the nation's war effort.

The foregoing review would seem to show that the basic raw materials standard has many features which render it theoretically very attractive. While possessing the virtues of an automatic standard more fully than the gold standard it has certain qualities in which the latter is deficient. Nevertheless, unless its war-time advantages should capture the imagination of our statesmen and they should treat them as an over-riding consideration, the possibility of its being adopted in practice by world as a whole or even by some among the leading countries of the world would seem to be rather remote. Its strangeness and apparent complication, and the opposition of the gold mining interests as well as that of the countries which have large stocks of gold in their reserves are some of the formidable obstacles on its way.

Perhaps an equally serious obstacle is the apprehension, which high finance in the world money centres might entertain, that the adoption of the standard might materially jeopardize their position as centres of international finance. For, under this standard the par of exchange between currencies would be the purchasing power par, which, however composed, would be less precise and less clear cut than the par of exchange under the gold standard. The limits of fluctuation of the exchange rates, too, would be wider than under the gold standard and those would be determined by the cost of transport of commodities (which would be more than the cost of transport of gold) and would be influenced, in addition, by the divergence, if any, in the internal and external prices of commodities and by trade barriers such as tariffs and quotas. This would seriously interfere with the free movement of liquid funds as between one short term capital market and other, which would strike at the root of the business of international finance. In contrast, the gold standard, with its fixed parties and the easily ascertainable and narrow spread between gold points, might seem a blessing to international high finance.

This defect of the standard it would not be possible to remedy. The authors of the new scheme, however, would attempt to do so by maintaining simultaneously the link with gold also. But that would be to invite the uncertainties of the double standard, which the working of bimetalism in Europe and America have made familiar. To try to maintain the link with gold as well as with commodities may,

in practice, mean an oscillation between the gold standard and a raw materials standard, according as whether the official ratio between the two undervalued raw materials or gold. It cannot be as if you would succeed in combining the advantages of stable exchanges with the advantages of a stable price level. It is not possible to have at one and the same time the best of both worlds.

Land Mortgage Banks in Post-War Reconstruction

By N. Satyanarayana

THE special scheme for land mortgage banks was approved by the Madras Government in the year 1924-25, and two banks were brought into existence in that year. By the end of June 1927, ten banks were started. The banks worked on limited liability basis with powers to raise long-term money by floating debentures independently. Debentures were issued by the banks carrying seven per cent. interest and the Government agreed to purchase debentures equal to the value of debentures which the banks were able to sell in the open market subject to a limit of Rs. 50,000 for any one bank. The Government debentures carried interest at 6½ per cent. and the borrowers were given loans at 9 per cent. for twenty years. In the year 1927-28 the Townsend Committee on Co-operation after a survey of the working of the land mortgage banks and other co-operative institutions in the Presidency made a recommendation to the Government for the organization of a separate Central institution for the Province to finance long-term credit to the agriculturists through the primary banks. The Government accepted the recommendations of the Committee and as a result, the Madras Co-operative Central Land Mortgage Bank was registered in the year 1929. After the starting of the Central Land Mortgage Bank, primary banks were organized in all the districts, in areas where conditions were favourable to the agriculturists for the repayment of their debts. The debentures were centralized and the Central Land Mortgage alone was given the power to float debentures. Now there are 120 primary banks serving 15,364 villages in the Province and loans have been sanctioned to the tune of nearly 4 crores of rupees. The Government have given guarantee to the debentures for an amount of 3½ crores of rupees.

With the onset of the Great Depression in 1929, agricultural prices and land values recorded a steep fall. The ryots were unable to repay the debts which they contracted for purchase of lands and other ceremonial purposes in the boom period. Capitalists resorted to coercive methods to collect their moneys, as the value of the properties considerably diminished after the depression. They were eager to appropriate the lands for themselves at low rates and it was no wonder that the agriculturists lost many of their holdings and absentee landlords became owners of land. It was during this period that the agriculturists borrowed large sums in the land mortgage banks and paid off their debts. The facilities created by the Central Land Mortgage Bank were tempting and helpful at this juncture, as the money was scarce in the market. Owing to coercive measures and the worry created by the money lenders the ryots took these loans from the land mortgage banks only to save themselves from the clutches of the money lenders temporarily. But the burden of the debt of the ryots did not decrease. It was only a change of hands, from sowcars to co-operative money lenders. The rate of interest was not low even in the land mortgage banks. The income derived from lands was not sufficient to meet the interest charges and pay the instalment amounts. For want of purchasers the

ryots could not sell away the lands immediately but gained time by borrowing from the banks.

The long-term loans in the Central Land Mortgage Bank though tempting in the beginning were not beneficial to the ryots as the income derived from these lands was not sufficient to pay off the instalments regularly. After the centralization of debentures in the central Land Mortgage Bank and with the Government guarantee, debentures were floated for 3 and 3½ per cent. and the interest on loans was gradually reduced from 9 to 6 per cent. Even this was burdensome to the ryots as the return on lands was even less than 3 per cent. in this period and that was why the ryots were paying off their debts by the sale of their lands whenever an opportunity occurred. The land mortgage banks were more rigorous in the collection of instalments from the borrowers than the money-lenders. Loans were closed mercilessly, demanding the entire amount even when one instalment fell in arrears. Thus the ryots were driven to the necessity of selling away their properties even though they borrowed sums for long periods. For example, the Alamuru Co-operative Land Mortgage Bank in Madras Presidency had to close 42 loans, for arrears of one instalment and actually purchased lands in 14 cases, owing to lack of bidders. The Bank took possession of 80 acres of land for an amount of Rs. 25,000 in these cases. Subsequently, after the depression the lands were resold to outsiders and the entire debt was recovered with a net profit of nearly Rs. 1,000. There were losses in some cases in the sale of these properties, but the losses were recovered from the total sales, as there were gains in some. Though the bank had not actually cultivated the lands, the land mortgage bank virtually became the land holder and leased out these lands to the tenants, depriving the original borrowers of the enjoyment of these lands. Ultimately it was not the original borrowers that purchased the lands from the banks but the lands passed away into the hands of absentee land-lord who could afford to purchase them.

What Mr. W. R. S. Sathianathan, I.C.S., wrote in his report on agricultural indebtedness in 1935 proved too true: "No industry can hope to remain solvent, if it borrows indefinitely at rates which are much higher than the returns on invested capital. It is admitted on all sides that the returns from the land, on which staple food crops are grown, varies from 2 to 5 per cent. in a normal year and seldom exceeds 6 per cent. even in a good year. It is obvious therefore that lending to the average agriculturist in India at rates, which exceed 6 per cent. simple interest per annum, must be regarded as usurious, whoever the creditor may be. If the agriculturist is to be saved, the bulk of his standing debt at rates of interest ranging usually from 9 to 24 per cent. and often rising to even 36 per cent., must be paid off by some financing agencies (like government or co-operative societies or Land Mortgage Banks), who at the same time will give the debtor agriculturists every opportunity of repaying from their income by charging interest at as low rates as possible

and by collecting in easy instalments spread over a long period of years."

Critics may point out whether it will not be foolish to recommend loans for periods longer than 20 years when by experience in land mortgage banks, we find that frequent advance payments are made even before 20 years. It is true that there are advance payments. The reason is evident. Intelligent ryots are anxious to free themselves from the burden of debt rather than retain debt at ruinous rates of interest.

By the sale of a few acres of land he is able to free himself from debt and retain at least a few acres for some years to come. Some critics deem it undesirable for the agriculturists to sell away their properties and repay their debt before time. They even suggest levying penalties for advance payments. This is very undesirable. The rate of interest charged on the loans by the co-operative banks is already high and it is sufficient to cover all unforeseen losses. Any extra levy by way of penalties for advance payments is ruinous to the agriculturists. The land mortgage banks are not intended for profit-making. Profiteering is not their objective. In other countries where land mortgage banks are flourishing extra levies are made for meeting administrative charges and for contribution to the sinking fund. All these charges will not exceed 1 percent. over the debenture rate, whereas in this country three per cent. making. In other countries where land mortgage banks are flourishing extra levies are made for meeting administrative charges and for contribution to the sinking fund. All these charges will not exceed 1 per cent. over the debenture rate, whereas in this country three per cent. margin is advised by the Pandits of the Reserve Bank for the safe administration of these institutions. Sir N. Gopalaswami Iyengar, while opening the Andhra Provincial Co-operative Conference at Rajampeta recently rightly made an earnest appeal to all seriously-minded co-operators to address themselves to the solution of the problem whether so many co-operative middlemen were necessary and at such costs in each case between the original credit vendor and the ultimate credit consumer. When money is available in the markets at 3 per cent., it can be made easily available to the ultimate borrower by competent agency by collecting 1½ or 2 per cent. administrative and other charges. There must be a thorough overhauling of the machinery for the distribution of the funds available in the market to the needy ryot. If the Government and the co-operators do not pay heed to these changing circumstances, the solid foundations of the co-operative movement will be undermined.

Now anxiety is felt in all the primary land mortgage banks and the Central Land Mortgage Bank as regards the fall of transactions and advance payments by members during the last four years. From a study of the loan transactions of the Alamuru Co-operative Land Mortgage Bank Ltd., one of the earliest primary land mortgage banks started in the Presidency, this can be clearly testified. If the state of affairs continues for a few more years the bank will have to be closed. The Alamuru Co-operative Land Mortgage Bank was started in May, 1928, with 24 members. Gradually the membership increased to 871 by 1941-42 and there was a fall of membership during the last three years and today the membership has fallen to 700 of whom 200 have completely cleared the loans and five hundred only are borrowing members. During the last 16 years the bank advanced 911 loans for an amount of 14 lakhs of rupees and today 535 loans are outstanding for an amount of Rs. 5,65,000. It will be interesting to study the classification of loans under

	Rs.	As.	p.
1. Liquidation of prior debts ..	10,14,806	11	0
2. Purchase of land ..	99,194	0	0
3. Domestic Expenses ..	94,352	6	0
4. Cultivation expenses ..	58,409	14	0
5. Marriage and religious rites ..	35,425	13	0
6. Others ..	32,353	8	0
7. Improvement of land ..	29,493	15	0
8. Payment of kist ..	17,243	11	0
9. Cattle purchase ..	13,078	8	0
10. Litigation ..	7,861	7	0
11. Education of children ..	6,423	0	0
12. Famine ..			
Total	14,08,642	13	0

The majority of the loans are for liquidation of prior debts. Figures are furnished below as regards advance collections from members and also loans disbursed to members during these years.

Year	Loans disbursed	Advance collections
		Rs. As. p.
1928-29	1,43,900	5,373 2 0
1929-30	66,100	10,100 0 0
1930-31	64,100	2,394 0 0
1931-32	63,350	7,895 10 0
1932-33	78,869	12,955 1 0
1933-34	43,560	21,011 14 0
1934-35	90,550	15,913 13 0
1935-36	84,250	21,548 1 0
1936-37	1,04,694	28,682 12 0
1937-38	1,72,027	12,339 0 0
1938-39	1,74,191	28,180 5 0
1939-40	93,432	39,024 7 0
1940-41	86,967	34,416 13 0
1941-42	80,892	43,756 15 0
1942-43	62,873	1,19,279 9 0

Till 1938-39 loans were sanctioned to the members on the average for nearly one lakh of rupees, in the bank's area of operations. Gradually there was a fall of transactions and in 1942-43 loans were sanctioned only for an amount of Rs. 48,000 and during the last half year loans were disbursed only for an amount of Rs. 8,000. It was from the year 1938-39 that the advance collections were heavy and in the year 1942-43, the collections were more than Rs. 1,20,000 while the loan transactions were less than half a lakh. It is really a perplexing state of affairs. The collections exceeded the disbursements during the last two years and the money was simply shoved on to the Central Land Mortgage Bank.

The Alamuru Co-operative Land Mortgage Bank floated its own debentures to the tune of Rs. 2,00,000 in the first two years of its starting. The Central Land Mortgage Bank was started later. Till 1930 the bank did not borrow from the Central Land Mortgage Bank. The primary banks also had to meet advance collections during the first four years but the problem was solved by reloaning the amounts for shorter periods. Now the Central Land Mortgage Bank is not allowed to re-loan its advance collections but has to invest the entire amount in the sinking fund. There is always half per cent. margin between interest paid to the debenture holders and the interest realized, from the amount invested in the sinking fund. The Central Land Mortgage Bank has to meet a loss of nearly Rs. 65,000 owing to the advance payments and investments in the sinking fund for the last three years. It has no option except depositing the amount

in the sinking fund, unless the Government change their policy. Under the advice of the Reserve Bank authorities the Government have not given permission to the Central Land Mortgage Bank to invest the advance collection in reloaning. It cannot redeem its debentures before ten years as it is a condition under the debenture scheme. There is a grave danger ahead for the future development of the Land Mortgage Movement in the Province, although it leads today all other Provinces.

From a study of the figures of the instalment collections mentioned below, it is evident that the members have no good repaying capacity in the depression period to pay off the annual demands out of their slender agricultural incomes. From the table it can be seen that the peak year of over-dues is 1933-34, for an amount of Rs. 25,550 in this primary bank.

STATEMENT OF DEMAND, COLLECTION AND BALANCE

Year	Demand	Collection	Balance
1928-29	4,677 0 0	1,776 0 0	2,901 0 0
1930-31	10,660 0 0	1,068 0 0	592 0 0
1931-32	20,592 0 0	14,094 0 0	6,858 0 0
1932-33	31,749 0 0	20,597 0 0	11,152 0 0
1933-34	47,590 0 0	22,040 0 0	25,550 0 0
1934-35	47,056 0 0	32,708 0 0	14,348 0 0
1935-36	22,774 0 0	23,173 0 0	6,601 0 0
1936-37	23,640 0 0	24,026 0 0	2,615 0 0
1937-38	35,409 0 0	34,034 0 0	1,375 0 0
1938-39	22,629 0 0	21,518 0 0	1,111 0 0
1939-40	25,063 0 0	23,873 0 0	1,190 0 0
1940-41	29,269 0 0	28,439 0 0	830 0 0
1941-42	22,422 0 0	19,636 0 0	2,786 0 0
1942-43	44,611 0 0	42,536 0 0	2,075 0 0

It was from 1930-31 the bank had to use coercive methods to collect over-dues by closing the loans and by the sale of properties. This is the beginning of the depression period. The bank had to purchase 80 acres of land for want of bidders. The *sowcars* were more lenient in the collection of instalments than the authorities of the land mortgage banks. In the early period of depression i.e., from 1929-30 to 1934-35, members borrowed freely from the land mortgage bank and paid the *sowcars*, as the *sowcars* were nervous during that period and collected all their loans owing to abnormal fall of land values. Now the turn came to the land mortgage banks owing to arrears of instalments. The banks in their turn brought pressure on members and collected the entire amount taking drastic measures. Loans were also closed for alienation of properties. The members were forced to borrow elsewhere or sell away their properties to pay off the debts of the bank for want of repaying capacity. Land values have gradually begun to rise from 1940-41 owing to increase in agricultural incomes. This tempted the agriculturists to dispose of portions of their lands and pay off their debts lest they might be caught in another depression soon after the war. There were heavy collections during the depression period owing to complete closure of loans by the primary banks for arrear of instalments and now advance payments are pouring in as the members feel it burdensome to retain the debts at high rates of interests.

It cannot be said that the purpose of the land mortgage banks has been fulfilled and that they are no longer wanted when money is not required for the redemption of prior debts by the agriculturists. Payment of prior debts is not the sole object of the land mortgage banks but is only one of the purposes. Loans are really

required for the agricultural industry, for land reclamation, for improvement of land for purchase of cattle, for digging of wells and or other beneficial schemes. There is no agency now in the Presidency for payment of intermediary loans from 5 to 10 years and the central land mortgage bank can as well invest advance collections for sanctioning these loans for agricultural improvements. Loans are required for longer periods than 20 years, for 40 to 60 years for land reclamations and for working agricultural colonization schemes. Government must create facilities to allow the central land mortgage bank to float debentures for longer periods at lower rates of interest as 20 years is too short a period for such long-range agricultural loans at rates not higher than 4 per cent. The Government improvements. The agriculturists must be given ment mdst further help the central institution by granting subsidies to meet the cost of administration and other incidental charges out of the profits of the Government from the Note issue and other special reserves.

Without undergoing the rigours of scrutiny for a prolonged period of not less than six months for sanction of loans in the primary banks the ryots are able to get loans freely at 5 to 6 per cent. locally. Moreover the ryots have to pay share capital and meet extra charges such as legal fees, land inspection fees etc., for getting a loan in land mortgage bank at 6 per cent. There is danger of further deterioration of the land mortgage bank movement in the Presidency, if fresh avenues are not chalked out by making the Land Mortgage Banks more useful to the agriculturists in diverse ways.

Alamuru

RAILWAYS can run
many more urgently wanted
GOODS TRAINS
if we all travel
ONLY WHEN WE MUST.
So—
ASK YOURSELF
BEFORE YOU
BUY YOUR TICKET—
**IS YOUR JOURNEY
ABSOLUTELY
NECESSARY?**
B. B. & C. I. Ry.

THE WORLD ABROAD

The Sterling - Dollar Rate

(From Our Washington Correspondent)

WASHINGTON, March 20 (By Cable).

THE future of gold and post-war international monetary stabilization are still much in limelight here, despite the preoccupation of the Congress with domestic issues. The Treasury officials, last week, indicated that the preliminary discussions with Russian experts are reaching satisfactory conclusion, and said that an International Monetary Conference may be held in the United States, late in the spring. The location of the Conference is still undetermined, but Miami in Florida has been mentioned as the possible site. Economists, both here and at New York, now seem to be optimistic and hope that the Treasury plan formulated by Mr. Harry White may win a general approval, although reports from London revealed the belief that the accord may be delayed at least until the Houses of Parliament had opportunity to discuss the proposals freely.

It will be recalled that the White Plan contemplates an International Stabilization Fund, composed of gold resources and currencies from member countries. Foreign exchange would be sold to members for national currencies and gold under certain safeguards. Over 600 delegates from 44 nations will consider the White and Keynes formulas among others in seeking to devise a method "for international monetary co-operation for encouraging international investment."

One of the most cheerful forecasts about the success of the Conference came, last week, from a prominent United States exporter, Mr. Carl Wynne, who is the Director of the National Foreign Trade Council, and the Chicago Association of Commerce, and who has participated in some preliminary monetary talks. Mr. Wynne said that over 40 countries have already exchanged views and tentatively agreed on the stabilization programme. Mr. Wynne said: "This group includes Britain, Dominions, Russia, countries of the Western Europe, and practically all nations of the Latin America. There appears to be a growing acceptance of the basic principles of the White Plan, and an appropriate legislation will, probably, be introduced in the Congress soon, possibly by the middle of the year."

Mr. Wynne said that the opposition by bankers and foreign traders to the White Plan has largely evaporated, and there are now many expressions of approval. "The White Plan would enable countries to consider their foreign trade on a worldwide basis rather than on a country by country basis. They need be concerned over only that their total imports balance total exports over a period of possibly four to five years. There can be some flexibility."

Meanwhile, other recent developments emphasized a growing belief here that gold must occupy a dominant position in the post-war international exchange. The *Wall Street Journal* pointed out that in one day

recently 168,000 ounces of nearly twice the world's present daily gold production was sold at Bombay alone, at 67 dollars per ounce. The correspondent of the journal commented: "If people in India are willing to exchange their products for gold at double our price, then any merchant can buy India's cotton at half the price of American cotton. The same is true of any and all products the United States makes that compete with their articles in the world commerce, for gold is the money of international commerce, and in export trade all currencies are tied to gold either directly or indirectly. Gold has been in continuous bull market for the past 5,000 years. After every major disaster and all great wars where property has been destroyed on a vast scale, the gold prices have been increased."

Similarly, the importance of gold internationally was illustrated, last week, when Mr. H. Kung, the Chinese Finance Minister, told the Press that China would use 200 million dollars worth of gold purchased from the United States to stabilize her prices and absorb idle capital, "thus strengthening the Chinese dollar."

One of the most vital questions which the Monetary Conference will consider is the post-war relative valuation of sterling and the American dollar. Many United States economists regard sterling overvalued at present, while others hold a directly contrary view.

Those who believe the sterling to be overvalued at the prevailing official rate point out that while the wholesale commodity price level in the United States today is 31 per cent. above 1938, the British price level is 61 per cent. higher. The sterling is depreciated about 17 per cent. since 1938, hence based on wholesale prices alone the sterling is substantially overvalued today compared to the pre-war.

The reverse argument is furnished by the sharper rise in the United States wage level than in Britain. The hourly wage rates in the United States increased by 48 per cent. between 1938 and the end of 1943, but only 38 per cent. in Britain. Allowing for larger overtime payments and reduced productivity, the discrepancy between the unit of labour costs changes is probably greater. On that ground alone the American dollar has probably been overvalued for decades.

Most financial commentators in this country advocate the continuation of the current dollar-sterling rate, until the post-war trend becomes more definite. The *New York Journal, Commerce*, typically wrote: "Since it is not clear what the eventual relationship between the price levels in the two countries will be, temporary stabilization of the sterling near the present rate during the transition years would be the most practical course, regardless whether or not some broad scheme for international currency stabilizations is adopted."

prehensive service and how it fits with what has been done in the past or is being done in the present, and also to help people to look at the matter themselves. The proposals made in the paper represent what the Government believe to be the best means of bringing the service into effective operation. The Government want these proposals to be freely examined and dis-

Plans For Public Health

(From Our London Correspondent)

LONDON, March 1 (By Airgraph).

A Government White Paper issued this week describes the general lines of a comprehensive health service for the people of England, Wales and Scotland. The purpose of the paper is "to examine the subject generally to show what is meant by a com-

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cussed."

The proposals, as we shall see presently, are largely based on what is already there. On the whole, the press has been very sympathetic to them though a few critics are dissatisfied because the proposals do not throw the old system into the dustbin and substitute something entirely new for it. But those who advocated a state medical service with doctors as salaried civil servants have by no means convinced the majority either of their medical colleagues or the lay population, that such a system would be more satisfactory.

Though, at first stage, the matter is a sociological rather than an economic proposition, a medical service free for all who want to use it will have its economic repercussions too. The poorer strata of the population will, as soon as sufficient facilities are available, make much more use of these facilities. The lower middle class family is at present the least served. Doctors' services for minor ailments they can afford but when it comes to the necessity for specialist services and hospital treatment they are the worst off, because they are mostly outside the health insurance scheme, at least were so until a short while ago. Besides that scheme did not include medical service for dependants. Thus, should the Government proposals become law, as no doubt they will, perhaps with some alterations, an improved state of health—or, to put it in another way, a decrease in deaths through untreated ill-health—will follow, definitely a fact of some economic importance.

An interesting item is contained in the paragraph quoted above. Here, the Government say, is our idea about it. Study it and let us know what you think of it, and if you do not like it, then propose something better. In other words, before laying a draft bill on the table, rather in the way of "You have to take it," they want to get the parties interested, not the least of which is the lay public, to discuss the problems and to give their general verdict in advance so that once the matter has advanced far enough for the results to be tabulated into sections and paragraphs of legislation, the matter is already generally accepted. One can only hope that the Government extend this sort of offering proposals to other spheres such as the various reconstruction schemes, where the public is equally interested and where the co-operation of John Citizen would be equally valuable in the preparation of the necessary legislation.

The White Paper proposals fall into three groups. The first deals with the Central Administration of the health service; the second with the hospital service; and the third with the local clinical and practitioner service.

At the head of the whole service is to be the Minister of Health as responsible for the whole to Parliament. He will have at his side, but independent, a professional body which will advise him on technical matters. This body, it is thought, will consist mainly or entirely of medical men. A Central Medical Board is intended to carry out day-to-day executive functions. The rest of the administrative functions, it is proposed, should be shared by local authorities and County Councils. No hard and fast rule is to be laid down as the position will differ considerably from one country to another. A number of the auxiliary services would remain, as now, in the administrative control of the local authorities; but the administration of the hospital service and the supervision of the general practitioner would be in the control of either the County Councils or the County Borough Councils. In some instances, where several smaller counties had to work as one combined administration these County Councils would share in the work.

It is intended to provide every administrative area with sufficient hospitals and stress is laid on the

necessity for specialized treatment so that every area has the proper equipment for modern treatment. Consultants, i.e., specialists, would be brought in either in full time or part-time salaried positions. These consultants would be mainly attached to hospitals and medical schools.

Local health centres are to be established and, as far as possible, they would be the main nucleus for the practical service. They would be equipped with up-to-date appliances and doctors would be engaged, again, on either whole-time or part-time service. Besides these, there would still be room for the independent practitioner, who, however, would have to be paid on a per capita basis. Free choice of doctors for the patients would remain.

Some change in the buying and selling of practices is also indicated, and it is intended to make it compulsory for the young medical practitioner to undergo a course of apprenticeship after graduation. It is proposed that the new entrant should have to work for one or two years as an assistant doctor at a hospital or health centre before he was allowed to practise for himself. During that period he would, however, receive an appropriate salary.

Anyone would be free to use this state service or not. Medical practitioners who are not engaged on a whole-time basis will be free to accept paying patients as now.

As can be seen from the foregoing, the proposals envisage a very considerable advance from the present condition and even in their present form constitute a programme of progress. The main point, of course, is that if and when these proposals become law, everyone, rich and poor, without any enquiry into his financial ability, is entitled to have the services of the medical profession, health centres, hospitals and, if necessary, of specialist consultants. It is estimated that this service will cost the Exchequer another £83 million a year in addition to what is now spent by the State on the health service. This will have to come out of taxes, but on the other hand, the individuals will have less to pay in doctors' bills.

The housing problem also engages the Government. Recently Lord Portal, Minister of Works, disclosed in the House of Lords that the Government was preparing a 12-year plan for housing. They hoped to make an early start with preparing sites for new housing estates. They intended to utilize the machinery and labour becoming free when the building of air-fields has reached its saturation point. Thus the sites for the new housing estates would be ready for building as soon as the war comes to an end, perhaps before that time. Meanwhile, plans and designs are being worked out.

One problem on which there is wide discussion both in building circles and on the public forum is that concerning prefabrication of houses. A great amount of misunderstanding still exists on this point. Many people, even among builders and architects, still confuse prefabrication with cheap and shoddy buildings. In fact, the range of pre-fabrication is a much wider one. There may be need for certain amount of temporary structures such as the utilization of army huts, both wooden and concrete, to provide immediately for the most crowded areas. But beyond that pre-fabrication can be utilized for a whole range of what may be called non-structural parts of all houses. Bath-room and kitchen outfits; plumbing for water, heating and waste; doors, windows, even internal walls, which can be sited according to needs. The latter are particularly suitable for houses erected on the frame construction principle. Then there is the question of local materials. The Government are going to build a series of types of houses with the use of different materials, such as brick, sandstone, builders, and residents. The costs question will be thoroughly studied and the interested parties will in due course have the resulting comparative figures at their disposal.

Money Market

Growing Demand for Funds—Treasury Bill Continue to be Unattractive—Tender Reduced to Five Crores—Govt.'s Borrowing Plans for the Year.

(From Our Correspondent)

BOMBAY, March 20.

MONEY market reports need no longer be the dull and unvarying story of a mounting surfeit of funds with little or no great demand for them. For, below the surface of the money market stream, one can discern new currents which bid fair to gather strength before long. It is true that inter-bank call money is still available at 1/4 to 1/2 per cent. and that three months and six months deposits can be placed only at 3/4 per cent. But then, these rates always moved sluggishly. What is more interesting and more relevant is the fact that bankers' advances are steadily moving upward, more particularly under the cash credits category. Banks, moreover, have raised their lending rate on advances against gilt-edged from 1-3/4 per cent to 2-1/4 per cent. Read in conjunction with the downward trend of banks' deposits with the Reserve Bank and their investments, this may be construed to mean that banks anticipate a period of active demand for bank accommodation in the near future.

Scheduled Banks

The Scheduled Banks' statistics are very instructive in this regard. The statement dated March 10, shows a decline in demand liabilities from Rs. 521.5 crores on the 3rd instant to Rs. 515.6 crores on the 10th, while time liabilities are more or less unchanged at Rs. 167 crores. This must be due to withdrawals by constituents, mostly by institutions who are paying up taxes. In order to offset this, banks have naturally had to reduce their balances with the Reserve Bank which have therefore come down to Rs. 64.3 crores from Rs. 61.1 crores on the 3rd. Cash likewise has shrunk from Rs. 24.1 crores to Rs. 23.5 crores. That this has been a period of active lending by banks is made clear by the rise under Advances from Rs. 194.6 crores to Rs. 197.4 crores over the same period. The statement of the Imperial Bank for the week ended March 10, brings out these changes in sharper outline. Thus, while investments have shrunk by nearly Rs. 2 crores to Rs. 146.6 crores in the fortnight ended March 10, advances have steeply risen from Rs. 48.7 crores to Rs. 52 crores. This suggests that the Imperial Bank is contributing most to the changes in the position of Scheduled banks.

In market circles, the large withdrawals of funds from banks are attributed to the provisional income tax assessment payments. This is a period when most of the textile companies have published their balance sheets and it is probable therefore that the tax payments are made by these companies. It is apprehended that when the tempo of enforcement of the pay-as-you-earn scheme increases in the coming weeks as it must, further substantial withdrawal of deposits from banks may take place. This, however, will not be the only factor in reducing the resources of banks. For, if all the excess profits are immobilized with the Government under the compulsory deposit scheme, most companies fear that a fruitful source of short-term working capital will no longer be available to them. The balance sheets of the textile companies in parti-

cular abundantly show how they have had to carry enormous stocks at inflated prices and how large a part of their total resources has had to be locked up in floating assets. If the drive to speed up collection of taxes gathers momentum and if the new excess profits deposits are also made, these companies may conceivably have to go to the banks for accommodation. The debate in the Assembly and the speeches of Chairman at the Annual Meetings of Companies have shown that these apprehensions are no mere chimera. Banks, therefore, have reason to expect a period in which their portfolio of remunerative assets might grow in bulk.

Treasury Bills

Recent auctions of the Central Government Treasury Bills have shown only too clearly that bills have little attraction for banks. This is probably a more accurate view of the situation than to say that banks are manoeuvring for higher rates. After all, the Central Government's deposits with the Reserve Bank are at a very comfortable level and banks must be knowing that, in view of such strong ways and means position, an attempt to gear up the yield on Treasuries may not fructify. Last Tuesday, against Rs. 6 crores of bills on offer, applications totalled only Rs. 5.41 crores. It is surely significant that the total value of tenders should be below the amount of bills on offer. Tenders at Rs. 99-12-9 and above were accepted in full, while lower tenders were rejected. From the fact that the total amount accepted was only Rs. 4,56,25,000 and that the average rate of accepted tenders was slightly higher at Re. 0-13-0 per cent per annum, one may conclude that tenders at Rs. 99-12-9 were less than 50 per cent. of the total amount tendered for. Thus, for 4 weeks in succession, the Government have had to be content with not securing their full quota, and have naturally been obliged to reduce the tender to Rs. 4 crores for next week (March 22). The scarcity of applications in the past 3 weeks and the fact that maturities hereafter will be Rs. 2 crores in excess of the bills on offer should make some inroad into the ways and means position, comfortable as it is.

It is of interest to note in connection of Treasury Bills that in the balance sheet of the Central Bank of India as on December 31, 1943 the bank's holdings of Government of India Treasury Bills were actually nil on that date, whereas, the previous year's balance sheet showed investments in Treasury Bills of the Government of India as high as Rs. 186 lakhs. On the other hand, the Central Bank has invested nearly Rs. 67 lakhs in Treasury Bills of the U. K. Government, presumably because of the higher yield (over 1 per cent.) available on them. The balance sheet of the Bank of India likewise showed very meagre holdings of Central Government Treasury Bills early this year. It is possible to visualize a stage at which it might be necessary for the Government of India to take steps to stimulate greater interest by the banks in its Treasury Bills. The absence of an active bill market in India is, of course, a fundamental defect. The Government of India may not be able to place its Treasury

Bills at the fantastically low rates at which, say, the United States Treasury is able to do (.01 per cent.), but at least it should be able to put through its short-term borrowing at rates which bear some correspondence to the enormous supplies of funds in the money market.

Gilt-edged

The operation of the above-mentioned forces in the money market, at such an early stage in the year, has induced doubts as to whether the Government's borrowing programme for 1944-45 will hit the Finance Member's target figure of Rs. 300 crores. It is felt that the coming year will be different from the one that is drawing to a close and that conditions will not be so entirely favourable for the Government's borrowing plans. The fundamental reason for the subscription of as much as Rs. 279 crores to Government loans in 1943-44 is undoubtedly the very low levels at which securities were quoting at the beginning of the year. Investors lapped up gilt-edged as much for capital appreciation as for yield—it must be remembered that all this bulk investment in Government loans took place at a time when the equities market was full of attractions for the investor. In the current year, it is doubtful whether this impelling attraction, namely prospect of capital appreciation, exists for the investor in Government securities. It looks as if, therefore, the success of Government borrowing will have to depend on the vigour and intensity of savings drives.

For some days now, rumours have been seeping into the market that the fourth Defence loan will soon be closed and that a fresh *tranche* of the 3 per cent. loan is about to be issued. It is alleged that total subscription to this loan are well over Rs. 100 crores and that the authorities are satisfied. In the market, there is no reflection of this state of affairs and the 3 per cent. 1953-55 loan is quoting only at Rs. 99-10. Far from the loan moving into a premium, there is considerable upcountry selling which is a persistent damper to the upward movement of the price. Apparently, those in upcountry who have been obliged by measures ranging from persuasion to overt coercion to subscribe for the Defence Loan are selling out. These developments do not portend striking success for Government borrowing, especially when there seems to be scope for funds being employed in industrial channels to greater purpose.

Bullion

Owing to technical position all the markets in Bombay remained steady throughout the week under review. There was bear covering in the bullion market which made it somewhat active. There was plenty of sales of gold by the Reserve Bank at Rs. 71. The daily offtake ranged between 50,000 to 75,000 tolas. Gold closed at 71-0-6.

In the silver section too there was a demand for spot. Bears who were hoping against that there might be sales of silver from the Reserve Bank have begun to cover their sales owing to the approach of the settlement day. This led to a good premium of Rs. 3 for the spot which was quoted at Rs. 127-10. There is a heavy shortage of the floating stocks in the market this week. Advices from Kathiawar and other markets in Indian States go to show that there has been a premium of nine rupees for spot silver over forward. This led to plenty of short coverings. On Saturday silver closed at Rs. 128-12 for spot and Rs. 126-8 for

ward. The Floating Stock is estimated at 700 bars. The closing tone was firm.

Cotton

The cotton market too was steady. This is also attributed to the technical position. Jarilla, the I.C.C. variety, has poor crops and prices improved owing to bear covering. On Saturday Jarilla prices touched 450-451. But it is said this does not represent the correct situation obtaining in the interior. In Broach, cotton is coming off quickly but the prices are not improving. Apart from the bottleneck of transports, the millowners are holding up their purchases. They expect that prices would further fall down. It is said that in Broach the prices have already gone down by 80 to 100 points. The hesitant attitude of the millowners in a growing centre where the cotton is coming off quickly has a demoralizing effect. It is added that fall in the prices could be arrested only if the Government actually enter the market and begin to buy. They should not wait till the prices actually touch the minimum prices fixed by them.

There has been some complaints regarding the staple length of cotton taken as the basis for the contract. The East India Cotton Association is expected to go into this question.

There is also another move in the Cotton Exchange to expand the associate membership of the Exchange to permit trading in smaller units of ten bales which would accommodate smaller scale operators and thus remove unemployment in the cotton trade resulting from the closure of the forward market. This is strongly opposed by one section.

Stock Exchange

The Bombay Stock Exchange displayed buoyant tone throughout this week. There was an all-round increase in the prices, but the enquiry for *Tatas Deffs* and *Ordinaries* was very bright, if not the brightest, because of the advantageous position they enjoy in regard to "standard" year. There were also rumours that the Company may issue shares to raise more capital for a new line viz. manufacture of locomotives. Tata Deffs. improved to Rs. 2,235 an increase of nearly fifty points over last week's closing of 2,187 and nearly 145 points over the closing fortnight ago at 2,090 immediately after the presentation of the budget. Ordinaries touched 425 as against 418 last week.

The Textile Section too showed a corresponding improvement. *Bombay Dyeings* were quoted at Rs. 2,127-8 as against Rs. 2,087 last week. *Centuries* Rs. 1,040 as against Rs. 1,025. *Kohinoors* Rs. 715 as against Rs. 704. There were profit-taking at this level as some of the operators had definite views that the prices were ruling at artificial levels and the Bombay mills were bound to pay lower dividends. The market however closed steady.

The public utility section was also upward during the week. *Andhra Valley* ruled at 1,857-8 as against 1,830 in the previous week. *Tata Powers* 1,890 as against 1,862-8. *Tata Hydros* 202 as against 199. *Bank and Insurance Shares* ruled steady.

In the miscellaneous section Associated Cement showed a slight increase.

Funds in good Favour—Active Stock Exchanges —Coal Shares

(From Our Correspondent)

CALCUTTA, March 20.

There has been a regular struggle between the Government of India and the lending institutions in regard to the requirements on a short-term basis, in the last four weeks. In spite of the firm attitude adopted by the authorities, there is still considerable difficulty in getting the treasury bills offer accepted on the borrower's terms. Banks have been successful in their fight, as the adoption of a firm policy by the Government has coincided with a period of heavy tax payments and thus it was that at the auctions of treasury bills last week, a technical victory was won and the average discount rate on treasury bills at 13 annas per cent. per annum showed a token increase of 1 pie over the previous week's rate.

Reserve Bank

The returns of the Reserve Bank for the week ended March 10, 1944, show that there has been a further expansion of currency against sterling securities for Rs. 8 crores. Notes issued were Rs. 891.17 crores against Rs. 884.33 crores while notes in circulation were Rs. 883.42 crores against Rs. 873.94 crores. Sterling securities showed a rise of Rs. 8 crores to Rs. 776.84 crores while rupee coins were Rs. 11.59 crores against Rs. 12.74 crores.

In the banking department, Central Government's balances show an increase of Rs. 11 crores to Rs. 56.7 crores, while other Government accounts were lower at Rs. 25.68 crores against Rs. 32.63. Bank deposits, as indicated above, have declined to Rs. 55.15 crores from Rs. 62.79. Foreign balances also are lower by Rs. 1.4 crores to Rs. 50.04 crores. There is thus a net increase of Rs. 6.6 crores if the transfer to the Issue department is taken into consideration.

Stock Exchange

The Calcutta Stock Exchange was very active in the early days of the period under review, and a substantial rise in prices was recorded for the popular shares on good buying by jobbers and investors. The strength of the Bombay market also was helpful. There was no special reason for the sudden improvement in prices in the local market. The pressure of investment buying and the general assertion that the investing public will ultimately reconcile themselves to a lower yield basis led to greater activity and it is said that the shares of companies which have a good yield have better scope for appreciation. It was on this basis that some of the popular counters like *Cawnpore Textiles*, *Howrahs* and others suddenly improved. Towards the close of the week, however, there has been some selling and profit taking and quite a good portion of the gains has been lost. News from the Arakan front has not been quite satisfactory from the market point of view. This, however, cannot be said to be the main reason for the late decline in prices. While in the Bombay market the slight gains were consolidated, in the Calcutta market there was a rather abrupt rise and the new gains could not be held without adequate support. The undertone is quite steady, and it is generally expected that there will be a slow improvement in prices.

The coal section was again prominent with an all-round increase in prices. The decline in values in the last two days has not affected this section very much, and the quotations at the time of writing are very near the highest levels touched sometime back.

It is in the cotton section that quotations are almost back to those at the time of last writing and the improvement noticeable early in the week proved to be short-lived.

There is still considerable discussion regarding the future of jute shares, though it is generally felt that jute companies are better placed than others, and that, with the possibility of improvement in the conditions of the industry in the coming months, jute shares are the best for investment purposes.

Sugar shares have been uninteresting, but there has been greater enquiry for tea shares. The prospects of a lower yield basis are said to be particularly good for this section.

Raw Jute

The jute market has been very firm with a large amount of business passing, though, in the latter half of the week, mills have not taken much interest and it is feared that prices will be pushed up to unduly high levels. The future of jute prices is dependent on the size of the crop for the next season. Trade circles are now inclined to believe that there will be demand for all the jute that will be sown in the next season and that, if the estimated acreage under the crop falls very short of the allotted quota, it might be difficult to get the requirements of mills at prices fixed by the Indian Jute Mills' Association.

The jute manufactures market is firm without any business of importance put through owing to scarcity of sellers.

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PROVINCIAL FINANCE

A Prosperous year for the Punjab

A REALIZED surplus of Rs. 1,34 lakhs for 1942-43, a revised surplus of Rs. 2,79 lakhs in the current year and an estimated surplus of Rs. 3,86 lakhs for the coming year, all on revenue account—this is the picture of the Punjab's finances which was unfolded by Sir Manohar Lal, Finance Minister, when he presented the Punjab Budget to the Assembly recently.

The estimated surplus of Rs. 3,86 lakhs for the coming year has been reached after all the proposals made by the different administrative departments were accepted, for the first time, without even the slightest modification. There will still be a closing balance, at the end of the year, of the colossal figure of Rs. 17.38 crores. The financial position of the province is further strengthened by the fact that Rs. 10 crores have been recently paid to the Central Government towards the amount due under Unconsolidated Debt; it has resulted in a permanent reduction of Rs. 35 lakhs under Interest Charges in the Budget.

The new expenditure provided in the Budget is Rs. 1,69 lakhs, of which Rs. 54.62 lakhs go to the Beneficent Departments, the total budget provision for which stands at Rs. 4,64 lakhs. Increase in expenditure on these departments has been continuous since the inauguration of provincial autonomy. (In the year 1936-37 the expenditure stood at Rs. 2,87 lakhs.) There is an increase under nearly every head, but more especially under 'Education,' 'Medical,' 'Public Health,' 'Co-operation' and 'Industries.' In fact, departmental indents have been ungrudgingly entertained, nation-building activities have been accorded a rare magnanimity.

For higher education, a grant has been made to the Punjab University for the establishment of a Department of Geography and the institution of classes in Pharmacy. Provision has been made for the grant of dearness allowance to teachers in schools conducted by Local Bodies. Further provision has also been made for maintenance of grants to schools of backward communities and additional scholarships and stipends to agriculturist boys of all communities.

Hospitals and dispensaries in rural and urban areas received suitable grants and ten new subsidized dispensaries will be opened.

A provision of Rs. 17½ lakhs has been made in the Budget under the head "Public Health." The Lahore Improvement Trust and Local Bodies, mainly for sanitary schemes, are the principal beneficiaries. Provision has been made for the investigation of tuberculosis problems in the province on a systematic basis and for the appointment of inspectors for inspection of food on a more satisfactory basis.

Grants have been given for pursuing bee-keeping schemes, and research into the preservation of fruit and vegetables and to help cultivators in adjusting his crops so as to give him better yield and ensure the production of more foodgrains.

The Budget provides for the opening of nine new veterinary hospitals, and there is an addition of Rs. 14 lakhs of expenditure under the head 'Co-operation.' There is an increased provision of Rs. 5 lakhs in the Schedule of New Expenditure for industries, in addition to the usual provision under the Punjab State Aid to Industries Act. Provision has been made for giving loans for industrial purposes and for certain activities such as war publicity, communal harmony, *panchayat* libraries and rural broadcasting.

To help the poor Government employees Rs. 1.47 lakhs has been provided for in the Budget.

In the opinion of the Finance Minister, "the courts in the province are not properly housed and their

general equipment and libraries are exceptionally poor," and he has accepted all proposals for new expenditure for that purpose.

The extraordinary receipts have assumed proportions wholly beyond the 'most optimistic' expectations of the Punjab Government. The total from 1937-38 up to the end of 1941-42 came to Rs. 292.45 lakhs. The latest figures are:—

	In thousands.
1942-43:	Rs. 2,00,18
1943-44 (revised)	4,82,81
1944-45 (budget)	3,08,92
Total:	9,91,91

i.e., Rs. 10 crores in round figures. These extraordinary receipts constitute, the Finance Minister declared, a most valuable means of meeting extraordinary expenditure such, for example, as on the construction of irrigation works and capital outlay on civil works and electricity schemes and industrial development. Of the increase in revenue receipts, for which all the principal heads of revenue were responsible, two of the most significant were an increase of Rs. 59 lakhs under Taxes on Income, received from the Government of India under the Niemeyer Award, and a significant increase of Rs. 68 lakhs in Excise Revenue.

The land revenue (gross) has increased to a figure never reached before in the revenue history of the province. Rise in the price of agricultural produce had a distinct effect on receipts. The Haveli Project and the 'Grow More Food' campaign had a beneficent effect on revenue. All these factors improved the revenues of the province by Rs. 4,85 lakhs.

And side by side, there was a fall in expenditure mainly on account of the disbandment of Air-Raid Precautions Department (Rs. 27 lakhs) and the suspension of work on public works (Rs. 20 lakhs) due to the difficulty of executing these works.

The ways and means position continues to be sound. During the current year the interest earned on investment in Treasury Bills of the Government of India rose to nearly Rs. 7 lakhs—a figure far above that of any previous year. Though not a revenue-producing Department, the Finance Department is making a substantial contribution to the revenues of the province. Irrigation in the province has received special attention.

Appropriate provisions have been made in the Budget for the execution of the Thal Project. Necessary financial provision has also been made to complete various schemes with regard to Western Jumna Canal Extensions. Tube-well schemes have been planned by the Government to extend irrigation to Baqayah lands on the Lower Chenab Canal and a provision of Rs. 12½ lakhs has been made for them. Among the new schemes are the Gurgaon Branch Canal and the Thermal tube-well schemes.

During the current year, a further sum of Rs. 40 lakhs has been placed in the Special Development Fund, making a total of Rs. 1,58 lakhs. This fund is to further beneficent activity and to ensure that in years of stringency Beneficent Departments do not suffer any curtailment. A sum of nearly Rs. 80 lakhs has already been spent out of this.

The Peasants' Welfare Fund was created in 1941-42 with Rs. 30 lakhs. During the current year a further sum of Rs. 60 lakhs is being provided in it, making now an aggregated total of Rs. 1,50 lakhs. The fund is "directed wholly to the amelioration of conditions in the rural areas and in securing reasonable and just terms to the grower in the marketing of his products."

Sind Finance

THE effect of the war on Sind's finances has been astonishingly helpful. The revised estimates for 1943-44, as well as the estimates for the next year, reveal "a most rosy appearance," in contrast to the budgets of the last two years. The year under review has been particularly free from the visitations of floods as well as from the unrest to the general population caused by the rebellion of Hurs, whose suppression involved in past years a large part of the province's revenue are Rs. 7,97,27,000. These figures nearly mark 1943-44 are Rs. 8,65,18,000 as against estimates of Rs. 4,96,41,000. For the 1944-45 the estimates of revenue are Rs. 7,97,27,000. These figures nearly mark a doubling of the accounts of revenue for the previous years. For instance, the total revenue of Sind for 1937-38—the first year when the budget was presented to the Assembly—was only Rs. 3,92,03,000 in 1938-38 Rs. 3,70,29,000 and in 1939-40 Rs. 4,28,87,000.

The increase in revenue has been attributed, firstly, to "the astonishing inflation" which showed itself approximately during the second half of the financial year 1942-43 and the first half of the current year. This period, according to the Finance Secretary to the Government, saw the largest expenditure on public works ever known in one year in Sind, on strategic roads, on aerodromes and other military works, on the Karachi water supply scheme, on civil defence, on irrigation and bund works. The increasing purchasing power thus induced showed itself mainly in the eagerness of the people to acquire property, which meant not only higher receipts under stamp revenue but specifically larger income to the Government from the sales of lands under the Barrage. Another equally important factor which has contributed to increased revenue is the higher yield from land revenue, as a result of the introduction of the principle of sliding scale in assessment last year. The demand for the produce from Sind of wheat and rice and of the commercial crop cotton has fetched higher prices in the market, and correspondingly the return to the Government, which is based on a varying percentage of the crop prices, has increased. This accounts, for instance, to the revised estimates of land revenue for 1943-44 of Rs. 2,96,50,000, as against the Budget estimate of Rs. 2,07,62,000 and actuals of Rs. 1,97,26,000 for 1942-43. Sind's happy position as a surplus province in the matter of foodgrains is responsible for the income which the Government has obtained to the tune of Rs. 2.5 crores by way of profits from the sale of foodgrains to deficit areas. Excise revenue has also registered an increase by Rs. 30 lakhs over the budget estimates for 1943-44, and the estimates for the following year are placed at Rs. 65,76,000. This increase, it is officially explained, is due "to increase in the rates of still head duty, higher bids at excise auctions, and an increase in the consumption of country liquor, which is due partly to smaller imports of foreign liquor and partly to great prosperity."

The Government realize that this boom directly caused by war conditions is not likely to recur, and so they desire to make the best possible use of it when it lasts. In the first place, it is proposed to utilize a sum of Rs. 5,700,00,000 out of the province's balances to pay off the Government of India's debt on the Barrage account. The Barrage debt stood at Rs. 20,40,00,000 after the repayment of Rs. 75 lakhs due under the repayment scheme during the current year. The Sind Government also receives from the Centre a subvention of Rs. 1 crore annually, which will diminish gradually in the course of 40 years correspondingly to instalments of debt repayment. The subvention is based on the Niemeyer Award, enabling Sind to become financially self-sufficient. All these years there has been a

demand for the revision of the debt settlement, and for reduction of the rate of interest charged, namely 4½ per annum. But, in view of the large balance at the disposal of the Sind Government, they have this year made an offer to the Central Government to consider the capitalization of the annual subvention at the rate of 4½ per cent. to be set off against the debt and to pay off the balance. The present value of subvention has been put at Rs. 14,70 crores and Rs. 5.70 crores will be used from the free balances to completely wipe off the debt. The Central Government have accepted this proposal, as revealed by Sir Jeremy Raisman, Finance Member, in his budget speech. The completion of the transaction now only awaits an amendment to the Distribution of Revenues Order-in-Council. The extinction of the debt is a great landmark in the financial history of Sind, as the mill-stone round the neck will be removed, and the province, in the words of the Premier, will, in future, be able to stand on its own legs and make its own way in the world. Sind will thus be free from debt and also from the doles of a benignant centre.

Besides adjustment of surplus towards wiping off the debt, there are two other adjustments which the Government propose in the current year. One is the setting apart of Rs. 1,39,00,000 to the land revenue equalization fund in order to offset the possibility of reduced revenue from land after the higher prices for foodgrains cease to operate and in the contingency of lower yield from land. The other appropriation is a sum of Rs. 50 lakhs to the post-war reconstruction fund, to help Sind launch on large capital expenditure after the war. To this amount will be added a sum of Rs. 55 lakhs, which roughly represents the difference between the budgeted amount of interest charges and the capital repayment of the Barrage debt on the one hand and the subvention on the other. Finally, the revised estimates of revenue for 1943-44 are Rs. 8,65,18,000 and the budget estimates Rs. 7,97,27,000. The expenditure figures are respectively Rs. 6,21,93,000 and Rs. 7,97,04,000. The free balance on April 1, 1944, will stand at Rs. 7,54,60,000 after paying the differential sum towards the Barrage repayment.

The expenditure side for the year 1944-45 does not contain any outstanding items. Provision has been made for the raising of the medical school at Hyderabad to a college. Provision has also been made for the appointment of a panel of adjudicators for the settlement of labour disputes, and necessary staff for the compilation of family budgets and retail price index. A wholesome feature of the budget is the absence of any new taxation. Even the duty which had been imposed last year on the electricity consumed by industrial concerns will be removed. This is claimed as evidence of Government's close concern for the industrial development of the Province. It is added that it shall be the object of the Government to maintain conditions favourable for industrial development, which are given as "plentiful water, cheap power, harmonious relations between the employer and the employed and social security in its widest sense."

To conclude, the current year's revised and next year's budget estimates present a picture, apparently, of astonishing prosperity, with the receipts in excess of current expenditure by the amounts set aside in the land revenue equalization and post-war development funds, in addition to the revenue surplus. But it is illusory to assume that this can be a permanent feature of the budget. All the principal heads of revenue are bound to contract when conditions return to normal. But a definite landmark has been reached when Sind, free from the oppression of debt, can plan ahead taking the fullest advantage of the most favourable conditions which the war has brought her.

FROM THE PROVINCIAL ANGLE

Madras Letter

AN IMPROVEMENT TRUST FOR MADRAS CITY— MYTH OF PEASANT PROSPERITY—THE SALES TAX AND BULLION TURNOVER— FUTURE OF RUBBER

(From Our Correspondent)

MADRAS, March 17.

A BILL to provide for the improvement and expansion of the City of Madras and the constitution of an Improvement Trust therefor has been published by the Government of Madras. A statement explaining the objects and reasons mentions the investigations conducted by the Government at the request of the Corporation of Madras regarding the possibility of setting up the Trust. The Bill provides for the constitution of a Board of Trustees consisting of nine persons, the chairman being its executive authority. The other members are to be the Commissioner of the Corporation, the Director of Town Planning, an Assistant Director of Public Health, two members elected by the Corporation and one each by the Southern India Chamber of Commerce and the Madras Chamber of Commerce. The remaining one member will be nominated by the Government. The duty of the Board will be to make due provision for the improvement and expansion of the City, by opening up congested areas, laying out or altering streets and by framing and executing various improvement schemes. The Board will have no power to levy taxes. Apart from miscellaneous items of revenue, such as betterment fees and income from investments and lands, the funds of the Board will consist of contributions from the Government and Corporation who will each make an annual payment of not less than Rs. 2½ lakhs to such funds. The Board will also have power to borrow money either from the Government or in the open market with the sanction from the Government. The Bill is based substantially on the provisions of the Calcutta Improvement Trust Act but certain provisions of the Delhi Act have also been included. The Bill has been published for eliciting public opinion and will come up for discussion before the City Council.

The Kisan Conference

The myth of peasants' prosperity was exploded by Swami Sahajanand Saraswati in his presidential address to the All-India Kisan Conference which met at Bezwada this week. He contended that as 80 per cent. of the present-holdings are uneconomic and almost 90 per cent. of the kisans are consequently underfed and underclothed, as they cannot produce enough to feed and clothe themselves and their dependents, they have no surplus to sell and get enriched. Thus, the fashion with the officials and others to repeat the kisans have become wealthy and prosperous, due to high prices, was far from the truth. Dealing with the economic problems of the kisans, he said that the growers of jute and cane have been hard hit in spite of the high prices and urged the Sabha to appoint an inquiry committee to make a detailed survey of the cultivation costs for jute and cane, on the basis of which they could demand a fair and minimum price for both the commodities. Amongst the resolutions passed at the Conference were one deciding to appoint a committee to inquire into the grievances of the agricultural labourers. By another resolution, the Conference demanded the restoration of lands to the kisans and certain other reliefs so that they may be encouraged to grow more food crops.

Bullion and the Sales Tax

The Madras Government's intention to amend the Madras General Sales Tax Act, so as to include bullion and specie and to remove "certain disparities in the levy" on certain turnovers has come in for sharp and wide criticism throughout the province. Bullion and specie were exempted from taxation after much deliberation and discussion when the later Congress Ministry first levied the tax. If now it is to be taxed and the tax is to be passed on to the consumer, gold will cost more, which will deter the purchaser and to that extent nullify the anti-inflationary drive of the Government of India. Under the existing provisions, a dealer with a turnover between Rs. 10,000 and Rs. 20,000 has to pay Rs. 5 per month and those having a larger turnover have to pay 1 per cent. It is now proposed to levy Rs. 8 per month on turnovers between Rs. 10,000 and Rs. 15,000 and 12 per month on turnovers between Rs. 15,000 and Rs. 20,000. In the guise of removing a disparity, the Government have actually raised the tax. It was only in October last that the sales tax was increased from ¼ to 1 per cent. and a fresh rise in another direction has been contemplated. It is not as though the Government's finances are depleted now. One feature in regard to the new amendment is that public opinion is to be elicited on the measure before it is enforced but there is little faith that the Government, constituted as it is now, is going to pay any heed to it.

Industries During the Year

The annual report of the Director of Industries and Commerce of the Government of Madras for 1942-43, though belated, gives certain interesting details. The report mentions that economic conditions in the earlier part of the year were unsteady and even chaotic following the evacuation of the population from the coastal areas to the interior. Though the war has given an impetus to the starting of new industries, it is stated that the progress made was not marked as was anticipated. Cottage industries have shown some improvement, particularly the coir industry and the hand-made paper industry. During the year the question of the utilization of the large deposits of bauxite in the Shevaroy was taken up for investigation and it has been revealed that the Shevaroy contains several million tons of workable bauxite of various grades and perhaps close upon a million tons of high grade ore. It was considered that with the availability of cheap electric power nearby, the scheme can be worked with advantage. War orders placed with the Department during the year amounted to Rs. 9.63 lakhs and the total value of the articles produced totalled Rs. 3.15 lakhs. The sericultural, tiles and chemical industries prospered on account of the war demand. The engineering section of the department made notable progress with tapping artesian springs for irrigation purposes.

Rubber Board Meets

The meeting of the Indian Rubber Production Board held this week adopted certain important resolutions relating to the rubber industry in India. The Board considered that the scheme of extra bonus payment for rubber adopted in Ceylon was in principle

acceptable for adoption in India but certain modifications, in view of the special circumstances which have existed in India during the past few years were necessary. The Board also decided to recommend that the Government of India's capital compensation scheme need not be abandoned so that those estates which found that scheme preferable to the extra bonus payment scheme might benefit by the former. The Board also appointed a committee to consider the question of the future of rubber in India and the organization which would be necessary to safeguard the interests of the rubber industry after the war.

Stock Exchange

The Stock Exchange has not yet recovered from the budget reactions. Textile shares were gradually and continuously going down, as it was believed that mills will not be in a position to maintain the present level of dividends. There was more interest in the

Bombay Letter

PROVINCIAL FOOD ADVISORY COMMITTEE TO BE CONSTITUTED—FOOD PLANS EXPLAINED—PRACTICAL DIFFICULTIES

(From Our Correspondent)

BOMBAY, March 18.

A Provincial Food Advisory Committee is to be constituted by the Bombay Government to advise them on food problems in the districts. Each District Food and Price Advisory Committee is to be asked to elect a representative to the Provincial body while other members will be nominated by Government. The new body is expected to be useful in bringing to the notice of the food planners of the province the local conditions in each district, disregard of which has caused so much dislocation in the past.

Details About Food Procurement

More details are available of the steps contemplated by the Government of Bombay to procure foodgrains which if supplemented by imports of about 400,000 tons of cereals from outside, would enable the population in the province to have one pound of food per head every day. This scheme was briefly explained by Mr J. Booth, Director of Civil Supplies Districts, at a Press Conference here on Thursday last. As a corollary, Mr Booth thought "some sort of rationing" would have to be introduced in villages. The Government of India want each province to help itself. They would only supplement deficit provinces to the tune of their actual shortage after best efforts are made by the provinces to procure foodgrains within themselves. The Bombay Government are taking up very seriously the growing of food in the province. It is stated that each cultivator will be allowed to retain about 27½ maunds cereals grown by him. As regards the balance he would have to give something to the Government at control price and he would be able to retain some for himself for sale. This will naturally depend upon the extra quantity grown by him, and it will be on a sort of graded scale worked out on the basis of agricultural assessment as fixed by the District Magistrate. However, as the agricultural assessment will be based on the total quantity grown i.e. food crops upon cash crops, there would be an indirect compulsion for the cultivator to grow food crop. The Bombay Government will not apply a rule of thumb to each district but will first work out for each district the proportion normally grown by the district of food and cash crops and hence the quota of cereals

mills situated in the adjoining States. The planting section was lively at the close with a large volume of buying orders, particularly in rubbers. This was based on a report that the Rubber Price Fixation Committee has recommended to the Government of India that the price of rubber should be increased by 14 cents to 91 cents per lb. Official confirmation was lacking up to the time of writing. Substantial improvements were seen in the prices of rubber shares though there was a reaction later on due to profit-taking. Tea and coffee shares were hesitant. The Mysore group of industrial shares witnessed the greatest activity. It looked as though the investors were switching over to the group. Mysore Papers and Mysore Chemicals and Fertilizers were in the lime-light. There was also some buying interest from outside markets. Bank shares were firm and leading South Indian Bank shares rose by a few points. The gilt-edged market was practically unchanged with 3½ per cent. Paper quoting Rs. 99-4.

to be given by each cultivator to the District Magistrate, will differ from district to district.

Storage Difficulties

Mr Booth stated that the Government were not blind to the practical difficulties and individual hardships, but in the general interest of the province nothing better could be done. Many suggestions have been made to examine the methods of cultivation and Mr Booth stated that these would have the serious attention of the Government. A vital adjunct to the scheme is the preservation or storage of foodgrains. Generally this was being done by the trade and by the cultivators who have much experience in the conservation of foodgrains. Further in every district, till very recently, it was the custom for families to store up foodgrains for the whole year, and the womenfolk know how best to conserve the grains. Now with the advent of rationing, however, the problem of conserving foodgrains is transferred to the shoulders of go-down keepers who have no personal interest. Apart from this, the task itself is a difficult and arduous one, and Mr Booth revealed that Government were engaged at present on working out a scheme for storing and distributing foodgrains. Judging from the manner in which Government handle these things, the cost to the society of Government storing and conserving the foodgrains will be very high, apart from being less efficient, but this seems to be a price one has to pay for rationing.

Egyptian Cotton

An instance of the mess made by Government handling is the case of control in Egyptian cotton. Certain high styles of Egyptian cotton have been purchased by a Pool consisting of the representative of U.K., India and U.S.A. The manner in which the Pool has handled purchases has brought about caustic comments from all quarters concerned especially the mill-owners. The Pool purchasers misjudged the market with the result that prices advanced by Rs. 125 to Rs. 150 per candy without the Pool being able to purchase the quantities they wanted to purchase. Further the overheads that have been estimated for the Pool working are far too high. The reply to this criticism can be that there is no other alternative now, but the manner in which things are handled by Government

leads to the conclusion that control should be abolished as soon as practicable.

Industrial Survey Committee

The National Survey Committee of Scientific and Industrial Research recently appointed by Govern-

ment is to hold its first meeting here on March 20 when it will have a general discussion regarding the scope of the Committee. The members will meet the leading scientists and industrialists of Bombay and will also visit Baroda, Ahmedabad and other places to survey the facilities at present available for industrial and scientific research.

CLOTH FAMINE IN BENGAL — LIGHT NEEDED REGARDING PROCUREMENT OF RICE—JUTE PROSPECTS

(From Our Correspondent)

CALCUTTA, March 19.

EXPRESSING their views upon the working of cotton control scheme in this province, the Committee of the Bengal National Chamber of Commerce have referred to the singular failure of the control scheme to achieve its object. There is an acute cloth famine in Bengal, particularly in the mofussil areas, which according to the Committee of the Chamber is attributable to the following factors—

- unusual delay in tex-marking unstamped cloth;
- wholesale cancellation of licenses under the Bengal Cotton Cloth and Yarn Control Order;
- shortage in the available transport facilities; and
- the very inadequate margin allowed to wholesale dealers in different stages.

The delay on the part of the textile controlling authorities in tex-marking the unstamped goods has assumed the proportions of a public scandal. It appears that in Calcutta alone there are 1,174 parties whose goods have been sealed in accordance with the Press Note issued by the Government of India on the 23rd December. Up to the end of February, however, the stocks of only 75 parties out of 1,174 have been tex-marked. By all tokens the position in this respect in the mofussil areas is far worse. The acute famine in cloth, the Committee of the Bengal National Chamber of Commerce point out, is the direct result of a large volume of goods being kept away from the market due to the delay in the tex-marking of goods. This is a matter which urgently calls for an effective remedy. In respect of the other causes also of cloth shortage mentioned above, there is scope and need for measures of rectification. Lack of timely and appropriate action in his regard will eventually discredit the control scheme completely in the eye of the Bengali public.

How is Procurement Proceeding ?

A Press Note of the Bengal Civil Supplies Department recently announced that orders are about to be issued lowering the statutory maximum selling prices of rice and paddy in the districts. Roughly it may be said that the announcement contemplates the lowering of price of rice to Rs. 14 or Rs. 13 per md. in the days ahead. It is pointed out that the new prices are liable to further reduction at a later date. While this lowering of prices is welcome, the public is not satisfied that the lowered prices will actually obtain in the market. It is felt that the Government's success in lowering prices effectively will ultimately depend on the outcome of their procurement operations. The progress of the procurement scheme is shrouded in mystery, and the public has no means of judging the Government's claim that there is steady improvement of the

outlook for food. A disquieting hint, however, comes from New Delhi, and this has received attention in sections of the local Press. Speaking on the working of the procurement scheme in Bengal in recent months, Mr B. R. Sen, Director-General of Food, observed in the Council of State that the operation of the scheme had brought out some interesting facts. He stated:—"The cultivators appeared to be holding on to their stocks as they had done never before—unlike last year it was the cultivators and not traders or middlemen." Mr Sen went on to say that in no district had the cultivators brought into the market more than 50 per cent of what the cultivators would have normally brought to the market up to this time of the year; in some districts it was however less than 25 per cent. The essence of procurement is, as the Gregory Committee pointed out, the winning of the target possible amount of crop from the cultivators. How can procurement be making good progress, as claimed by the Bengal Government, in the face of such attitude of cultivators? Light should be thrown upon the matter by the Bengal Government.

Prospects About Jute

The relative prices of jute and rice with their possible reaction upon jute cultivation have been a matter of anxious consideration here. On behalf of the jute industry the anxiety is expressed that in view of the low and unremunerative price of jute the sowing of jute in the new season may be greatly hindered. Even *Capital*, the mouthpiece of European jute interests, and which does not favour high prices for jute has had to say:—"Far from the price of jute being so high as to endanger the industry, it is so low in comparison with the prices of other commodities that there is no inducement to grow it and that may be an even greater immediate danger to the industry." But while from the industrialist's point of view the matter for concern is the possibility of a short supply of jute consequent upon reduced sowing, the jute cultivator's interest calls for quite a different approach to the matter. The need for at least bare justice to the cultivator cannot be too strongly emphasized. It cannot be readily assumed that since the price of jute is low the cultivators will necessarily sow a very small amount of jute. The Government are determined to encourage the sowing of jute up to eight annas of the recorded acreage. The cultivators are ignorant and have a foolish fascination for the cash crop. What with the one factor and the other, there may well be a sowing of jute up to the full limit permitted by the Government. That will ensure adequacy of jute supply for the industry, but will that ensure justice to the cultivators? The fact is, if a fair deal is to be given to the cultivators the Government must make up their mind to fix the minimum price of jute at a distinctly higher level than they have contemplated hitherto.

Punjab Letter

PUNJAB MERCHANTS MEET—RETAIL TRADE AND RATIONING—THE TEXTILES BLACK MARKET— WORKING OF ANTI-PROFITEERING ORDINANCES

(From Our Correspondent)

LAHORE, March 22.

THE merchants of the Punjab met at Lahore on March 5, and discussed their problems. The place they were to occupy in the rationing scheme, the inefficiency of textile inspectors and the consequent black market in cloth, and the working of the Anti-Profiteering Ordinances were the principal problems under discussion. The President of the Punjab Beopar Mandal revealed that the Assistant Director of Civil Supplies had written to the Mandal in reply to their representation that the co-operation of the retail trade would be sought for the successful working of the rationing scheme in the province. The Beoparis have assured the Government that under the guidance of the Mandal, they were always prepared to co-operate with the authorities on the latter's terms for the sake of the consumers. They want to show that they could also work for the benefit of the general public, unconcerned about profits.

Merchants' Conference

But the opinion held in authoritative quarters is that the Government is bent upon creating a new class of business men of their own, who would run the rationing shops or depots all over the province. Lala Behari Lal Channana, the President of the Mandal, warned the public against the danger of replacing the existing channel of trade by another consisting of favoured agents of the Government unacquainted with the trade. He suggested that traders' advisory committees, and in co-operation with the various trade bution and control. The Beopar Mandal should be authorized to appoint agents to conduct rationing shops in consultation with the *mohalla choudharies* or food committees, and in co-operation with the various trade associations, and unredressed grievances of the consumers should be referred to the Mandal for necessary action. The Mandal, in this connection, would act like a *panchayat*. Some Beoparies, at the Press conference, expressed doubts if the landlord interests in the Punjab Government were serious enough to introduce rationing. They are already trying to hoodwink the public with the argument that the consumers' goods used by agriculturists must be controlled first. As a matter of fact, the agriculturists need cloth, sugar, kerosene oil and iron, and of these the first three are already controlled, and for the last one the Punjab Government has stepped in as a monopolist. Recently, they got a big quota but were passing that on to their own agent for the manufacture of agricultural implements. The iron-smiths were, thus, being eliminated and the trade being handed over to a monopolist.

Cloth Trade

The cloth merchants feel that the inspection machinery set up by the Government is inefficient and is the cause of the disorganization of the flow of consumers' requirements resulting in black markets. The inspectors look up the book issued by Mr. Desai's Department and if a certain brand of cloth is not included in the list issued, that remains sealed till its prices are fixed. They do not know that each province gets the same cloth from the same source under different brands, suited for the traders' own purposes. This ignorance on the part of the inspectors has kept much seasonable stock of cloth sealed. The consumers are

complaining against the Beoparies and the latter are complaining against the Government. Six months have passed since the control was enforced and up to this time Mr. Desai's Department could not settle prices. The Provincial Beopar Mandal wants to help in this matter but is not listened to. The position is that those who borrowed money to purchase those stocks cannot afford to sell them at a small margin (as they say) of 20 per cent. fixed by the Government as it leaves nothing to them in view of their enhanced expenses and increased rates of taxation. Some carried them to the black-markets to sell them dear; and others, after the exhaustion of their stocks, are not replenishing them.

The Beoparies, at a Press conference, however, assured the general public that they would make all efforts to eliminate the blackmarket profiteer. For that purpose they were organizing a vigilance committee and if any complaints were made to the Provincial Mandal, they would be looked into. Mr. Channana, however, felt that some European firms, who were the worst offenders in this respect, were left untouched, while the machinery of law was used with vengeance against others. "Some of them," he said, "escape the clutches of law by contributing to the war funds. Others, disorganized, fall an easy victim to the vagaries of administration. If the Beopar Mandal is taken into confidence and is consulted, it can weed out the undesirable elements easily."

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A DELHI DIARY

NEW DELHI, March 23

IT is not expected that the debate on the Finance Bill, which has already gone on for over four days, will be concluded before Monday next. The party position, however, is now fairly clear. The three elected groups—the Congress, the Muslim League and the Nationalists—are united in opposing the Finance Bill both on constitutional and financial grounds and will, it is believed, be able to throw out the Bill at the second reading itself. The stand which they have taken is that "refusal of supplies" is the only constitutional remedy open to them in the present circumstances. Some of the elected members, among whom are the Independents, hold that total refusal of supplies will deprive the House of the opportunity to modify the provisions of the Finance Bill and reduce the burden on the taxpayer. So far the Government have given no indication of any desire to amend the Finance Bill, but some of the vague statements made by the Transport Member with reference to the proposed increase in Railway fares have led to certain optimistic reports about the Government's intentions. The Transport Member told the House that no final decision had been taken by the Government on the question of increasing Railway fares as it was intended to consider the Government's financial programme as a whole after the proceedings relating to the general Budget had been concluded. This is interpreted to mean—at any rate, that appears to be the bait thrown—that if the Assembly decides to throw out the Finance Bill at this stage and votes down the motion for consideration the Government will merely certify the Bill as it stands, but if the Assembly agrees to take up consideration of clauses, the Government will be prepared to consider such changes in the Bill as the House adopts—including the question of reducing, if not giving up altogether, the proposed increase in Railway fares. In Assembly circles, however, this bait has not been taken seriously. Unless there is some last-minute development to disturb the present party position, the Finance Bill will be thrown out on Monday next—to be inevitably followed by certification in the time-honoured fashion.

The debate this week has disclosed three main lines of criticism. The new taxation proposals have been attacked by most of the speakers as unnecessary and unfair to classes which are least able to bear any additional burden. Why tax commodities like tobacco, betel-nut, tea and coffee which form part of the poor man's daily requirements? Mr. Jamnadas Mehta was vehement in putting forward the view that the entire taxation policy of the Government was unduly heavy against the poor. Another aspect of taxation to which repeated reference was made was its inevitable effect on industry. "There is a feeling in the country that the Government are not anxious to see new industries grow up or old industries expand" was one of the statements made by Sir Vithal Chandavarkar. In this connection there was a good deal of criticism of the Government's measures for the control of capital issues. As regards defence expenditure, the general complaint was that sufficient information had not been given to the House and that no satisfactory assurances had been given to remove existing apprehensions. India's case, as one speaker put it, was: "We want no generosity from any country. We want fair treatment having regard to our capacity to pay, our needs and our position in the whole scheme of war operations." The Government's wrong policy in dealing with inflation, the apprehensions about the growing accumulation of sterling assets, the dangers arising from the activities of the U.K.C.C., the partiality for certain European interests at the expense of Indian industries and the failure to speed up production, both agricultural and industrial, as they should have done, these were some of the more important questions raised. It

is doubtful, however, whether the Finance Member will go into these questions in any greater detail than he did in his Budget speech.

In answer to an interpellation in the Assembly, Sir Jeremy Raisman gave certain interesting figures about war prices. He said that the general index number of wholesale prices in India taking the prices prevailing on August 19, 1939, as 100 was 118.8 in March 1941 and 235.2 on March 11, 1944. The increase has therefore been 98 per cent. in the last three years. The agricultural commodities price index number on March 11, 1944, was 256.7 as against the manufactured articles index number of 248.8. He further stated that the general index number of wholesale prices reached its peak in June 1943 since when the various measures taken to combat inflation have succeeded in checking the rise. The general index number in June last was 244.0 and the figure on March 11 was 235.2. Another interpellation elicited from the Labour Member details of the Coal Control Scheme which the Government of India have prepared for regulating distribution and stabilizing prices. According to his statement, the intention of the scheme is to ensure that all the coal available is properly distributed at fair prices to consumers and to afford every encouragement to the maximum production of coal. There is a good deal of dissatisfaction about the composition of the Control Board which the Government of India propose to set up. It is felt that at least the Central Legislature should be given some representation on behalf of consumers in general.

I understand that in this connection the Government of India have three important questions under consideration. The first relates to the exports of coal from India to the Middle East and other countries. Though the proportion of these exports to the total production of coal may be small, the time has certainly come to prohibit all exports of coal, for when India is admittedly suffering from serious coal shortage, there is no justification for undertaking any responsibility for supplying coal to other countries. The second deals with the wages now paid to mine workers—certain modifications of the Dhanbad agreement—particularly in regard to foodgrains concessions. According to speakers in the Assembly, labour in the coal-mines is the most ill-paid in the country—next only to tea plantation labour. The third point refers to arrangements for importing mechanical excavators and other equipment for facilitating more scientific methods of coal extraction.

The close of the Assembly session will see some changes in the Secretariat. Sir Jeremy Raisman is expected to leave within the next few weeks for London in connection with the proposed currency talks. Mr. C. E. Jones will officiate as Finance Member in his absence. For the post of Secretary to the Governor-General (Public) the name of Mr. Perry, formerly Prime Minister of Kolhapur, is being mentioned as successor to Sir John Thorne. Mr. Prior, Labour Secretary, is also proceeding to the United States for the International Labour Conference and will be succeeded by Mr. Lall. It appears that the non-official delegation for the Labour Conference in Philadelphia has also been selected—very probably, Mr. J. C. Mahindra and Mr. Mulheller will represent the employers and Mr. Jamnadas Mehta, Mr. Aftab Ali and Mr. Bhole will represent Labour. An Indian Science Mission led by Sir S. N. Bhatnagar is also likely to leave for England in the near future to study the position in the United Kingdom. The arrangements for sending a representative body of Indian industrialists are also nearing completion.

Argus

NEWS PAGE

The death occurred in Madras on the 16th inst. of the Hon'ble Mr. V. Ramadas Pantulu, the well-known co-operator and a member of the Council of State. Mr. Pantulu was President of the Madras Provincial Co-operative Bank and a member of the Central Indian Banking Enquiry Committee. He was aged 71.

The Bengal Cabinet is reported to have drawn up a comprehensive scheme for the rehabilitation of the people of the province affected by last year's famine. The scheme is expected to be announced very shortly.

The non-recurrent expenditure in 1944-45, for the introduction of rationing in Delhi and Ajmer City, is expected to be Rs. 5,45,100 and Rs. 59,600 in the cases of Delhi and Ajmer respectively. The recurrent expenditure is estimated at Rs. 58,000 and Rs. 13,08,200 for 1943-44 and 1944-45, respectively, in the former case and Rs. 7,700 and Rs. 91,100 in the latter.

The Ceylon Ministry of Industry and Commerce has, it is understood, decided to fix maximum prices for textiles imported into Ceylon from India. The ceiling prices will be based on the ex-mill prices in India and will include a margin of profit and expenses incurred by the importer.

South Africa is at present taking part in exploratory talks in connection with currency stabilization. Field-Marshal Smuts suggests that the Canadian plan is an attempt to bridge the difference between the American and British currency plans.

The whole of this year's exportable surplus of tea from India, Ceylon and East Africa has been bought by the British Ministry of Food on behalf of the Dominions and Allied and neutral countries.

The Central Government has decided that the rate of premium payable under policies issued under the War Risks (Factories) Insurance Scheme, the period of which has been extended up to the 31st March, 1945, shall be fixed at the reduced rate of one per cent. of the insurable value of the property calculated to the nearest anna on each complete sum of one hundred rupees for the year ending 31st March, 1945. Premium for the insurance of inland vessels during the year ending 31st March, 1945, is payable at the same rate and in the same instalments as in case of factories.

Prohibition is proposed to be withdrawn from one of the three areas in the Central Provinces, where it was introduced by the Congress Government in 1938, by a Bill which the Governor of the Province has circulated to elicit public opinion.

Approximately 19 million tablets of quinine substitute have been imported in 1943-44, and under arrangements with the American authorities, all civil requirements in India are being imported by Government. The American authorities have taken over the whole of that amount. The quantities of quinine and quinine substitutes allotted to the Bengal Government in 1943 were quinine 89,000 lbs., cinchona febrifuge 24,800 lbs. and Mepacrine hydrochloride 7 million tablets.

A new civil aeronautics Bill introduced in the United States Senate this week proposes that the U.S. Government should charter a private corporation with potential working capital of over £250 million. The measure is designed to place America well in the forefront of post-war air transport.

The Government of India have a definite plan to assist the hand-made paper industry on an all-India basis, it was stated in the Central Assembly last week. As part of this plan, Government would provide an assured market for the output of this industry by purchasing the quantity manufactured. If the industry applied for it, technical assistance would be given.

The Indian Exporters' Association has made a representation to the Government of India in the Commerce Department that the intended Government move to raise the export price for textiles will affect the export trade adversely. They agree to the system of checking the standard of cloth meant for export and to a restriction of their profit margin on exports.

The Standing Finance Committee of the Central Legislature has approved the payment of India's contribution towards the administrative expenses of the Inter-Governmental Relief Committee set up in 1939. This has been estimated at Rs. 36,000 per annum, but expenses for the first sixteen months, September 1943 to December 1944 will be only Rs. 15,680. India's membership of the Committee is subject to the vote of the Legislative Assembly.

According to returns received in the Department of Commercial Intelligence and Statistics, the total gross Indian sea and land customs revenue, excluding salt revenue, collected in British India during the month of February, 1944, amounted to Rs. 5.66 lakhs as compared with Rs. 4.91 lakhs in January 1944, and Rs. 4.11 lakhs in February, 1943. The total gross central excise duties on motor spirit, kerosene, sugar, matches, etc., amounted to Rs. 1.71 lakhs in February, 1944, as compared with Rs. 1.83 lakhs in January, 1944, and Rs. 1.09 lakhs in February 1943.

It is understood that the Government of India have decided to introduce a Coal Control Scheme comprising five parts, viz., estimation of the monthly output of each colliery, appointment of a Coal Control Board, distribution of all output of Government at fixed prices, encouragement of production by grant of bonuses on increased output free of E.P.T., and the control of mining operations.

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LETTER TO THE EDITOR

War-Time Prices

Sir,—I regret to say that in your review of my pamphlet, *War-Time Prices*, you have given a rather untrue picture of it. The pamphlet does indeed close with a plea for saving, but its main purpose is to give to the general public an unvarnished account of the recent price changes. The reviewer finds some statements contradictory because he has lifted sentences out of their context and pieced them together to show an apparent contradiction. But this is not fair. In the course of an historical treatment of the subject it has been shown how, when speculative activity was at its height, "not money but goods came to be hoarded." This was a very unhealthy tendency and was precisely the reason why the Government was called upon to undertake stringent measures. Largely as a result of these measures, the upward trend in prices was arrested and many indices actually moved down. Speculative hoarding of stocks would pay only so long as prices continue to rise. Consequently, there is no disposition to fly from the rupee. The one statement relates to a period when things were threatening to take a bad turn and the other to a subsequent period when things definitely improved. Besides, there is a good deal of difference between hoarding of goods by and at the instance of the speculators and a general disposition to fly from the rupee. If there has been such disposition, not only sterling accumulation would not have been possible but also the fairly large amount of investments in Government loans would not have occurred. As it is, our large sterling resources and the striking increases in the deposits of banks and other financial institutions and the substantial investments in Government Loans bear witness to the fact that there is no disposition to fly from the rupee.

There is not the slightest disposition in India to fly from the rupee to any other currency. This is the sense in which a flight from currency is ordinarily understood. It cannot be disputed that the rupee is now in a very strong position, and it is a well-known fact that from China to Egypt, the rupee is sought in preference to nearly all the currencies of the world. This cannot be due to a mere delusion. If the internal purchasing power of the rupee is still rather low, it is due to the grim scarcity of goods resulting from war effort, and in any case, this is no index of the external value of the rupee which is indicated by the admittedly strong credit position of the Government. One may even venture the assertion that if today the exchange controls are removed, the rupee would rise to well above two shillings.

The reviewer takes me to task for stating that the rupee which today fetches hardly six annas would grow to 16 annas after the war. But the promoters of the Bombay Plan also expect that "pre-war prices will return not long after the war," and accordingly they have framed their estimates on the basis of the 1931-1939 price-level. And let it be said that an essential part of their plan is to utilize Rs. 3,400 crores of created money. The *Eastern Economist* in three consecutive weeks reviewed the various aspects of the plan and found nothing incongruous or conflicting in the creation of such vast additional purchasing power with the retention of the pre-war price level. The reviewer in the journal apparently holds a very different view. To him the restoration of the pre-war prices could come about only through a process of rigorous deflation. One need not go to such length as the Bombay Plan. Without the cancellation of even one rupee of currency, prices after the war would drop down from the present high level. The present is a combination of expanding currency accompanied by a stringent scarcity in consumption goods. Once this scarcity in goods is removed, prices are bound to fall. The mere disappearance of some of the artificial condi-

tions created by the war would bring about the fall in prices and the appreciation in value of the rupee. I maintain that the result would happen without the slightest resort to a process of deflation in currency.

At the time of writing, the rate of currency expansion was certainly slowing down. In any case, not only has the upward trend in prices been arrested, but many indices have actually moved down. In other words, the rupee today is on the high-road to appreciation. Events since the publication of the pamphlet have only strengthened this view. A policy of producing and releasing more goods for civilian consumption has been initiated and to the extent this materializes the realization of the above result would be quicker. It can be definitely stated that the bottom in the value of the rupee has been touched and already passed. Therefore, the necessity and prudence of saving have become very strong. Even if as the reviewer admits inflation will be held in check during the war, the necessity and wisdom of savings would be there.

It is nowhere stated in the pamphlet (as alleged by the reviewer) that high prices have benefited all the cultivators, but it is futile to deny that there are important sections of them who do have surpluses to sell and with whom a balance would remain even after satisfying their legitimate needs at the present time. The question then is whether in their own interests and the larger interests of the country these should not be induced to save now. To this question, there can be only one answer and that is the answer given in the pamphlet. Let us not forget that all funds for industrial and agricultural expansion must come ultimately from the savings of the community. And is there a more convenient time for saving than the present? To appeal for saving is, therefore, no partisan propaganda, but the duty of all, specially economists.—Yours, etc, P. J. THOMAS.

[We do not understand what Dr. Thomas has in mind when he says that from China to Egypt the rupee is sought in preference to nearly all the currencies of the world. If he implies that countries from China to Egypt prefer the rupee rather than the dollar or sterling as backing for their currencies it is palpably untrue to facts. If he suggests that foreign nationals have increasingly kept their funds with the banks and stock markets of this country, the large-scale influx of funds such as would be involved in the process could not have taken place without visible effect on our sterling balances, and without the knowledge and control of the exchange control authorities. Dr. Thomas has certainly not produced any evidence in support of his "well-known fact." If, however, he has in view the simple phenomenon that India's supplies are enormously in demand in all the eastern countries under the pressure of war, we may tell him that it is precisely this external demand which has brought about the fall in the internal value of the rupee and its effect is far from strengthening our finances or toning up economic morale. As for the rupee growing to more than sixteen annas in value, it can be achieved only by means of a price-level lower than the one which prevailed before the war, and by a process of deflation of incomes, costs and prices which no one, not excluding Dr. Thomas, with his knowledge of slump conditions in 1930-33 can accept with calmness. On the other observations of Dr. Thomas, we would only say that in his 'unvarnished account' of price changes there is very little sign of his sharing in any degree the criticisms of the Government's methods of war economics which informed and independent opinion in this country has made the layman familiar with in the last one year and more. It is profitless to prolong the controversy; the reader will have no difficulty in judging for himself after he peruses this pamphlet of only 32 pages.—Ed.]

BOOK REVIEWS

THE INDIAN COTTON TEXTILE INDUSTRY—(1943 Annual). Editor: M. P. Gandhi. Gandhi and Co., Jan Mansion, Sir Pherozeshah Mehta Road, Bombay. Pp. 150. Price Rs. 44.

Mr. Gandhi's creditable production contains a detailed picture of the affairs of the Indian textile industry in 1943, set in the background of developments during 1942 and the preceding war years. The year 1943 is one of special interest, for it witnessed a unique experiment in co-operation between the textile industry and Government for the benefit of the consumer. The successful implementation of the standard cloth scheme control of trade and prices of raw cotton and piece-goods, all fall during the period. Therefore, this annual, which covers admirably, all these developments in the industry is sure to be welcomed. It has included within its purview also the conditions in the handloom industry and the production and trade in raw cotton, and contains statistical summaries showing important aspects of the industry at a glance. The author's reflections regarding the post-war position of the industry and prospects in export markets for Indian textiles are particularly illuminating, though one may not agree with all that he has to say regarding the success of the textile control or the modification of the standard cloth scheme.

FUTURE OF HANDLOOM WEAVING IN INDIA. By M. P. Gandhi. Gandhi and Co., Jan Mansion, Pherozeshah Mehta Road, Bombay. Pp. 27. Price Re. 1.

This pamphlet summarises the result of the investigation into the structure and organization of the handloom industry as embodied in the Report (1943) of the Fact-Finding Committee (Handloom and Mills) appointed by the Government of India.

BEVERIDGE EXPLAINED: By G. D. H. Cole. Vora and Co. Publishers Ltd., 3-4, Round Building, Bombay 2. Pp. 73. Price Re. 1.

In the preface to this small book Mr. G. D. H. Cole explains that it is an explanation and not a criticism of the Beveridge Report. He thinks, and perhaps rightly, that the shortcomings of the social security proposals are all of secondary importance, and that the essential thing is to get the proposals accepted in principle and as a whole, by both Government and public opinion. Still this presentation of the proposals in the form of an essay certainly carries that distinction with which the well-known author puts his subject across to the common man.

THE JOURNAL OF THE MARWARI ASSOCIATION. Edited by M. G. Podder. Vol. I, No. 2, February 1944. 160-A, Chittaranjan Avenue, Calcutta.

This Journal is the official organ of the Marwari Association, Calcutta, and the issue under review contains a number of useful articles among which may be mentioned those on Rehabilitation, Rationing of Calcutta and Principles of Commercial Law.

BOOKS RECEIVED

INDIAN AGRICULTURE, By R. D. Tiwari. New Book Co., Hornby Road, Bombay. Price Rs. 16.

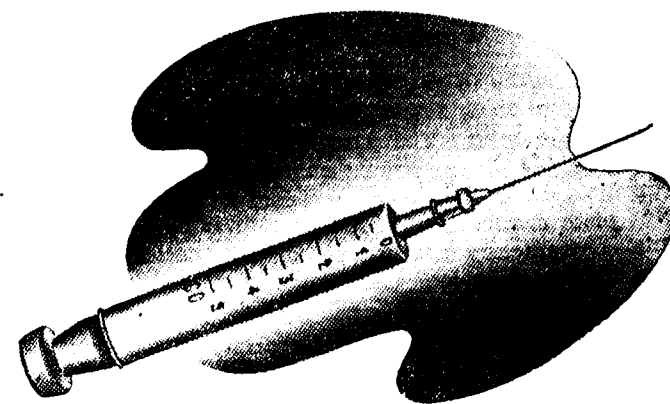
COTTAGE INDUSTRIES AND THEIR ROLE IN NATIONAL ECONOMY, By R. V. Rao. Vora and Co. Publishers Ltd., 3-4, Round Building, Bombay 2. Price Re. 1.

THE HINDU-MUSLIM QUESTIONS, By Beni Prasad. Vora and Co. Publishers Ltd., 3-4, Round Building, Bombay 2. Price Re. 1.

INDIAN ECONOMY DURING THE WAR, By L. C. Jain. The Author, the University of Punjab, Lahore. Price Rs. 3-4.

CONTROL OF THE INDIAN ELECTRICITY SUPPLY INDUSTRY, By K. V. Karantha. The Author, P.O. Box 156, Madras. Price As. 12.

REPORT ON THE WORKING OF THE MADRAS INDUSTRIES ASSOCIATION, 1942-43. Central Museum, 166, Mount Road, Madras.



THE ETERNAL CONFLICT

In War and in Peace the grim struggle continues between medical science and its eternal enemies—disease and death; the surgeon's knives and the doctor's hypodermic needles are some of the indispensable weapons of steel on the side of Life.

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INSURANCE

Insurance and Taxation

AT its recent annual session, the Federation of Indian Chambers of Commerce and Industry adopted a resolution on the taxation of life insurance business in India. Part 1 of the resolution refers to the request the Life Offices have made to the Government of India to fix the maximum rate of income-tax at the rate prevailing in the year 1940-41, which was income-tax at 30 pies, corporation tax at 12 pies, and surcharge at one-twelfth on both. Speaking on the resolution, Mr. B. K. Shah observed: "Life insurance finance has peculiarities of its own and the incidence of taxation to a Life Office is entirely of a different character compared with the incidence to a private individual or a joint stock company. From the point of view of income-tax, there are two beneficiary sections in a Life Office—policyholders and shareholders. The income, profits and gains of the policyholders is, investment income less expenses of management; and that of the shareholders is their share of the valuation surplus. The rate of tax in the case of policyholders on an average would be much lower than the rate the Company is subject to, and in theory, therefore, there is a justification for refund to a policyholder for the difference between the rate charged to the company on his behalf and the rate applicable to him. However, in practice, the refunds to individual policyholders would be most cumbersome, and broad justice would be done by fixing the rate of tax applicable to Life Offices sufficiently low compared with other corporations. In actual practice, all these considerations have been disregarded in formulating the scheme of income-tax for Life Offices and the model is what is operative in the U.K., viz., investment income, less expenses of management, or, valuation surplus less 100 per cent. of surplus, paid to, reserved for, or expended on behalf of policyholders, whichever is larger.

"The scheme of income-tax applicable to Life Offices before the enactment of the Amendment Act was on the basis of valuation surplus, without any deduction in respect of the portion paid to, reserved for or expended on behalf of the policyholders. When our scheme of tax was being formulated, we submitted to Government that the scheme of income-tax that could be justified on the fundamental principles of income-tax was the British model, just described, and that the scheme operative so far was unsound and *ultra vires*, as it involved taxation of capital. Government fully appreciated our view-point but could not adopt our suggestions *in toto*, on grounds of finance, as the changeover would have meant a loss in revenue of several lakhs of rupees. The scheme of income-tax adopted for Life Offices under the amended Act was investment income less expenses of management on a quantified basis, or valuation surplus less 50 per cent. of surplus paid to, reserved for, or expended on behalf of policyholders, whichever is larger. Thus our scheme of income-tax for a Life Office is on the same lines as the British scheme, with this difference that whereas a British Life Office under the British scheme of income-tax is allowed all expenses of management, our expenses of management are quantified and we are allowed on the whole about 75 per cent. of our expenses; and that whereas a British Life Office is allowed 100 per cent. of the surplus paid to, reserved for or expended on behalf of the policyholders, we are allowed only 50 per cent.

"The life assurance business in India is still in its infancy, and an overwhelming majority of the Life Offices have had no time to build up reserves which

would enable them to meet the extraordinary strains incidental to the falling rate of interest on investments. The position of the Indian Life Offices in this respect has been particularly difficult compared with that of the Offices in the U.K. The premium rates operative for many offices up to the year 1938 were based on rates of interest ranging between 4 and 4½ per cent. against the rates of premium in the U.K. which were based on rates of interest varying between 3 and 3½ per cent. The abrupt fall in the market rate of interest and in yields on gilt-edged securities in the years 1932-34, and gradual hardening in prices of fixed interest bearing and other stock exchange securities, have caused a downward trend in the interest earning capacity of the Life Offices. The life assurance finance has thus been thrown out of gear—against the rate of interest varying between 4 and 4½ per cent. assumed in the premium calculations, and against rate of interest varying between 4 and 5 per cent. adopted by many offices in their valuations, the Life Offices are not able to earn more than 3½ per cent. subject to tax on their new investments. Thus, the position of Life Offices was already difficult, and the situation has been further aggravated by the progressive increase in taxation. We all know how progressively the rates of tax have gone up; taking into account income-tax, corporation tax and surcharge, the rate of tax increased from 42 pies in a rupee for 1939-40, to 45½ pies for 1940-41, 56 pies for 1941-42, 63 pies for 1942-43 and 74 pies for 1943-44.

"The British Offices who were also faced with similar difficulties, although the situation was not as difficult and grave as that of the Indian Life Offices, requested the Treasury to fix the maximum rate of income-tax, and it is well known that after consideration, the maximum rate of tax applicable to Life Offices was fixed at 7sh. 6d. in the £ at the time of the supplementary Budget in 1940 when the rate of tax was increased from 7sh. 6d. to 8sh. 6d. in the £. The rate of tax has since been increased in the U.K. to 10sh. in the £. We have made requests on several occasions to the Government of India to fix the maximum rate of income-tax at the rate prevailing in the year 1940-41, that is, 45½ pies in the rupee. In response to this request, the Hon. the Finance Member in his budget speech has fixed the maximum rate of tax at 63 pies in the rupee. This is very inadequate and, moreover, the concession made is not retrospective and operates from the year 1943-44 onwards. Our case deserved as special a consideration as that of the British Life Offices, if not more. Most of our companies are in infancy and are fighting hard to make up the strain incidental to the falling rate of yield. Moreover, Government has been taxing us on a basis which is inequitable and unfair. They imposed this inequitable scheme of tax on the grounds of their financial difficulties; however, there is no justification for Government to perpetuate and accentuate the injustice meted out to the Life Offices. The Life Offices in this country are facing grave difficulties in which a large number of offices find it difficult to show a solvent position, and there is no other course open to Government but to come to the rescue of Indian life assurance and extend its concessions similar to those granted by the British Government to British Life Offices. The maximum rate of tax should be revised to 45½ pies in the rupee, and it should be made retrospective for all the war years.

"Part II of the resolution refers to the question of allowance of transfer to additional reserve as an item of expense to a general insurance company in the computation of income, profits and gains under the

Income-Tax Act and excess profits under the Excess Profits Tax Act," continued Mr. Shah. "Our submission is that there is no justification for any change in the practice in this respect. The conditions of business have not changed in any way warranting disallowance of reserves for extraordinary risk as expenditure. If anything, since the Income-Tax Act (amended) came into operation in the year 1939, the conditions have deteriorated in the sense that there is a greater accumulation of risks. One probable reason for the change in the attitude of the Government is that under the Finance Act, U.K., British Insurance Offices are disallowed transfer to additional reserve in the computation of income, profits and gains. If this is so, I would request the Government to adopt the British practice as and when facts of the case justify. We have time and again pointed out to the Government that there is no justification for a scheme of income-tax for Life Offices other than the one in operation in the U.K. and that the scheme we have got infringes the two fundamental principles of income-tax—not to tax capital, and to allow all the expenses incurred for running the business. In all these respects the Government is refusing stubbornly to adopt the British practice which is fair and just, whereas in this particular case guidance is sought from the British practice. The conditions and facts of our case do not justify the adoption of the British practice in the matter of allowance of transfer to additional reserve as an item of expense. The grounds are as follows:

"1. The business of an Indian Office is far more localized compared with the business of a British Office which is operating internationally, with the result that the portfolio of an Indian insurance company weighs heavily in favour of one particular class of risks, i.e., Indian business which is subject to catastrophic hazards.

"2. British insurance is a century old, and had

the advantages of a free field and had opportunities of building up substantial reserves in the old days when there were practically no taxes. Indian insurance is in its infancy, had not time to build up reserves, and has to struggle hard against severe competition of non-Indian offices.

"3. The average capital of a British Office is larger than that of an Indian Office, which gives the former greater scope for the insulation of catastrophic losses.

"4. Whereas the British Offices have more or less maintained a stationary position from the point of view of the volume of business, the Indian Offices have on the whole shown a considerable expansion. This is a favourable feature, but ought to be accompanied by adequate transfers to the conflagration and catastrophe reserves.

"Therefore, our case in the matter of treatment of transfers to additional reserve does not fall in line with the case of the British Offices in the U.K. and our request should not be ruled out because transfers to additional reserve are not allowed to British Insurance Offices under the U.K. scheme of tax. Our claim for the allowance of transfers to additional reserve in the computation of excess profits under the Excess Profits Tax Act does not call for any further arguments. The arguments advanced for the allowance under the Income-Tax Act apply with greater force under the Excess Profits Tax Act. The subject matter of the Excess Profits Tax is the profit earned during the chargeable accounting period. The part of the premium implied to cover conflagration hazard, and a substantial portion of the premium in respect of business belonging to the catastrophe class are in reality unearned and in no sense do they constitute profit earned in the chargeable accounting period. There is therefore no justification to subject such transfers to Excess Profits Tax."

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AGRICULTURE

Soil Erosion---Swiss Agriculture---American Farming

THAT in the last resort soil erosion, even on the grandest scale, has been wholly the fault of man and that its continuation will be equally the fault of man, is the opinion of Sir George Stapledon of the British Ministry of Agriculture. Man's attitude towards this problem, he says, is the supreme test of his wisdom and of his real interest in the species he represents. Remedial measures against the results of soil erosion, where still possible, must be exceedingly slow in their operation, while preventive measures not only demand foresight, but benefits must necessarily be cumulative and spread over generations—nay, centuries. Soil erosion is a world-wide phenomenon: it is not totally absent even in the temperate climate of Britain, where the conversion of forest and scrub into agricultural land has been a gradual process. In Britain, however, systems of farming are in the main adequate to take care of the precious humus which is an absolute essential to ensure a properly porous soil and to maintain an adequate plant-covering throughout the rotation. Even so, wind erosion is not uncommon on Britain's Fenslands, and sheet erosion on steeper hill-slopes. In Britain the dangers are easy to counter, but wartime ploughing-up has served, or should have served, to warn that the land can only be mined and exploited at our peril.

It is, perhaps, ironical that the peoples of the world should have woken up to the supreme importance of nutrition, which demands an abundant supply of the right foods, only when by years of negligence vast areas of the world have been allowed to become incapable of food production as the result of sheer folly and inadvertence. It is not too late however. Immense strides have been made in perfecting methods to counter erosion, and in practices of farming designed to produce good harvests of wanted crops of a character to obviate the starting of erosion. The chief point to be realized is that in erosion from very small beginnings the most devastating results can happen in a surprisingly short time. Thus, for example, in Cyprus the change from fertility to aridity has been due entirely to deforestation. The danger is now realized, and in the island 18 anti-erosion centres have been established. Speaking quite generally, the beginnings of erosion in most countries have been due primarily to deforestation on too grand a scale and without any thought of establishing systems of farming and practices designed to counter erosion from the moment the plough replaces the firestick or the axe. Little less serious has been the overgrazing of native and sparsely-covered areas of natural vegetation. The two agents that preserve the soil both from wind storms and from deluges of rain are humus and the plant-covering. The two are mutually interdependent. Apart from the adoption of sensible crop rotations and methods of cultivation—such as strip cultivation and terracing—that are best designed to counter erosion, a major problem of arid countries appears to be the necessity to conduct researches with a view to finding the best possible means of afforestation under extremely difficult conditions. And here it must be pointed out that the essential need is plant-cover, protection and something equivalent to a forest floor and not primarily a marketable product. Another need is to introduce into the rotation an adequate period in humus-forming

vegetation and in a covering that will be impervious to erosion. In short, to endeavour to establish a closely-knit ground covering vegetation of a character as similar as possible to the grass and clover ley that counts for so much in the rotation in temperate regions.

In most regions of the British Empire the dangers of erosion are now realized. Thus, Australia set up its Soil Conservation Board in 1941, and Kenya created a Soil Conservation Service in 1938. Anti-erosion measures are being pushed forward in Grenada, West Indies, Barbados, Basutoland, Uganda and Nyasaland, to mention but a few examples. Taking the world as a whole, it is, however, to be doubted if the extreme perils of soil erosion are anywhere fully appreciated. Soil erosion is the longest of long-range problems, it must be expected everywhere and countered everywhere. It must be realized that soil takes thousands of years to develop and can be squandered and lost in a decade. The prime need of taking care of the soil must dictate the crops that are grown and the rotation followed and the methods of cultivation adopted—not economics. Soil erosion is a world problem. Man must obey the demands of the or perish. International trade and international relationships must needs be such as to cry halt to soil erosion and not as in the past to invite it.

In spite of a great and sustained effort, Switzerland is still dependent on imports for the maintenance of its relatively small food rations, says a report in the *Economist*. Big price increases were a sufficient incentive for most of the peasants and farmers to carry out the instructions laid down in the Wahlen Plan which was put into operation at the beginning of the war, and which aimed at self-sufficiency on the basis of minimum food rations. During four years of war, the expansion of arable land has made it possible to reduce imports of bread, cereals amounting to 70 per cent. of total consumption before the war, to 50 per cent. In the agricultural season 1942-43, the arable land was almost doubled compared with pre-war years. The ultimate goal of the Wahlen Plan is an area amounting to 500,000 hectares, and during 1942-43, roughly 400,000 hectares were actually under cultivation. Cereals, potatoes, sugar-beet, vegetables, oilseed and tobacco cultivation were increased more or less according to plan. However, even during the 1942-43 season, the steady progress in expansion could no longer be maintained and a limit to further overall expansion is apparent. So now the emphasis has been shifted to increasing the yield of land already under the plough. Owing to the high labour costs involved, peasants are reluctant to expand arable land by clearing forests. The fear of the difficulty of maintaining the expanded area under cultivation in the event of unrestricted imports of cereals after the war is also acting as a deterrent in the matter.

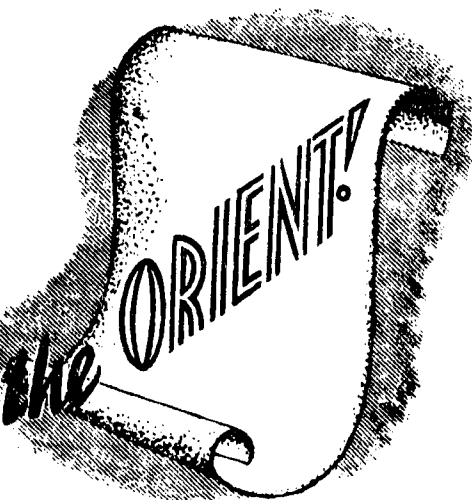
Superficially, the finances of agriculture seem to have improved. The total value of agricultural production was 1,297 million Swiss francs in 1938. It rose to 1,784 million in 1942, an increase by 37.5 per cent. The price development has, however, been uneven, and it can be assumed that certain sections of the agricultural industry even incurred losses, whereas others

gained considerable profits. It may also be doubted whether there has been an actual increase in agricultural production measured in terms of nutrition, though the bulk has certainly increased. Generally speaking, it can be said that a policy of agricultural self-sufficiency in peace-time has been rejected by Switzerland and the country depends on its highly specialized industries.

The small farmers' ("dirt farmers" as they are called) place in the American agricultural picture is now under discussion. A "dirt farmer" is defined as one who, with his family, actually cultivates his own land, as distinguished from the gentleman farmer, who hires somebody else to do his work, or the big agricultural combines that operate great plantations, orchards and dairy farms on a factory basis. In an article to the *New York Times*, two dirt farmers said that they spoke for the estimated half of the U.S. farm population which falls in the dirt farming class. In recent

years observers have feared that these small-time operators, financially unable to compete with the big operators, might be wiped out by 20th Century competition. The war has removed or lessened this danger, the article said. Small farmers have shown they can substantially increase U.S. food production, that many agricultural products still lend themselves more efficiently to production on small farms, and that now, as in Jefferson's time, millions of small farmers provide a basis of security and political freedom and a bulwark against monopoly and poverty. To strengthen their position, American dirt farmers are learning to stick together. "We have learned," the authors of the article said, "the importance of working together. We have helped build marketing, purchasing and general co-operatives. We know small farmers must work together to protect their land, because erosion does not stop at fence lines." The writers were most explicit about the type of farm co-operatives they favour; "When we say co-operatives, we mean those that are democratically controlled by owner-members and not by combinations of special interests. The co-operative idea needs extension to ownership of farm machinery."

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OPM

Transport

Post-War Civil Aviation

A network of air connections between the commercial and political centres of India and with extensions to capitals of adjacent countries is suggested by the Posts and Air Department of the Government of India in their memorandum on post-war civil air transport development, prepared for submission to the Post-war Reconstruction Policy Committee, and released last week. The plan contemplates the establishment of daily services on the main trunk air routes covering India north to south and east to west with link routes connecting trunk routes at suitable points. These services would cover an air route mileage of 10,500 with an annual flying mileage of 7,500,000 and with the aircraft of the class contemplated the total transport effected would amount to 12 1/2 million ton-miles a year. As compared with the air services operating before the war, the annual flying mileage contemplated would be five times and the ton-milage 15 times.

The scheme, it is pointed out, is not planned to force the development of air travel and the air consciousness of the people. Further development, with these objects, would have to be framed in a supplementary plan. The primary consideration kept in mind in framing the post-war plan is to provide a system of air services which are essential in modern conditions for the proper development of India as a whole socially, commercially and industrially. The air services of the post-war era in and around India are planned to be as follows: International (Empire and foreign) air services; Indian trunk air services (including essential connections with neighbouring countries); and essential links between the trunk air services. The development of trunk air services and essential links between them represents the basic plan. The development of international services will depend on the degree of co-operation which is brought about in the sphere of world air transport. This is now forming the subject of international discussions and the Indian attitude at these discussions will be to agree to "freedom of the air" subject to reservation of "cabotage" to Indian companies and full reciprocal rights for Indian operation outside India.

For the development of Indian trunk air services the Government of India will take the initiative in planning and organization. They comprise the air services which, by their geographical extent and the importance of their potential traffic, constitute the main units of the air lines network. To serve their purpose they should be operated with a frequency of not less than one return service daily and must operate by night whenever and wherever practicable. The essential links between the trunk air services will be treated in the same way as the trunk services. The development of local air services, the memorandum suggests, may safely be left to local and private enterprise and all that Government might do is to give assistance in the matter of ground organization.

At pre-war prices, the capital cost of the fleet required to run the essential services is estimated at Rs. 150 lakhs. The annual cost of operation will be Rs. 2.53 crores during the first year, falling to Rs. 1.90 crores in the fifth year. The services will earn revenue by carrying mails, freight and passengers. It is estimated that the revenue in the first year will fall short of the cost of operation by Rs. 160 lakhs but in the fifth year will show a profit of Rs. 15 lakhs. The services, the report adds, may be established and operated either by State, a statutory corporation, a single monopoly company or a limited number of companies.

COMPANY NOTES

The Orient Paper Mills Ltd.

In their report for the half year ended the 30th September, 1943, the directors of the Orient Paper Mills Ltd., propose to distribute a dividend of annas twelve per ordinary share of Rs. 10 each, which amounts to 15 per cent. per annum as compared to 15 per cent. of 1942, and 12 1/2 per cent. of 1941. The fact that it has been possible to declare such a dividend after liberal provisions have been made for reserves, depreciation, managing agents remunerations, interest charges, and 5 1/2 per cent. dividends on preference shares easily reflects the war-time prosperity of the Indian paper industry. The directors draw attention to the increasing difficulty with regard to supply of wagons and raw materials, but for which the results would have been possibly even more satisfactory. In view of the war services performed by paper today, and the scarcity facing the civilian supplies, maximum output from our mills is essential and it is disquieting to note that the position regarding wagon supply has worsened and the "outlook for future remains clouded with uncertainty." The provision for taxation which is almost twice as much as the total wages and salaries is a significant footnote. To the taxation and financial policy of the Government. The allocation out of the gross revenues among the various factors of production is interesting.

Total Wages and Salaries	Rs. 7,13,953	4	3
Directors Fees & Remuneration	Rs. 23,446	2	6
Managing Agents Remuneration and Commission	Rs. 2,51,179	8	6
Total Interest Charges	Rs. 31,718	7	3
Depreciation on Block	Rs. 2,00,000	0	0
Provision for Taxation	Rs. 14,00,000	0	0
General Reserve	Rs. 2,00,000	0	0
Total Dividends Proposed	Rs. 2,12,312	0	0

Out of the total dividends allocation is as follows:

Dividend on 20,000 Preference Shares at 5 1/2 per cent. per annum free of Tax	Rs. 55,000	0	0
Dividend on 209,750 Ordinary Shares each fully paid at 0/12/0 per share free of Tax	Rs. 1,57,312	8	0

The Gross Revenue during the period under review amount to **Rs. 7,75,076 10 10**

The balance sheet total amounts to Rs. 99,87,545-3-1 as compared to Rs. 78,99,382 previous year. The gross Block is Rs. 48,74,214-0-7 compared to Rs. 47,10,836. The Net Block is Rs. 27,73,214 compared to Rs. 30,51,836, not taking into consideration the latest provision for depreciation. Investments of the business consist of a loan of over 20 lakhs to a subsidiary company, the Hindustan Paper Mills, Ltd., the further holding of its fully paid up shares worth 10 lakhs at par, other joint stock company shares worth over 5 lakhs and Government Securities of the value of about 2 1/2 lakhs. Total receipts from dividends and interests amounts to only Rs. 39,673-5-4; the subsidiary company (Hindustan Paper Mills Ltd.) having withheld all net profits Rs. 67,352 to its credit has declared no dividends. Reserves of the company including taxation and excluding the proposed allocation amount to Rs. 30,62,616.

COMMODITY MARKETS

(From Our Correspondents)

BOMBAY, March 18.

The piecegoods market of the city remained closed during the early part of the week. On resumption some trade activity was visible and a steadily fair trade has been possible. Purchasers from consuming centres have again begun taking up their requirements. Trade circles believe that but for the expected occasional changes in ceiling rates, clearances would be on a steadier and more encouraging scale, and there will possibly be no attraction to the black market. Export demand is also reported to be on the increase. Leopard cloth is in ordinary request at prices ruling from Rs. 1-14-6 to Rs. 2 a pound for different widths. The Bombay Government are seriously taking up the matter of undeclared stocks going into the black market.

Seeds

Groundnuts: A feature of the week is that speculation in groundnuts in Bombay came to an end on Monday, following the intervention of the authorities. The Seeds Traders' Association have decided to square up outstanding business for March/April delivery at Rs. 16. The direct result of the elimination of the speculative activity is that the market has ruled weak and rates have dropped to Rs. 14-8-0, the Ministry of Food having made no purchases in groundnuts. In the Bombay market the nominal quotation for the Bold-quality has now dropped to Rs. 14-6-0 on the wagon supply condition and for the Khandesh quality Rs. 15-4.

Castorseeds: No business with the Ministry has been reported. There has been no business passing in the Bombay market and the nominal quotation for the Mormugao delivery is Rs. 15-12-0 and for the Gujarat delivery between Rs. 16-6-0 and Rs. 15-8-0.

Oil

Linseed: The Ministry of Food are not interested at present. In the Bombay market, the nominal quotation was Rs. 12-4-0 for ready and Rs. 11-2-0 for the wagon supply condition.

Groundnut Oil: The Kathiawar market has been ruling firm and the differences between ready and forward rates were about Rs. 3 per maund. It is reported that the price at Veraval has been fixed and that all outstanding business will be settled at Rs. 14-10-6, while Jamnagar is still being quoted at Rs. 17-6-0 per tin of 36 lbs. as against the quotation in Bombay of Rs. 8-11-0 per 28 lbs.

Oil quotations: Copra Oil Rs. 10-6 per qr. Linseed Oil Rs. 8-4 per qr. Castor Oil Rs. 10-8 per qr.

Bullion

The gold market has stabilized around the level of Rs. 71. The authorities are reported to have sold fair quantities of gold during the early part of the week. The manner in which the sales of gold are proceeding leaves very little room for fluctuation in the gold market.

However, it is in the silver section that there is room for price fluctuations. The bears have lost all hopes of Government adopting some measure to ease

the ready position in silver, and frightened by corners at some centres in Kathiawar and tired of paying large differences at every change in the settlement, have preferred to cut their losses. This led to the silver price going up to Rs. 128-12-0 for spot and Rs. 125-12-0 for one week's delivery. The technical situation in the market is now healthier and today's quotations are as under:

Silver Ready Rs. 128-11; Gold Ready Rs. 71-0-3; Silver Forward Rs. 126-3; Gold Forward Rs. 71.

Cotton

In the cotton market prices have advanced by Rs. 10 in the "futures" market. The advance in the 'futures' market was mainly due to technical reasons. Jarilla cotton this year has been of indifferent quality, so that most of the tenders of Jarilla cotton have been rejected. As regards Broach, the first two lots that were tendered were rejected in survey with the result that there was an immediate firming up of the market, but this has not improved in any way the lot of ready cotton. The cotton farmers of Gujarat have been in a very bad plight owing to a drop of nearly Rs. 150 per candy since the marketing season started. It is reported that owing to the contract not having been a sufficiently broad one, it leaves room for squeezes and the East Indian Cotton Association is considering changes in the constitution of the Hedge Contract.

MADRAS, March 18.

The octopuslike U.K.C.C. has spread its tentacles to Madras in regard to trade in groundnuts. It is reliably understood that fairly large shipments have been made recently to the Middle East on U.K.C.C. account. Since exports are now controlled by the Government of India and exports to the United Kingdom only can be effected, it is presumed that the British Ministry of Food has helped the U.K.C.C. by giving a part of its quota for exports to the Middle East. Whatever that may be, the fact that the export trade of India is passing into the hands of this foreign corporation more and more will be resented by the entire Indian commercial community. The local market remained steady during the period under report. Firms were good buyers but sellers were few. Local buyers too have not purchased any substantial quantities. The oil market was easy with a slackening in the demand from Bengal. The Government of Madras have fixed ceiling prices for groundnut-oil-cake at Rs. 115 per ton as from the 14th instant, as against the market quotation of Rs. 127 on that day. Since then no business has taken place and the future is rather obscure. Nothing is known as to the Government's intention in regard to outstanding contracts, as sales for delivery up to July have been made at prices higher than the ceilings announced. It was expected that the ceilings will be lower than the market quotation but it was generally anticipated that seeds would come down and oil move up, consequent on the fixation of prices. This has not materialized so far and far from it, the reverse has been the case.

HAPUR, March 20.

During the early part of the week under review the local grain markets remained quiet and dull but towards the weekend they substantially declined owing

to favourable crop and weather reports. Arrivals of wheat and gram have begun to increase again. As the Government are making their efforts to bring the prices down to the reasonable levels and there are good crop prospects, a further fall in the commodity markets is anticipated. Some controlled shops are being opened here at which the grains would be sold at fixed rates.

According to an order, the Regional Food Controller, Meerut, has fixed the maximum wholesale prices of Bajra and Jowar at Rs. 7-0-0 and Rs. 6-12-0 per maund respectively in the Meerut Region. The prices for other principal foodgrains will also be controlled on all-India basis. Full consideration would be given to the quality and nutritive value of the commodity.

On account of rains received during the week, the harvesting of 'Rabi' crops will take place with some delay. Clear and bright weather is needed now.

Gur

The local Gur market during the first half of the week reviewed kept optimistic trend, while during the latter half it was quietly easy due to pressure of arrivals and small exports. The weekly receipts totalled 53,000 maunds. A considerable quantity of sugarcane is reported to be lying in villages and it is

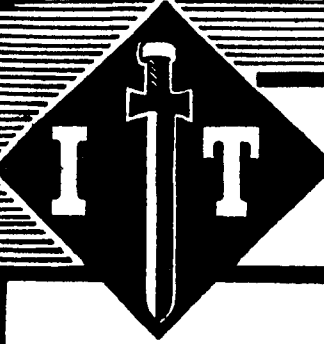
anticipated that the crushing of sugarcane would continue by the month of May. The local stock is placed at over 3,50,000 maunds. It is reported that the permits for the exports of Gur outside the province will be obtainable by the 21st of March.

Pulses

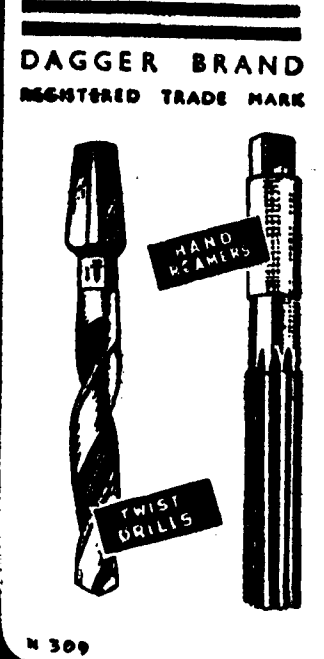
Like last week, the local Urad market showed well confident attitude, as a result of which prices recorded an improvement, but at higher rates, as it is very often natural, there was some realizations which resulted in a decline. The chief factors that accounted for the improvement in the values were firm up-country advices, unfounded rumours and stoploss coverings. The eastern markets were not so firm as Hapur. The spot values are cheaper in those mandis and are at parity with Hapur. It is reported that the export permits have been issued for 400 tons only. Moong prices continue easy owing to bearish statistical position, while Arhar market was quiet. Urad Baisakh opened at Rs. 10-14 and closed at Rs. 10-12-1/2, touching the highest and the lowest at Rs. 10-15 and Rs. 10-9-4/2 respectively.

The latest quotations are:

Wheat: Ready Rs. 11-6-9; Stock 187 Khattis. Gram: Rs. 8-6-6; Stock 4 Khattis. Barley: Rs. 6-10-6; Stock 9 Khattis. Peas: Rs. 6-2-6; Stock 50 Khattis. Arhar: Khatti Rs. 7-11; Khatti Jeth Rs. 6-8; Gur: Rs. 5-12. Raw Sugar: Rs. 6.



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IMPERIAL BANK BUILDING, BOMBAY

CURRENT STATISTICS

BANK OF ENGLAND

	Mar. 15, 1944	Mar. 8, 1944	Mar. 17, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion ..	842	924	1,509	263,700
Public Deposits ..	8,400	8,500	6,900	31,100
Other Deposits ..	238,100	221,100	209,800	129,100
Of which Bankers' Deposits ..	178,900	162,300	156,100	91,100
Govt. securities ..	175,100	161,400	187,100	113,100
Other securities ..	16,100	16,500	19,100	31,000
Of which discounts and advances ..	14,000	9,200	4,100	6,400
Notes and coins ..	59,400	60,300	24,100	34,200
Notes in circulation ..	1,091,500	1,090,600	927,400	529,500
Ratio of Reserve to Liabilities ..	21.07%	20.27%	21.38%	11.13%

U.S. FEDERAL RESERVE BOARD

	Mar. 9, 1944	Mar. 2, 1944	Mar. 11, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves ..	19,833,000	19,894,000	20,354,000	14,660,610
Total Bill discounted ..	52,000	37,000	9,000	6,190
Bills bought in open market ..	..	..	..	550
Total U.S. Government securities ..	12,029,000	11,624,000	6,090,000	2,426,190
Liabilities				
Federal Reserve Notes in actual circulation ..	17,443,000	17,339,000	12,705,000	4,609,280
Deposits — Member Bank Reserve Account ..	12,383,000	12,380,000	13,122,000	10,951,000
Ratio of total Reserve to Deposit and Federal Reserve Note-Liabilities combined ..	62.0%	62.8%	77.2%	56.9%

RESERVE BANK OF INDIA

Weekly statement of Accounts as on March 10, 1944.

ISSUE DEPARTMENT

	Rs.	Rs.
LIABILITIES		
Notes held in the Banking Department ..	7,75,42,000	
Notes in circulation ..	883,41,80,000	
Total Notes issued ..		891,17,22,000
Total Liabilities ..		891,17,22,000
ASSETS		
A. Gold Coin and Bullion:—		
(a) Held in India ..	44,41,43,000	
(b) Held outside India ..	..	
Sterling Securities ..	776,83,98,000	
Total of A ..		821,25,39,000
B. Rupee Coin ..		11,59,13,000
Government of India ..		58,32,70,000
Rupee Securities ..		..
Internal Bills of Exchange and other commercial Paper ..		..
Total Assets ..		891,17,22,000
Ratio of Total of A to Liabilities: 92.154 per cent.		

BANKING DEPARTMENT

	Rs.	Rs.
LIABILITIES		
Capital paid-up ..	..	5,00,00,000
Reserve Fund ..	..	5,00,00,000
Deposits:—		
(a) Government		
(1) Central Government of India ..	56,70,17,000	
(2) Government of Burma ..	28,59,000	
(3) Other Government Accounts ..	25,67,90,000	
(b) Banks ..	55,15,38,000	
(c) Others ..	7,18,51,000	
Bills payable ..	3,62,41,000	
Other liabilities ..	11,82,35,000	
Total Rs. ..		170,45,31,000

ASSETS

	Rs.
Notes ..	7,75,42,000
Rupee Coin ..	23,80,000
Subsidiary Coin ..	1,69,000
Bills Purchased and Discounted:—	
(a) Internal ..	..
(b) External ..	..
(c) Government Treasury Bills ..	5,09,000
Balances held abroad* ..	150,01,47,000
Loans and Advances to Governments ..	23,00,000
Other Loans and Advances ..	..
Investments ..	8,55,42,000
Other Assets ..	3,51,51,000
Rupees ..	170,45,31,000

*Includes Cash & Short term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)

	Mar. 10, 1944	Mar. 3, 1944	Mar. 12, 1943	Sept. 1, 1939
Held in the Banking Dept. ..	7,75.42	10,38.04	11,09.37	35,04.49
In Circulation ..	8,83,11.80	8,73,94.48	6,34,49.68	1,82,13.17
Total Notes ..	8,91,17.22	8,84,32.52	6,46,10.23	2,17,17.66
A. Gold Coin and Bullion ..	44,41.43	44,41.43	44,41.43	44,41.46
Sterling securities ..	7,76,83.98	7,68,83.98	3,91,76.55	59,50.11
Total of A ..	8,21,25.39	8,13,25.39	4,36,17.98	1,03,91.57
B. Silver Coin ..	11,59.13	12,74.42	15,58.50	75,87.11
Rupee securities ..	58,32.70	58,32.71	1,94,42.75	37,38.98
Silver bullion under Coinage ..	..	..	..	..
Percentage of Reserve to Liabilities ..	91.154	91.983	67.5	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

(000's omitted)

	Mar. 10, 1944	Mar. 3, 1944	Mar. 12, 1943	Sept. 1, 1939
Cash ..	8,00.91	10,61.16	11,82.44	35,15.27
Balances held abroad ..	1,50,04.47	1,51,42.20	84,01.80	10,08.33
Investments ..	8,55.42	8,50.16	6,06.35	6,81.34
Bills discounted:—				
(a) Internal ..	..	..	..	..
(b) External ..	..	..	..	..
(c) Govt. of India Treasury Bills ..	5.00	1,54.85	41.72	1,15.87
Loans and Advances to the Government ..	28.00	23.00	68.00	31.00
Deposits: ..				
(a) Govt. ..	82,66.66	78,54.89	28,18.77	14,80.68
(b) Banks ..	55,15.38	62,79.62	54,35.37	26,91.43
(c) Others ..	7,18.51	10,05.68	2,82.72	1,24.37

STERLING PURCHASES

(000's of £)

	Total Amount Purchased.	Average rate.
1943-44:—		
March ..	17,779	1sh. 6d.
April ..	9,219	1sh. 6d.
May ..	8,721	1sh. 6d.
June ..	6,338	1sh. 6d.
July ..	7,008	1sh. 6d.
August ..	8,546	1sh. 6d.
September ..	8,371	1sh. 6d.
October ..	8,947	1sh. 6d.
November ..	7,476	1sh. 6d.
December ..	9,578	1sh. 6d.
January ..	11,130	1sh. 6d.
February ..	55.95	1sh. 6d.

IMPERIAL BANK OF INDIA

Weekly Statement of Affairs as on March 10, 1944.

(000's omitted)

	Mar. 10, 1944	Mar. 3, 1944	Mar. 12, 1943	Sept. 1, 1939
Fixed deposits, savings bank, current and other accounts ..	2,13,16.81	2,14,84.23	1,77,93.44	87,26.24
Govt. securities ..	143,79.72	1,41,50.82	1,20,81.49	51,02.78
Other investments ..	2,32.44	2,90.68	1,34.20	96.27
Loans ..	14,36.45	13,75.66	9,72.76	7,66.32
Cash credits and overdrafts ..	32,87.35	32,45.81	19,61.65	19,76.06
Bills discounted ..	4,81.08	4,46.50	2,68.10	2,94.74
Cash in hand and with the Reserve Bank and with other banks ..	24,16.75	29,40.38	33,49.39	14,63.87

MATURITY OF OUTSTANDING TREASURY BILLS

As on the 29th February, 1944.

	10-3-44	3-3-44	12-3-43	1-9-1939	Date	Amount	Date	Amount
Demand Liabilities					2nd March 1944	25	22nd ..	52.75
In India ..	515,60.45	521,51.15	371,93.28	134,36.49	3rd ..	5,99.75	27th ..	9.25
Time Liabilities					8th ..	35.50	28th ..	7,82.75
In India ..	167,06.02	167,96.60	121,85.29	102,24.34	10th ..	5,19.75	29th ..	8.00
Cash in India ..	23,47.06	24,09.50	15,15.02	6,69.92	11th ..	44.75	4th May ..	7,43.25
Balances with Reserve Bank ..	54,26.46	61,12.17	55,46.11	25,17.19	17th ..	5,99.00	5th ..	56.75
Advances in India ..	197,37.38	194,58.44	124,74.17	101,52.16	18th ..	1.00	11th ..	7,60.25
Bills discounted in India ..	9,13.12	9,14.79	3,42.04	3,57.29	24th ..	6,00.00	12th ..	39.75
TENDERS FOR TREASURY BILLS					6th April ..	6,00.00	18th ..	5,70.00
(In thousands of rupees)					14th ..	5,79.00	19th ..	2,30.00
Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter-mediate of Issue Dept.	15th ..	21.00	25th ..	69.50
Dec. 7 ..	12,73.75	6,00.00	0 12 3	1,40.30	21st ..	7,47.25		
.. 14 ..	14,02.50	6,00.00	0 11 11	1,24.00				

CLEARING HOUSE RETURNS

(In lakhs of rupees)

	Period	Bombay	Calcutta	Cawnpore	Delhi	Karachi	Lahore	Madras	Total	Progressive Total
Total 1940-41 ..	..	796.66	1,005.65	18.95	22.26	46.62	15.71	106.69	2,018.54	2,018.54
.. 1941-42 ..	..	1,048.77	1,230.09	30.33	41.06	58.50	26.61	135.30	2,568.66	2,568.66
.. 1942-43 ..	..	1,321.06	1,061.68	55.14	80.53	76.62	47.76	129.84	2,773.03	2,773.03
1942-43										
April ..	..	96.70	75.35	3.19	5.02	4.82	2.75	8.61	196.44	196.44
May ..	..	97.79	76.68	3.95	6.24	6.94	3.74	8.49	203.83	400.27
June ..	..	82.06	66.40	2.86	4.92	5.48	2.96	7.44	172.12	572.39
July ..	..	105.05	85.62	3.42	6.53	6.61	4.89	10.49	222.61	795.00
August ..	..	81.80	66.62	2.65	4.32	4.83	3.61	8.19	172.02	967.02
September ..	..	79.63	75.87	3.19	4.67	4.66	3.51	9.90	181.43	1,148.45
October ..	..	124.29	95.16	5.39	61.6	6.96	4.24	12.26	254.46	1,402.91
November ..	..	101.80	97.13	4.49	6.73	6.14	4.18	11.20	231.67	1,634.58
December ..	..	111.59	104.41	5.55	7.13	5.74	3.91	12.06	250.40	1,884.98
January ..	..	152.27	113.35	6.67	10.36	6.96	4.84	13.36	309.81	2,194.79
February ..	..	130.41	92.20	6.81	9.03	7.69	4.54	13.27	263.95	2,458.74
March ..	..	157.67	113.09	9.96	9.42	7.79	4.79	14.57	314.29	2,773.03
1943-44										
April ..	..	195.60	144.50	8.94	10.56	9.31	6.62	17.67	393.20	393.20
May ..	..	154.55	121.09	7.63	8.35	7.52	5.07	14.35	318.56	711.76
June ..	..	130.96	120.90	6.46	7.74	8.25	4.51	13.95	292.79	1,004.55
July ..	..	170.79	153.77	7.11	8.58	8.86	6.25	17.25	375.71	1,380.26
August ..	..	140.07	127.87	5.64	7.70	6.69	6.24	13.60	307.81	1,688.07
September ..	..	132.17	139.31	8.96	8.61	8.12	5.27	15.33	317.77	2,005.84
October ..	..	163.01	139.07	8.73	10.43	9.48	6.80	17.61	355.13	2,360.97
November ..	..	148.40	140.39	8.21	10.15	7.28	5.69	14.30	334.42	2,695.39
December ..	..	197.06	156.00	10.27	13.22	9.69	7.35	23.59	417.18	3,112.57
January ..	..	173.40	143.11	9.07	10.24	8.40	5.86	14.78	365.16	3,477.73
February ..	..	170.05	150.58	9.41	10.33	8.56	7.93	15.71	372.57	3,850.30
Week ended February ..	4	41.34	39.50	2.90	3.04	2.20	1.74	4.07	94.79	3,945.09
.. ..	11	44.78	38.12	2.50	2.67	1.88	1.20	4.24	96.29	4,041.38
.. ..	18	48.67	37.88	2.13	2.40	2.68	2.37	3.86	98.99	4,140.37
.. ..	25	35.26	35.08	1.98	2.22	1.80	1.72	3.54	81.50	4,221.87

SUGAR POSITION

1943-44

(Figures in Tons)

Producing areas	Production upto 29-2-44	Dispatches during the period 29-2-44 to 29-2-44	Progressive total of dispatches upto 29-2-44	Percentage of progressive dispatches to production	Physical stock as on 29-2-44
U.P.	4,48,774	14,736	1,19,437	26.4	3,29,337
Bihar	1,61,772	6,130	14,139	29.1	1,14,633
Bombay	40,282	1,192	12,866	31.9	27,416
Madras	21,370	892	6,638	31.1	14,732
Punjab	6,183	257	2,465	39.9	3,718
Bengal	8,233	705	1,470	17.9	6,763
N.W.F.P.	3,659	175	1,762	48.2	1,897
Orissa	1,474	9	195	13.2	55,669
Indian States	79,565	1,732	23,896	30.0	55,669
Total	7,71,312	23,848	2,15,868	30.0	5,55,444

N.B.—Balance physical stock of 1941-42 and 1942-43 sugar as on 29-2-1944 was 7,948 tons.

RAILWAY WAGONS LOADED FROM 1ST APRIL TO 20TH JANUARY 1943-44.
IN TERMS OF FOUR-WHEELERS

Items	1942-43	1943-44	Percentage, increase (+) or decrease (-) in 1943-44 over 1942-43
I.—Broad gauge.			
(i) Coal and coke for the public and for foreign railways	815,447	824,971	+ 1.17
(ii) Grains and pulses	304,336	335,463	+10.2
(iii) Oil seeds	79,977	71,049	-11.2
(iv) Cotton	62,364	56,397	-9.37
(v) Miscellaneous Smalls	556,359	431,686	-22.4
(vi) Miscellaneous full wagons	1,800,844	1,896,441	+ 5.64
(vii) Home line stores and materials	243,395	249,393	+ 2.46
(viii) Coal for home line on B.N. E.I. & G.I.P. Railways	147,365	145,780	- 1.08
II.—Metre gauge.			
(i) Coal and coke for the public and for foreign railways	114,087	102,299	-10.3
(ii) Grains and pulses	219,571	231,520	+ 5.44
(iii) Oil seeds	76,507	70,819	-7.43
(iv) Cotton	61,314	52,620	-14.2
(v) Miscellaneous smalls	336,304	311,360	-7.42
(vi) Miscellaneous full wagons	957,651	1,104,526	+15.3
(vii) Home line stores and materials	126,691	134,413	+ 6.10
III.—Total Broad and Meter Gauges			
(i) Coal and coke for the public and for foreign railways	929,534	927,270	- 0.24
(ii) Grains and pulses	423,907	506,983	+ 8.22
(iii) Oil seeds	156,484	141,868	- 9.34
(iv) Cotton	123,678	109,017	-11.9
(v) Miscellaneous smalls	892,663	743,046	-16.8
(vi) Miscellaneous full wagons	2,758,495	2,970,967	+ 7.70
(vii) Home line stores and materials	370,086	383,806	+ 3.71

*Included in item (vii).

TONNAGE LIFTED BY CLASS RAILWAYS.*

FROM 1ST APRIL TO 20TH FEBRUARY 1943-44.

	1942-43	1943-44	Percentage, increase (+) or decrease (-) in 1943-44 over 1942-43
Broad gauge	62,552,341	60,919,066*	-2.61
Metre gauge	14,128,000	14,126,932	-0.01

* Adjusted figure.

* Excluding Bikaner and Mysore.

GROSS EARNINGS OF BUDGET LINES

From 1st April 1943 as compared with the actual for the corresponding period of two previous years—

Railways	Up to 20-2-42 (in lakhs)	Up to 20-2-43 (in lakhs)	Up to 20-2-44 (in lakhs)	Increase (+) or decrease (-) in the gross year as compared with previous year.	Amount. Percentage.
B. & A.	8.77	9.90	14.88	+4.98	+50.2
N.	11.83	13.05	14.51	+1.46	+11.2
B. B. & C. I.	14.16	16.01	16.67	+ 66	+4.12
E. I.	24.00	25.32	29.30	+3.98	+15.7
G. I. P.	19.07	24.45	26.67	+2.22	+ 9.08
M. & S. M.	8.66	10.29	12.13	+1.84	+17.9
N. W.	19.87	23.52	27.58	+4.06	+17.3
Oudh & Tirhut	4.72	4.58	5.37	+ 79	+17.2
S. I.	6.34	7.55	8.96	+1.41	+18.7
Other Railways	64	72	78	+ 6	+ 8.33
Total	11,806	13,539	1,56.85	+21.46	+15.9

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Grade & Quality	Market	Unit	This Week Rs. a.p.	Last Week Rs. a.p.	A Year ago Rs. a.p.	Pre-war (1939) Rs. a.p.
Rice (not in husk)	New Crop	Calcutta	per md.	..	..	15 0 0	4 14 0
Wheat	Basmati Sela	Amritsar	..	17 12 0	17 12 0	..	..
	Average quality	Karachi	..	8 0 5	8 0 5	5 15 0	..
		Hapur	..	11 13 9	11 13 9	..	5 15 0
Sugar	Marhowrah Crystal No. 1	Cawnpore	..	10 4 0	10 4 0	5 1 0	2 5 0
Sugar raw	Chikna best quality	"	..	15 5 6	15 5 6	14 8 6	9 15 0
Tea	For home market	Calcutta	..	8 8 0	8 8 0	..	..
Potatoes	Desi	Cawnpore	..	0 9 8	..	1 1 10	0 4 0
Groundnuts	Bold	Bombay	per md.	5 8 0	5 8 0	..	..
Groundnut Oil	Expeller	Madras	per 500 lbs.	11 6 0	11 6 0	..	..
Castor Oil	Average	Madras	per 500 lbs.	175 0 0	175 0 0	..	..
Castor seeds	Average	Bombay	per cwt.	208 0 0	208 0 0	172 0 0	..
Linseed	Bold	"	per cwt.	15 8 0	15 8 0	18 0 0	1 2 6
Mustard	Toria 9% admixture	Karachi	per 656 lbs.	11 8 0	11 8 0	13 8 0	6 12 6
Cotton (raw)	Fine M.G. 4-F (Punjab) R.G.	"	per 784 lbs.	104 0 0	100 0 0	77 12 0	26 12 0
"	*Jarilla 3/4"	Bombay	per candy	507 12 0	505 0 0	..	..
Jute	Raw Firsta	Calcutta	per 400 lbs.	450 12 0	442 8 0	..	..
Jute Bags	B. Twills 2 1/4 lbs.	"	per 100 bags.	86 0 0	80 0 0	72 0 0	41 0 0
Wool (raw)	Kandhar (cleaned)	Karachi	per md.	67 12 0	67 4 0	61 4 0	28 13 0
		"	per md.	60 0 0	60 0 0	50 0 0	32 0 0
Cow hides	Best quality (Agras)	Calcutta	per 20 lbs.	10 8 0	10 8 0	10 8 0	10 8 0
Goat skins	Best quality	"	per 100 pieces.	155 0 0	150 0 0	145 0 0	115 0 0
Tanned Hides	Best quality (cow)	Madras	per lb.	1 6 10	1 6 0	1 4 0	0 12 0
" Skin	Best quality (goat)	"	..	2 11 6	2 10 6	2 2 0	1 12 0
Shellac	T. N. Superior	Calcutta	per B. md.	71 0 0	71 0 0	64 0 0	14 0 0
Kerosene oil	Superior	"	per 4 gals. in tin.	5 4 3	5 4 3	5 5 3	3 13 3
Coal	Selected Jharla (best)	"	per ton into wagon	12 8 0	12 8 0	7 8 0	4 12 0
Pig Iron	Foundry No. 1	Cochin	per ton f.o.r.	104 0 0	104 0 0	94 0 0	89 0 0
Copra	Fair average quality	"	per 684 lbs.	195 0 0	190 0 0	180 0 0	..

* May 1944

RURAL RETAIL PRICE INDEX NUMBERS DURING THE MONTHS OCTOBER TO DECEMBER 1943

Base: January, 1943=100

	Cereals			Pulses			Other articles of food			All articles of food			Fuel and			Clothing			Miscellaneous		
Name of Centre	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.	Oct. 43.	Nov. 43.	Dec. 43.
EASTERN ZONE																					
1. Bamra	146	133	191	195	140	160	155	161	132	129	136	151	133	138	133	133	133	133	133	133	133
2. Malbanga	235	230	164	164	164	164	169	170	164	114	132	132	143	143	143	143	143	143	143	143	143
3. Rajapur	434	180a	181	228	213	233g	173	207e	232e	195	204	225	131	138	147	124	118	119	164	200	204
4. Shankargarh	169	160	150	174	170	168	110	115	115	141	140	136	87h	87h	87h	97	92	90	116	118	115
5. Sonali	283	246	185d	182	181	157d	207	218	223	216	216	206	105	105	105	b	b	b	135	133	132
NORTHERN ZONE																					
6. Multapi	131	136	100d	119	118	90d	131	133	129	122	129	115	111c	111c	111	92	99	101	211	211	211
7. Nana	110	124	128	117	127	131	106	113	113	108	117	119	128	134	129	124	126	121	141	155	154
8. Salamatpur	157c	146c	152	119	119	115	104	107	107	115c	117v	116	95c	96c	96	155c	156c	158	175	172c	169
9. Shujabad	142	142	140	120	118	114	121	115	114	128	123	122	116c	117c	116	128	128	126	149	155	153
10. Gujar Khan	148	149	148	150	159	148	113	114	120	127	129	130	120c	123	127	113	118	111	112	111	113
SOUTHERN ZONE																					
11. Krishna	163	157	160	103	103	102	120	123	123	127	128	128	104c	118c	113	87	87	89	114	112	118
12. Lakh	142c	127c	118	153	155	122i	117	117	121	128c	125	121	123	123	123	91	101c	107	129	129	122
13. Malur	144	144	139	144	152	149	127	129	132	133	137	136	88	88	88	108	107	105	167	172	173
14. Muniguda	143	125	125	131	121	126	109	108	116	117	112	118	86	86	86	85	89	91	126	131	146
15. Kudchi	150	b	b	143	161	162	127	124	125	132	129	130	108c	108c	108	103c	104c	104	182	186	200f

a The fall is due to fall in the price of rice.

b Price quotations are not available.

c Revised figures.

d Due to fall in the prices of all the items under the group.

e Due to an abnormal rise in the price of onions.

f Due to rise in the prices of bidis and tobacco.

g Due to rise in the prices of all the items included in the

h Due to control on price for kerosene oil.

i Due to fall in the prices of 'dal' gram and 'masur'.

* On the basis of four returns only.

STOCKS AND SHARES

BOMBAY (March 22)				CALCUTTA (March 22)			
		This week	Previous week			This week	Previous week
		Rs. a. p.	Rs. a. p.			Rs. a. p.	Rs. a. p.
GOVT. SECURITIES							
2½% (1948-52)	..	99 12 0	99 12 0	JUTES—			
3% (1946)	..	102 4 0	102 4 0	Anglo-India	..	422 0 0	..
3% (1949-52)	..	100 12 0	100 12 0	Alliance	..	484 0 0	484 0 0
3% (1951-54)	..	100 4 0	100 4 0	Barnagore	..	192 0 0	192 0 0
3% (1953-55)	..	98 8 0	98 8 0	Champdany	..	228 0 0	229 0 0
3% (1963-65)	..	100 4 0	100 4 0	Howrah	..	73 2 0	74 0 0
3% (1960-68)	..	98 2 0	98 2 0	Kamarhatti	..	604 0 0	597 0 0
3½% (1947-50)	..	103 4 0	103 4 0	Kankanarah	..	7 4 0	7 4 0
3½% G.P. Notes	..	98 12 0	99 3 0	Auckland	..	303 8 0	302 8 0
4% (1960-70)	..	112 8 0	112 8 0	STEEL & ENGINEERING—			
4½% (1955-60)	..	115 12 0	115 12 0	Bhartia	..	18 5 0	18 5 0
5% (1945-55)	..	105 4 0	105 4 0	Indian Iron	..	37 12 0	38 2 0
TEXTILES							
Poddar	..	480 0 0	482 8 0	Marshalla	..	4 15 0	4 15 0
Ahmedabad	..	512 8 0	512 8 0	Kumardhubi	..	10 4 0	9 7 0
Bombay Dyeing	..	2,116 4 0	2,116 8 0	Steel Corporation	..	28 1 0	28 4 0
Central India	..	429 8 0	433 0 0	Jessop	..	23 13 0	23 12 0
Indian Bleaching	..	222 8 0	222 0 0	Burn	..	407 0 0	..
Kohinoor	..	671 0 0	811 0 0	TEXTILES—			
Century	..	1,038 0 0	1,045 0 0	Kesoram	..	19 3 0	19 3 0
Colaba Land	..	230 8 0	246 0 0	Cawnpore Textile	..	15 14 0	17 1 0
Phoenix	..	765 0 0	765 0 0	New Victoria Pref.	..	10 0 0	10 4 0
Simplex	..	257 0 0	263 0 0	Dunbar	..	300 0 0	300 0 0
Swadeshi	..	600 0 0	605 0 0	Elgin	..	84 0 0	86 0 0
Vishnu	..	565 0 0	582 8 0	Benares	..	14 10 0	..
Sasoon	..	18 13 0	19 6 0	COALS—			
Apollo	..	5 1 0	5 2 0	Bengal	..	609 0 0	607 0 0
Swan	..	383 0 0	327 0 0	Equitable	..	57 0 0	53 12 0
Finlay	..	344 0 0	346 0 0	West Jamuria	..	..	54 0 0
Morarji	..	730 0 0	750 0 0	North Damuda	..	10 2 0	10 5 0
New Great	..	404 0 0	428 0 0	South Karanpura	..	13 0 0	13 13 0
Model	..	383 0 0	323 12 0	Bhalsora	..	16 2 0	17 0 0
MISCELLANEOUS							
B.I.C.	..	6 8 0	6 8 0	East Indian	..	32 0 0	32 0 0
Bombay Burma	..	417 8 0	412 8 0	Burrakur	..	32 12 0	33 7 0
Alcock	..	620 0 0	630 0 0	MISCELLANEOUS—			
Belapur Sugar	..	246 0 0	240 0 0	Aluminium Corn.	..	20 14 0	..
Bombay Tramway	..	145 12 0	145 12 0	Consolidated Tea	..	2 0 0	2 2 0
Bombay Steam	..	685 0 0	683 12 0	Indian Copper	..	2 14 0	2 14 0
British Burma Petrol	..	3 2 6	3 4 0	B. I. C.	..	6 7 0	6 10 0
Andhra Valley	..	1,977 8 0	1,855 0 0	I. G. N.	..	143 0 0	146 0 0
Shivrajpur	..	69 8 0	69 8 0	Burma Corporation	..	3 4 0	3 14 0
Tata Oil	..	83 8 0	82 8 0	British Ceylon Corporation	..	19 4 0	19 4 0
Tata Chemical	..	32 0 0	31 8 0	Titagarh Paper	..	29 5 0	29 5 0
Tata Power	..	1,890 0 0	1,890 0 0	Dalmia Cement	..	19 10 0	..
Tata Hydro	..	206 0 0	202 0 0	Orient Paper	..	35 9 0	..
Tata Steel Ord.	..	421 0 0	422 0 0	SUGAR—			
Tata Steel Defd.	..	2,190 0 0	2,165 0 0	Samastipore	..	22 8 0	22 8 0
Premier Construction	..	220 0 0	219 0 0	Belsund	..	13 15 0	13 2 0
Associated Cement	..	225 8 0	222 8 0	Carew	..	30 8 0	30 14 0
Indian Iron	..	37 8 0	38 0 0	Champaran	..	42 4 0	42 4 0
Indian Copper	..	2 12 0	2 13 0	Ramnagar	..	14 2 0	14 4 0
Tata Steel 1st Pref.	..	223 0 0	220 0 0	Buland	..	42 8 0	39 6 0
Tata Steel 2nd Pref.	..	162 0 0	161 0 0	TEA—			
Bombay Burma New	..	149 6 0	..	Loshah	..	18 4 0	..
BANKS—							
Central	..	94 8 0	94 4 0	Blawanath	..	40 0 0	40 0 0
Imperial (Fully Paid)	..	1,932 8 0	1,932 8 0	East India	..	15 12 0	15 12 0
Imperial (Partly Paid)	..	506 4 0	506 12 0	N. Tarai	..	30 0 0	30 10 0
Reserve	..	135 4 0	135 6 0	Eastern Cachar	..	14 4 0	14 2 0
India	..	186 0 0	180 8 0	Baghmori	..	17 8 0	..
New India Insurance	..	94 8 0	..				

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The Future of Road-Rail Competition

II

THE development of communications, and in particular of road transport, will, it is obvious, receive a high degree of priority in any scheme of post-war reconstruction. Whether the target is a total of 400,000 miles as under the Government plan or 600,000 miles as under the Bombay plan, a wide extension of roads is inevitable. On the road the motor vehicle will be undoubtedly the most predominant agency of transport. The bullock-cart in the rural areas may not, however, be easily displaced. So long as agriculture remains fragmented, mechanical tillage and harvesting will make only slow headway; and so long as the prime mover of agriculture is the bullock, its use in the off-season for the marketing of the main staples is desirable, as it will give the agriculturist an additional income. But with the growing importance of special crops, of market gardening, fruit growing, etc., the scope for the use of motor transport will be ever widening. In other ways too, motor transport is bound to relegate to a continuously declining place the bullock-cart. Rural welfare is conditioned by cheap and easy communications available to the villager, and motor transport affords the only sure means of affording such facilities to every part of the country. A great development of motor transport is, therefore, an inevitable accompaniment of an extensive programme of road reconstruction. It is estimated that even immediately after the war India will have on the roads more than twice as many motor vehicles as she had before 1939.

The increasing use of motor transport in the country will bring to the forefront once again the question of its competition with railways, which for the moment the war has effectively solved by making both forms of transport scarce. The history of road-rail competition in every country has been a rather unfortunate one; in India more so because of the anxiety of the Government which is the owner of the railways not to suffer any serious loss in railway revenue. Everywhere the railways met the competition of the motor transport by quoting "exceptional" rates; motor companies retaliated by further reduction in their fares and rates, and thus uneconomic and wasteful competition followed. In the end the problem has been sought to be solved by what is known as transport co-ordination, by establishing agencies for unification of each form of transport and by providing a method for sharing the profits of each other's earnings. The Governments have also endeavoured to regulate traffic in such a way that each means of transport may secure the traffic for which it is best suited and to create conditions for securing their maximum efficiency.

Any transport policy must recognize one or two fundamental facts. While the country needs efficient and rapid transportation, it cannot be provided by any single agency but by several; and it is the duty of the State to recognize this and not to stifle competition in the name of *status quo* or favour one at the expense of the other. In India the Government had undoubtedly

ly taken up a very hostile attitude to road transport development. They refused to utilize the Central Road Fund for the only purpose for which it was created unless they had the assurance that "the money so provided from Central Revenues would not be applied unduly to the construction or improvement of roads directly competitive with railways and thus become a subvention from one source of Central Revenues seriously affecting the other." Exaggerated notions of the loss sustained by railways on account of motor competition came to be entertained on the basis of various calculations made by one committee or another (e.g., Rs. 4½ crores as estimated by the Wedgewood Committee), with the result that road development which was in the hands of the Provincial Governments was arrested by refusal to grant adequate funds to the provinces whose general financial condition was always precarious and uncertain.

It is, therefore, of the utmost importance to recognize that both railways and motor traffic have an essential part to play in the country's transport system and neither can be dispensed with. Even today 98 per cent. of the traffic of the country moves by the railways; for the bulk of the raw materials and the mechanical equipment of the country must necessarily be handled by them. They are admirably suited for the transport of heavy and bulky articles and for long distance carriage. On the other hand, the motor vehicle renders rapid, flexible and a more individual type of transport service. For short routes it is indispensable and superior to railroads because of its safety, regularity, mobility, speed, frequency and cheapness. It offers door-to-door services, picks up and delivers goods with greater convenience and ease to the shipper. Unlike the railways, its fixed capital is insignificant in comparison with floating capital. Motor traffic can begin and end anywhere and go from house to house. It can change its routes as conditions require, unlike the railways which have a costly and fixed road bed. It can and does thrust facilities into everybody's grasp. For an agricultural country like India its importance as the only means of linking up villages with market towns and trading centres and with railway junctions cannot be overemphasized. Enjoying such superior advantages within its own sphere, the motor vehicle cannot be driven out by even the most drastic action of the railway-controlled State. Further it is short-sighted to think that what the motor gets is at the expense of the railway. Much new traffic has been created entirely on account of the motor transport.

Another fundamental fact to be recognized is that if wasteful competition is not checked and if one agency be allowed to imperil the utility of another in its own sphere, the cost of transport to the community will increase. If, for example, motor transport is allowed not merely to skim away the cream of the traffic but allowed to carry all the valuable goods on the main routes, leaving to the railways the comparatively expensive business of carrying the irregular traffic, the small consignment and the traffic to the relatively out of the way places, the general transport charges to the community will undoubtedly increase. Heavy and essential articles like coal, steel and iron and others could be transported only at high costs. Such "creaming" of the traffic by any one agency cannot achieve anything approximating to an economic division of function in accordance with the technical qualifications of each agency.

It follows logically, therefore, that the basis for a right division of traffic should take account of quality and full social costs of service. Where the road or the rail provides a service intrinsically superior in quality to that of its competitor, such a service should not

be suppressed; and where the two forms provide equivalent services the traffic should be allocated to the route with the lower social costs. In the past, motor transport did not bear its full share of the total social cost; its competition with railways was unfair. Inadequate inspection of motor vehicles, lack of control and regulation to ensure safety and regularity in the service, overcrowding of buses, unregulated conditions of work—these and many others enabled motor companies to resort to under-bidding and under-cutting of fares and rates. The social cost of each service must be borne by the traffic passing through it.

One criticism against motor transport so often made in India as elsewhere is not borne out by careful inquiries. The idea that motor transport does not bear its full share of the cost of road maintenance or that compared to railways it does not contribute enough to the general revenues has no foundation in fact. Indeed the taxation in some provinces, e.g., Madras, is unjustifiably high. According to one calculation, the contribution of motor transport to public revenues is 18 per cent. Such estimates are necessarily very rough; but there is no doubt that motor transport is paying fairly adequately for the use of roads, in addition to a reasonable contribution to public revenues.

In the light of the above analysis, it is possible to lay down the principles that should guide the Government of India in regulating rail-road competition. The Technical Sub-Committee of the Committee on Transport has examined this question in all its aspects and presented its report which contains recommendations of great value and practicability. A word of praise is due to it for the thoroughness and clarity with which it has done its job. On a few of its conclusions opinions may be divided; but that its report is a definite contribution to a highly difficult and controversial problem is undoubted.

The most outstanding of its conclusions is its recognition that the functions of the State in regard to the community's transport cannot be discharged by two independent water-tight administrations. Unfortunately, that was precisely the situation in India where the poor and ill-equipped Provincial Governments were left with the responsibility for roads while the Central Government were in charge of railways. The road-rail conflict degenerated into provincial-central conflict, while as a matter of fact there need be no conflict. The Committee has suggested that with a view to giving provinces an interest in railways and the Centre an adequate voice in road transport, there should be a Central Transport Budget from which or in parallel with which the provinces would derive some share of the profits and losses of railways. The removal of the financial conflict between the two Governments is a matter of the greatest importance but fortunately it can be effected by a unified and co-ordinated transport policy administered with the concurrence and co-operation of the provinces. Will the provinces surrender their present right? The Committee is not unduly sanguine in their view that they will be prepared to concede in a generous measure to the Centre the right of direction and control to be exercised through a Central Indian Road Board; for the interests of the community could be served only by such central direction and regulation.

On the more specific question of regulating the road-rail competition, the Committee has many suggestions which deserve to be adopted. So far as passenger traffic is concerned, it takes the sensible view that competition to satisfy public need and convenience will be not only inevitable up to a distance of 50 or even 100 miles and more but also desirable. The

duty of the State should be to create for the benefit of passengers the requisite conditions for securing the maximum efficiency of road transport by preventing cut-throat competition among motor companies themselves, providing regular, speedy and comfortable services to published time-tables, enforcing proper maintenance and other safety measures and taking precautions against overdevelopment of certain roads at the expense of others. Subject to these measures of control, there should be, according to the Committee, no restriction either on the range of operation of passenger road transport or its members. But if this should affect railway finances adversely, the best interests of railways and motor companies will be served by railways seeking to "get on to the roads" by acquiring a commanding interest in motor companies which on the main routes at least should be large in size. On the very light traffic routes only a limited number of buses can ply economically. Some kind of monopoly will have to be permitted, but it should be strictly controlled.

As regards goods traffic, so far the competition has been limited; in the future it is bound to grow. But the complex nature of allocating particular traffic to road or rail will be apparent from the divergent practice of different countries. The Swiss Government has accepted the principle that journeys under 19 miles should be performed by road, over that distance by rail; while in the U.S.A. the principle is accepted that rail transport is generally inferior for journeys under 150 miles and superior for long journeys. Naturally, the different size of different countries and the variation in average weight per consignment and in the average length of the haul explain the divergent attitude. The Technical Sub-Committee (India) has pointed out that "any natural transfer of short-haul goods traffic up to a lead of about 50 miles or up to 100 miles where rail transhipment is involved would constitute an improvement of transport facilities which should be encouraged." But what about longer distances? After examining

various possibilities, the Committee recommends two methods for adoption; a system of zoning and an evolution of a formula based on experience and determined by public need. For example, certain classes of traffic, like perishables and fragile goods, may be allowed to be carried by the road beyond 150 miles. But the carriage of such traffic at reasonably low rates involves also the carriage by road of any traffic that offers on the return journey. All these can be considered only by a special Transport Authority. The Committee, therefore, recommends that in each province the Chairman of the Provincial or Regional Transport Authority should be the authority to grant goods permit and that he should be a whole-time officer and appointed by the Central Government. For passenger traffic the present machinery of a Provincial Transport Authority and a number of Regional Transport Authorities will be quite adequate.

Many questions of co-ordination, appeals from Provincial Transport Commissioners and financial problems are bound to arise. For considering them, as well as for discharging the responsibility for rapid road development, there should be, according to the Sub-Committee, a Central Rail and Road Transport Authority, whose composition was described in a previous article. It cannot be claimed that any part of the world has yet completely solved the question of rail-road co-ordination, and progress must continue for some time at least along experimental lines. Not only is the problem complicated by constitutional and administrative difficulties in India; but there is no theoretical or clear-cut principle governing the allocation of traffic. All that can be done is to create an Authority to regulate, control and grant permits, composed of impartial persons. The Authority should be permitted to evolve gradually certain empirical rules governing their policy and action. There is no royal road to the elimination of all conflicts. But the recommendations of the Technical Sub-Committee on Transport are conceived on sound lines, and merit the careful attention of the public.

Our Cattle Problem

With over 200 million bovines, India carries one-fourth of the world's stock of cattle and two-thirds of its stock of buffaloes. The U.S.S.R. and the U.S.A., ranging next with about 65 and 58 million heads respectively, possess barely one-third of her total. The contribution which this huge cattle population makes to our national income is impressive enough. Dr. N. C. Wright estimated in 1937 the annual value of cattle labour at about Rs. 400 crores and of dairy produce at about Rs. 300 crores, but more recent estimates have inclined towards much higher figures. The annual value of cattle manure has been estimated at Rs. 270 crores, while the annual output of hides and skins, bones and horn has been valued at about Rs. 45 crores. Thus, the annual monetary value of cattle products is of the order of 1,000 crores of rupees. The value of dairy produce is roughly equivalent to the value of our output of rice and is three to four times the value of the output of wheat, while the trade in hides and skins, minor byproducts both, has a greater cash value than the sugar industry. The essential economic significance of our cattle wealth far exceeds even its very great monetary importance, for "without the ox, no cultivation would be possible; without the ox, no produce could be transported," while from our cows and she-buffaloes come annually over 62 crore maunds of milk, the most perfect single food known to mankind. Vital, therefore, as is the role which cattle play in agriculture and vast their contribution to the national income, we are yet far from deriving the maximum economic

benefit from the cattle in our midst. With eighteen times the number of Canada's cattle, India produces only four times more milk than Canada and with seven times the number of Germany's cattle, she produces a little less milk than Germany. The average annual milk yield of the Indian cow is only 487 lbs., whereas the corresponding figure for her cousin in Denmark is 7,005 lbs. While the average quality of our milk cattle is so demonstrably inferior to that of milk cattle elsewhere, much the larger portion of our draught cattle consists of pitiful specimens, of meagre size and strength, ill-conditioned, underfed and uneconomic workers at the plough and the cart. Clearly, by adopting a more efficient technique of exploitation, we should be able to manage a higher return from the number of cattle we have, or the same return, but with a much smaller cattle population.

The economic process which has led to the deterioration of our cattle may be noticed briefly. In modern times, under the pressure of a growing population and stimulated by the promotion of irrigation facilities, the frontiers of cultivation pushed out. As the crop area encroached on the grazing area and marginal lands came under the plough, there was less pasturage for the cattle. At the same time, due to the expansion of agricultural production, there came to be an increased demand for cattle labour in agriculture. The farmer found that he had to maintain more cattle on less fodder. The situation could have been saved had India

adopted, as did England two centuries ago, the technique of dove-tailing the arable and the animal husbandries into a system of mixed farming which would have provided food for man and fodder for cattle. But, what actually happened was that Indian agriculture sought to support a comparatively dense population by methods of land-utilization applicable only to an extensive system of farming, "a system in which large acreages have to be relied upon to offset low crop-yields and poor grazing lands." Under that system all that the cattle could get was an insufficient quantity of protein—poor roughage and the right to infest the village common all the year round, teasing stump and stubble out of the almost naked earth. So their efficiency suffered; but then it became necessary for the farmer to keep more cattle to exact the same out-turn of work. In the context of a difficult fodder situation, more cattle meant poor cattle; poor cattle, many more cattle, which in turn meant still poorer cattle. Thus developed the vicious circle, which is seen at its worst in the rice-growing areas of the Gangetic delta in Bengal and of the Cauvery delta in South India.

Semi-starvation is probably the greatest single factor in the causation of the degeneracy of our cattle. No real improvement in their quality is possible unless our fodder resources are developed on a sufficiently large scale. In the irrigated areas, the most satisfactory solution would be the general adoption of the system of mixed farming, which is to be advocated even on the more general grounds of the larger interests of Indian agriculture. We would suggest an early survey of crop-planning possibilities in different localities, with special reference to the growing of leguminous fodder crops. Based on its findings, suitable schedules of crop-rotation may be drawn up and popularized by publicity, propaganda and demonstration farms and what is more important, their translation into rural practice encouraged by liberal concessions on land revenue, water rate, etc. Our plant-breeders should also give more attention to the evolution of high-yielding strains of suitable legumes. Grazing, however, will continue to be of prime importance in dry regions. The grazing areas are burdened with more cattle than they can carry. Over-grazing is doubly harmful in that it not only denudes the ground of edible herbage and allows the land no respite to recuperate, but encourages the growth of coarse, inedible grasses and weeds, which choke out useful vegetation. The problem of surface-grazing has, therefore, two aspects, the economic exploitation of existing pastures through controlled grazing and the development of new grazing areas. Controlled grazing would mean rotational grazing; it would also mean that the number of cattle allowed on a grazing area should be limited to its carrying capacity. Stall-feeding is, of course, to be preferred even to controlled grazing and should, therefore, be encouraged. Generally speaking, selected strains of indigenous grasses, which require little or no attention, can occupy odd bits of ground and thrive on relatively poor soil and rainfall, may be encouraged in the grazing areas in preference to exotic varieties, which need the hand of man to aid them thrive in competition with local herbage. But, certain foreign types, such as berseem and Napier grass, have already established themselves by virtue of their manifest superiority in respect of nutritive value, high yield or perennial nature and contributed to the enrichment of our fodder supply. Again, aquatic grasses, like the pangrass of South Africa, are specially valuable for water-logged areas, where the ordinary grasses cannot literally show their head. It would be comparatively easy to adopt these measures for the exploitation of grazing areas under the control of the Forest Administration, but those areas form only 3 per cent. of the total. The bulk of the grazing areas are under the control of the revenue authorities or in private owner-

ship. New legislation may be needed to enforce and new machinery to ensure their proper utilization. As regards the development of additional pasturage, improvement in farming technique may, in the future, lead to the release of marginal lands to grazing. In the meanwhile, a portion of the 100 million acres now classed as cultivable waste should be capable of being improved into fairly good pastures at reasonable cost. The type of lands which bear polescrub and thorn-forest at present may develop into good grazing areas with moderate irrigation facilities. Large areas of ravine, derelict, waste and 'usar' lands may be brought under grazing by scientific soil-treatment. Very little attention seems to have been paid to the development of fodder-bearing trees. These trees are highly drought-resistant and are capable of flourishing in the arid and semi-arid regions of Sind, Rajputana, Kathiawar and the South-East Punjab, where our best breeds of cattle are found. They produce edible leaves and pods, which may be fed to the cattle when drought has destroyed surface-grazing. Many of them are also otherwise useful, particularly in schemes to prevent soil-erosion, as their roots bind the soil, while the foliage acts as wind-break. The planting of large numbers of such trees in suitable localities may profitably form part of any comprehensive fodder policy as well as of anti-soil erosion measures.

The preservation of annual yields and monsoon growths is necessary to enable the cattle to tide over not only occasional famines, but also the lean months from December to July. The universal adoption of improved methods of hay-making and ensilage is therefore essential if the most is to be made out of our fodder resources. As the proper feeding of cattle means not feeding them as much as possible, but feeding them as economically as possible, cheap but sufficient rations for the different types of cattle should be determined with reference to the resources of different localities and popularized among farmers. Stuffs which are ordinarily thrown away, such as corn-heart and grain-husk, may be crushed, soaked in water, mixed with molasses to make them palatable and fed to cows when they are dry, to bullocks in slack season and to cattle in general as famine ration. The encouragement of the oil-crushing industry may make available for the use of our cattle large quantities of oilseeds cakes. As it is, our cattle do not get enough of those valuable concentrates, their daily per capita consumption being less than 4 oz. as against 2 lbs. fed to European cattle.

The proportion of good quality animals in the cattle population may be increased and inferior quality beasts gradually eliminated by intelligent culling and breeding from selected animals. The goal of selective breeding may be a superior type of draught animal or a superior type of milch animal; it may also be a good, dual purpose type. While the draught cattle overshadow the milch cattle in importance in present-day peasant India, it may be that the emphasis may in the future shift to the dairy aspect of the cattle industry as cattle labour gradually loses its significance with the development of rural electric supply and improvement in communications and with the progressive mechanization of agriculture and transport. In dairy cattle early maturity, regularity in calving and short dry periods are as important as high milk yield since they help to lower the ratio of maintenance costs to returns. The prime factor in breeding progress is the pedigree bull. The influence of the bull in the herd is said to be fifty times as great as that of any cow; hence the saying, "the bull is half the herd." A great deal of the degeneracy of our cattle is due to the village habit of turning the cows out on the common, where the scrub bulls may take their pleasure. If selective breeding is to make any good, total castration of all inferior males is an

essential preliminary. As voluntary measures have failed to achieve substantial success, legal enforcement would seem to be necessary. Improvement can be achieved by the method of dividing the country into areas which may be classed under three major regions, according as the cattle found therein are, in the mass, good, fair or poor. All the better bulls in each region should be selected and distributed for service in areas in that region. Simultaneously, measures should be taken to increase the number of good bulls all over the country so that after some time, region A may be able to spare pedigree bulls in increasing numbers to region B to grade up local cattle and region B to region C. A sufficient number of top-grade pedigree bulls will thus come to be in service all over the country after a reasonable period of time. Possibilities of artificial insemination for the quick improvement of our cattle should be investigated in view of the great success with which it has been practised in the U.S.S.R. The legal

prohibition, purely on economic grounds, of the slaughter of prime cattle of specified breeds will serve the double purpose of saving quality cattle at the expense of useless and nondescript beasts.

Cross-breeding with foreign pedigree bulls is, as a general policy, of doubtful value. Cross-breeding may have a deleterious effect on the good points, such as the high butter-fat content of their milk, of Indian cattle. On the other hand, striking results have been achieved through selective breeding from indigenous strains.

The measures suggested above for the development of our fodder resources and the organization of selective breeding can be most effectively carried out through the agency of a Central Live-stock Board, empowered to lay down national policy and issue necessary directives to the provinces in consultation with an Advisory Committee on which the Provincial Governments will be represented.

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The Week's Notes

THE COAL CONTROL SCHEME

It is remarkable that the Government of India has been left with no friend on its coal policy so far which has been criticized as an outstanding example of administrative irresponsibility by every party to the coal economy—producers, consumers and labour, European and Indian business men alike. To quote only the latest criticism, Mr. E. A. Paterson, President of the Indian Mining Association, who cannot be accused of any political hostility to the present Government, declared last week that the Government should bear a large share of the blame for the present coal situation and that it had been galvanized into action only after a crisis had been precipitated. But even the action now proposed to be taken, as embodied in the Coal Control Scheme (a summary of which is published elsewhere in this issue), needs to be judged only by its working, as few control schemes now in operation have survived the first touch of those endless "practical difficulties." The most important feature of the scheme pertains to the distribution of all output by Government at fixed prices. Within a general price schedule for all coal, hard and soft coke, orders will be issued to collieries indicating the direction and priority of distribution to consumers through rail and road. Where transport capacity is unequal to the quantity of coal ready for dispatch, the latter may be stacked on Government account for which an extra sum over the fixed price will be paid. The scope for dislocation in this arrangement is where the provision for stacking at a premium may slacken both the collieries' anxiety to dispose of stocks and the Government's concern to provide adequate transport for the purpose. It is to be hoped that the representative Coal Control Board that will be constituted under the scheme and whose main function will be to advise on price fixation and distribution, will prevent any such complacency in the matter of ensuring adequate supplies to industry. From responsible utterances from industrialists and commercial bodies in recent weeks, it would appear that the Government has been playing off the producers and the industrial consumers of coal one against the other by telling the former that stocks are up but no wagons are available to move them, and the latter that wagons are ready but there are no stocks to load them. Regarding price fixation it will be necessary for the Coal Commissioner, in consultation with the Control Board, to weigh carefully between the coal trade and the consuming interests, for, as Mr. Paterson has pointed out in his speech referred to above, the margin of profit to the colliery owners should not be so great as to remove the incentive to increase raisings—a danger naturally present in the case of a wasting asset operated by private enterprise. Nor should it be so low as to favour one section of producers over the other.

The provision to grant bonuses on increased output to encourage production may not fulfil that objective in the peculiar conditions of coal mining labour in this country and of the consumer goods' markets at the collieries. It is said that miners are not able to obtain their food and other requirements on account of too many extraneous purchasers there and supplies of goods for their consumption cheaply and in adequate quantities being neglected. Thus increased earnings have only acted as an incentive for them to return to their villages prematurely, worsening the itinerant nature of colliery labour. Hence the bonuses plan should be accompanied by other measures to reduce labour's cost of living.

TRADE RELATIONS WITH AUSTRALIA

At a Press conference on Monday last the newly appointed Australian High Commissioner in India, Sir Iven Mackay, struck a happy note on the future relations between India and Australia. Declaring his intention to maintain and increase mutual goodwill and understanding between the two countries, he disclosed Australia's warm interest in the political and economic development of India and assured us of his country's support and assistance in promoting the economic welfare of the people of the country. Trade between the two countries has been increasing very markedly since the war. India's exports to Australia, which were only Rs. 7.36 crores in 1940-41, increased to Rs. 12.45 crores in 1941-42 and showed a further rise in 1942-43 amounting to Rs. 16 crores. Imports into India, which were only of the value of Rs. 2.48 crores in 1940-41, doubled in the next year and amounted to Rs. 4.96 crores, although 1942-43 registered a small decline into Rs. 3.5 crores. These figures do not include the value of the huge quantities of military stores exchanged between the two countries.

The principal items of our exports to Australia are jute and cotton manufactures. The value of cotton manufactures, mainly piecegoods increased from Rs. 1.08 crores in 1940-41 to Rs. 3.48 crores in 1941-42 and to a still larger figure in 1942-43. Exports of tea also showed a remarkable improvement. Of the imports, raw wool constitutes the biggest item. Wheat, tallow and stearine, zinc, provisions and liquors are the other items worth mentioning.

The High Commissioner has stated that relations between the two countries should not end with the exchange of raw materials and manufactured goods. There might be visits also by scientists, industrialists, agricultural experts, students, journalists, etc. All contacts based on a desire for understanding are certainly desirable. After the war the need for strengthening our export trade in certain directions with our neighbours will become more urgent. If Australia is genuinely anxious to promote trade relations with India, she will find this country not unsympathetic or unresponsive.

THE "ECONOMIST" TAKES BACK

We are glad to learn that the criticisms of the *Economist* on the Bombay Plan were based on inadequate data. Writing in its issue of March 25, the *Economist* apologises to the Indian planners saying that its former criticism was based on inadequate cabled summaries and that the full text showed that "the authors were far from ignoring farming's fundamental position." It also recognises that the Plan puts first things first: Power transport equipment, fertilisers and necessary consumption goods. Having criticized the *Economist* strongly in our previous issue, we owe it to ourselves to make a reference to its revised comments which show a truer and juster appreciation of the nature of the Plan. If a journal of the reputation of the *Economist* fails to reflect impartial and considered opinion there can be little hope of economic justice and fairplay in the world. We are, therefore, gratified to note that its unjust criticism was only based on ignorance.

The further criticisms which the journal makes are

again based on an inadequate appreciation of the assumptions of the Plan. According to the *Economist* "the authors are disinclined on political grounds to permit India to participate to its greatest advantage in international division of labour." It would be a misreading of the Plan to say that India would be against international division of labour. But surely the *raison d'être* of any plan is to decide how and in what degree a country should participate in international division of labour. If an economist of the eminence of Sir William Beveridge can declare that "no country can afford to make trading and exchange arrangements with another country without considering whether the latter is likely to have a stable system of full employment or not," India may be excused if she decides that her plan should not be imperilled by the ignorant or mischievous actions of other countries. Even international division of labour, the economic *mantra* of the liberal school, is not an end in itself; it is only a means to end, which is full employment and high standard of living.

ECONOMIC CIVIL SERVICE

We have had occasion before to stress the necessity of recruiting a class of civil servants who will be specialists in economic administration and practice with a view to the more competent handling of economic controls which are increasingly coming within the purview of the modern State. We have also underlined the necessary orientation not only in the recruitment and methods of civil service, but also in the study of economics which will be called for to meet the requirements of economic planning. Foreign experience in this respect is interesting and valuable. For example, in the Princeton University in U.S.A., courses in economic planning are conducted to equip students for tasks of efficient planning and administration of business, and the importance of education in planning itself is recognized fully in the U.S.A. In Russia, after the Revolution, knowledge of economics has been very widely diffused by the opening of a number of planning colleges and financial colleges imparting specialized instruction. Economics faculties were instituted in a number of technical colleges, some of which were converted into schools of engineering economics. Even in the economics curriculum, subjects such as banking, commerce and stock and commodity organization are given less importance, and prominent place is given to economic geography as that is rightly regarded as basis for planning. Students also take a practical course in planning bodies, banks, local government bodies, etc. Many Soviet economists are at present engaged in the reconstruction of regions recovered from the Nazis. If the economic plans, by which we set so much store for the future, are to be put through in an orderly manner, India requires to train her planners before she thinks of creating industrial technicians and engineers. Experts in specialized industrial, agricultural or other skills suffer from the well-known limitation of an expert not to be an expert. Economic planning implies the making of over-all decisions, the wisest adaptation of means to ends, and an expert physicist or engineer as physicist or engineer is not only not qualified, but disqualified for the job. If we cannot get persons who combine in themselves technical knowledge, economic training and administrative ability, the three elements of rational planning, we must at least have experts of generalized ability in economic government, in short an economic civil service. We have to bend ourselves to the task of reorganizing the educational system for the purpose, instead of getting lost, as at present, in compartmental expert planning unco-ordinated by over-all direction. The establishment of technical, vocational and other training centres cannot be postponed. If planning on any considerable scale is not to remain merely a slogan.

MONEY IN GERMANY

It cannot be denied that during this war the German financial system has been much more efficiently organized and administered than it was during the last war. The stresses and strains which are inevitable in an economy geared to total war, have been in a large measure successfully confined to the physical plane, and the monetary effects have been isolated. Even so during recent months, signs have been accumulating that the German financial system has been meeting increasing and often imponderable resistance. The hyperinflation which Germany experienced after the last war left an indelible psychological mark on a generation and today with the looming shadow of defeat, Nazi money, in spite of rigid economic controls, is losing its temper. Nearly a year back the Price Commissioner laid down the purpose of price control as "to re-establish the respect for moneys which has been lost here and there." It is clear that during the last year, "the respect for money" has not enhanced and the initial gestures of a flight from money are discernible. In spite of rigid price control measures, there is a general tendency to grant premiums, often in kind. Barter and traffic in second-hand goods have vastly increased and officials admit that the "barter mania has exceeded all permissible limits." The rate of increase in currency circulation has been increasing and Government expenditure in such directions as relief and rehabilitation after air raids which are increasing in frequency and violence, further serves to increase the volume of money in relation to the volume of goods. The contempt for money is seen in increasingly lavish tips or bribes for small services and favours; tendency to pay in round figures and not bother to take back small change; or in stock exchange transactions in which risk of capital loss is more and more discounted. Many who invested in houses and furniture as a safeguard against depreciation in the value of money, now find Allied bombing attacks a disturbing factor, especially in the industrial towns. Dr. Funk, in his Reichsbank speech, threatened the "deserters into real values" and depreciated the "foolish talk that money does not matter." All these symptoms do indeed add up to a picture of wobbling in the German monetary system, but it would be ridiculous to assume that such decline in faith in money can by itself slow down the German war effort in any significant measure. The final collapse must necessarily come in the battlefield, but when the collapse actually comes, this inflation-consciousness of the German masses would prove a considerable factor in any effort for monetary stabilization.

BEVERIDGE TAKES UP THE CHALLENGE

It will be recalled that one of the basic assumptions of the Beveridge plan of Social Security was the maintenance of full employment. If this be not possible, the financial structure of his plan would come down. Many critics therefore were only too ready to throw a sling or two and challenged Sir William Beveridge to prove that full employment would be practicable. He has taken up the challenge and produced a report of which only a meagre summary is available. He has approached the problem of preventing general unemployment from the angle of maintaining consumer demand. While he does not apparently recommend a budget deficit directly to stimulate consumption (for example by government borrowing to finance social services) he recognizes that full employment policy does demand a revolution in national finance, since Government must take its responsibility for maintaining national income and "a budget must be determined by employment situation and not by financial considerations."

Sir W. Beveridge apparently opts for freedom to shape Britain's monetary policy in accordance with the requirements of a policy of full employment. In the absence of fuller summary it would not be fair to indulge in criticism. It is, however, apparent that he is against making trading and exchange arrangements with countries which will not guarantee stability in economic life. Obviously the reference is to America whose variability in economic conditions has in the past decade generated large swings between boom and depression and taken the rest of the world into the maelstrom of her depression. Every one will agree that U.S.A. will serve herself and the rest of the world best by taking effective measures to secure stable conditions of economic activity and maintaining full employment. But is it so certain that if depression does occur in America, Britain can conceivably remain unaffected whatever be the degree of economic isolation into which she may allow herself to remain? It is all very well to say that Britain should not enter into trading and exchange arrangements with such a country. Whether arrangements are made or not, it is undue optimism to hold that a country like Britain can escape by any policy of its own the consequences of the economic policy of the United States of America.

AMERICA AND GOLD

The excessive concentration of the the world's gold in the U.S.A., together with American reluctance to take imports and make loans to foreign countries played a notable part in bringing about the disruption of the international monetary mechanism in the inter-war period, more particularly after 1930. In the first years of the present war, the pre-war tendency of gold to flow to the U.S.A. was still further strengthened by the dollar scarcity of allied countries. But with the coming of the Lend-Lease into force and the U.S.A. into war, the graph of the U.S. gold holdings shows a downward tendency. As may be seen from the figures of world's gold distribution in our statistics section, there has been a big drop in U.S. gold reserves. This, however, does not fully measure the decline, for if Lend-Lease exports of 11,200 million dollars had been paid for in gold in the same way as other U.S. exports are paid for, the rest of the world would have been faced with a gold bankruptcy. As it is, America's foreign trade balance apart from Lend-Lease transactions shows a marked deficit and that accounts for America parting with a fraction of her gold. As a result, other countries have been able to increase their gold reserves, the principal recipients being 14 Latin American countries to the tune of 1,000 million dollars. What is the effect of this shift in gold holdings on the world's money of the future? It will be premature and misleading to read in this war-time shift, as has been done in the U.S.A., a long-run tendency to a fairer distribution of the yellow metal which is so important to America's desire to restore the gold standard. The crux of the difficulty in the inter-war period was the inability, due to America's unwillingness to buy or lend, of other nations' earning a sufficient quantity of dollars, and recent official studies of America's balance of payments hardly reassure the dollar-hungry world that the currency will be in adequate supply after the war. Even if America is willing to bring about a redistribution of gold in order to secure support for the White Plan, it is problematical whether other countries will undertake to effect the readjustment in domestic costs and incomes which are inevitable in a return to the old gold standard game.

AMERICAN FOREIGN POLICY

That Mr. Cordell Hull's 17-point statement, issued last week, on America's part in the organization of world peace after the war, should be held up as an

enunciation of "foreign policy" is a reflection on the poor content of the foreign policies of nations in the background of vastly changed conditions. Broadly speaking, Mr. Hull's picture proposes to take the world back to the League system with its sanctions, an international court of justice, disarmament, supervising the conduct of aggressor nations, reduction of "excessive" trade barriers, world finance, non-intervention in the internal affairs and forms of government of nations, a glorified mandates system, and last but not the least, preservation of national sovereignty. To go back to the essentials of the League system is no doubt a progressive step to the United States as that country never really went anywhere near the League of Nations after the last war. But those that were in it actually have now outgrown an inadequate straight-jacket. There is, of course, nothing wrong in resuscitating the League idea as the principles for which the League of Nations stood are still sound, not only well worth aspiring for but to be achieved in a more determined second effort. But how can nations less experienced than the United States in politics and international collaboration benefit from her guidance if her statesmen continue to be ostriches? For, Mr. Hull has nothing to say about a partial surrender of national sovereignty without which no international organization of the future can maintain peace by the use of force if necessary. The imparting of "good behaviour" to aggressors under threat of military punishment must before long conflict with non-intervention in the internal affairs of nations. Adherence to the concept of individual liberty of the Western Democracies and a declaration to fight for it wherever it is not existent is surely incompatible with the right of nations to choose forms of government to their liking. Lastly, questions like the reduction of trade barriers and movement of capital to backward countries are quite meaningless without reference to the future system under which production and distribution are organized. Mr. Hull's statement appears to be a purposeless oversimplification.

POPULATION POLICY FOR AUSTRALIA

Recently the question of a population policy has been engaging as much public attention in Australia as in India, although, of course, the population problems faced by the two countries are as nearly the inverse of each other as possible. In Australia, the problem of population is seen primarily as one of defence—the problem of defending a vast, sparsely populated island against thickly populated and potentially rich lands to the north. The solution usually sought consists in, firstly, an extension of hegemony in the islands of the East Indies and the South Pacific; secondly, a defensive alliance with the United States in this region, and, thirdly, increasing population and industrialization. Mr. Curtin has declared that a population of 20 million would be essential for adequate defence of Australia. The Commonwealth Government has already appointed a committee to prepare the ground for post-war immigration policy. The present demographic factors determine a stationary population and without an immigration policy conceived on ambitious lines, little effective can be achieved. As has been said, "Henceforth Australia must be a suitor for population. She must go out in a purposeful search for new citizens and offer them really effective inducements." Competent and conservative estimates put it that Australia can easily support 30 million at the present standards of living. However, the committees appointed to examine prospects for assisted immigration are still thinking in narrow lines. They have not yet given up their all-white population policy. Finding that neither Great Britain with its stationary or falling population nor the underpopulated Dominions can send in people in millions, they have been looking towards South-

Eastern Europe where many people, they hope, would seek relief in emigration from the troubled racial conflicts. The possibilities of emigration from overpopulated regions like India and the Far East have also naturally been considered, but dismissed in a characteristically cavalier way. An examination of the spurious arguments which are advanced in public forum to cover up essentially racial antagonisms, is an interesting study. Thus it has been seriously suggested in a section of the Australian press that Indians, under the influence of Gandhi, being a pacifist people, the immigration of Indians into Australia would not meet her defence requirements for a larger population. Such racial antagonism and dog-in-the-manger policy are resented by the Asiatic peoples. This resentment is typically expressed by the Japanese business man who on being turned out of Australia a few years before the war, muttered: "Dish time we go, nex' time we don't go." Australia must adjust herself to the fact that after the war India and China will count as increasingly bigger factors in the South Pacific region than hitherto and such selfish and racial attitude cannot contribute to economic and political stability in this region, and not conform even to her own long-term interests. Sir Iven MacKay, the Australian High Commissioner in India, tried to explain on Monday last that the Australian immigration laws were based not on racial but on economic considerations. Much more, however, still remains to be explained, especially the position of the people of the Asiatic countries in relation to the post-war schemes for assisted migration to Australia.

INDIANS IN EAST AFRICA

A deputation of Indian settlers in East Africa to the Government of India focussed attention on a move to squeeze out Indians from the colony. An ordinance has been promulgated banning the entry of Indians who have been away from the colony for two years. It affects ten thousand leading Indian settlers who were encouraged to seek refuge in India when the Italians invaded the territory. Most of them were born in the African territory and were given no notice to return within a specific time. The plea to exclude them in the present case is an alleged food shortage, while the fact is that the colony has an exportable surplus. Indians in the colony are mostly engaged in trade, and recently an infructuous attempt was made to liquidate the interests of Indian settlers through the formation of a commercial corporation backed by the Colonial Government. This attempt failed because the war has made East Africa more than ever dependent upon Indian imports, and the Government of India refused in the interests of her Indian traders to have anything to do with such a corporation. But this does not assure the post-war future of Indian settlers in a territory with which they have been trading from time immemorial, and which they have helped to defend against the Italians so recently. In the background of recent discriminations against Indian settlers in South Africa, it is obvious that the present move is a part of the policy of reserving Africa for the white man for a fuller exploitation

of the Negro which is animating the white politicians in Africa. The Indian trader stands in the way of white monopoly serving the Negro market with his cheap goods, and does not fit in with the colour theories propagated by the white man to keep the Negro in bondage. After all, Indians are only a fraction of the coloured populations which are bearing the white man's burden in the Dark Continent and our interest in the present case of racial discrimination is also because of the interests of larger humanity which has been suffering worse indignities at the hands of a handful of settlers. In Kenya colony of East Africa three million natives are confined to 50,000 square miles of the poorest land, the best lands have been given to European settlers for a nominal price in large estates, and forced labour is legal today. The British idea of colonial freedom means in East Africa a liberty for 20,000 European settlers to deny every implication of the Atlantic Charter to three millions of coloured men. So far as India is concerned, her position is sufficiently important in East African trade and she can use it to remedy discriminations against settlers from India, but the world will not have destroyed the germ of Fascism so long as racial exploitation continues in Africa. It is this latter question which deserves proper attention from the Allies at the Peace Conference.



SPECIAL ARTICLES

Budget and its Effect on Prices

By G. D. Birla

THE whole attempt of the Finance Member seems to be to so finance the war as will not allow prices to rise. Heavy taxation and heavy borrowing—these are his two sheet anchors. Taxation withdraws the purchasing power to the extent it is imposed and the borrowing freezes the rest of it. The Finance Member in his budget speech seemed to claim that he had succeeded in checking the steep rise in prices and has promised that now onward we may expect a gradual fall without an increased supply of consumer goods.

But is he justified in making this assumption? Let us examine the budget figures and analyse how the expenditure on the one hand and the revenue on the other is affecting the purchasing power of the different sections of society and what effect it is likely to have on prices and production. Here are the budgetary figures for 1944-45:

Revenue	Expenditure
183 Income tax and other taxes on income	277 Military
41 Excise	
28 Custom	86 Civil
57 Others	
309	363

From the above, it will be seen that whereas the expenses are mostly on military affecting the income of those directly and indirectly connected with defence, revenue comes from taxes on income which arises mainly from trade, commerce and industry. It will be further seen that there is a gap between the expenditure and revenue of 54 crores of rupees representing the deficit for the period. This gives us a good picture of where the money goes and where it comes from.

But the above picture is by no means complete. Besides our own expenditure, India is also financing the expenditure incurred on behalf of U.K. which in 1943-44 amounted approximately to 346 crores. For the sake of argument, it may be assumed that in 1944-45 (the figures for which are not yet available), we will have to finance a somewhat similar expenditure, say, of 350 crores on behalf of H.M.G. The deficit of 54 crores of rupees in budget added to the expenses to be incurred on behalf of U.K. say, roughly 350 crores, would make a total of 404 crores of rupees. This then is the outgoing money or the new purchasing power that will be created in 1944-45 for those that receive this sum. And in accordance with the policy of the Finance Member, it is planned that this new purchasing power should be frozen or rather deferred so that it may cease to influence the upward trend of prices.

According to his plan, the Finance Member proposes to borrow about 450 crores in the year 1944-45. If he succeeds, then not only the whole of the new purchasing power of 404 crores created in 1944-45 would be frozen, but even a portion of what had escaped in previous years will now be put into the cold storage.

Since the beginning of war to March, 1945, it is estimated that the total deficit in the budget has been 279 crores, total expenditure 1,350 crores minus a revenue of 1,071 crores. We have also financed the war expenditure on behalf of U.K. which up till March, 1945,

should amount to 1,284 crores. Besides this, our surplus exports for the same period may be estimated to be 280 crores. All this is outgoing money the total of which come to 2,914 crores.

The total incoming money, on the other hand, for the same period may be estimated to be 1,070 crores through taxes and 1,004 crores through borrowing, or a total of 2,074 crores.

This leaves a gap of 840 crores between the outgoing and incoming money which is the net increased purchasing power mainly of those who have received it. And as much of this as may be possible is now proposed to be frozen through intense borrowing.

From the above, one may conclude that the new purchasing power should in future cease to cause any serious upward trend in prices since it is already substantially frozen and what remains is proposed to be frozen. But in order to draw a correct inference, we may have to find out whether the money so borrowed will come from the section that is likely to use it for purchasing consumer goods or will it come from a section likely to use it for more production? And if the money comes not from the consuming but the producing class or if it does not come directly from the section that received it, how will it affect the prices and the productivity of the country which again must react on the prices?

Let us for a moment take a retrospective view of the past few years of the war.

For very nearly two years after the war broke out, prices remained more or less normal. Up till May, 1941, the all-India index showed no more than a rise of 21 points. At the beginning of the war, there was some rise due more to speculative expectations than to any big demand of goods. Then came the fall of France which, in spite of better demand for goods, caused a psychological reaction in prices. As the confidence revived and new demand continued, prices began to look up. The first sign of real rise in prices, however, was not visible until the middle of 1942 when the index after crossing the boundary of 150 began to shoot up by leaps and bounds until it was checked about the middle of 1943.

What was the genesis of it?

The defence expenditure is incurred in big as well as small units. In so far as it is expended in small units, the main beneficiaries are soldiers, technicians, civil and military officers, doctors, contractors and others who sell their labour. In so far as it is expended on purchasing manufactured or fabricated goods, money units are large and the beneficiaries are partly the labour who is paid higher wages on account of a great demand on them, but the chief beneficiary is the industry.

Thus only those sections of society that are employed in war efforts either as officers, doctors, technicians, soldiers and labour or as contractors and those employed in producing goods for civil and military needs are benefited and it is only their purchasing power that is mainly increased.

But the effect on prices of the increased purchasing power of those that receive money in larger units and of those like labouring and service classes that receive money in smaller units is not the same. When the

income of men with small means as of labour or other services or of agriculturist improves, it is naturally spent mostly on consumer goods since their standard is too low to enable them to save. Whereas, when the purchasing power of the industry or the business class improves, they expend money on expanding their business and produce more and not on consumer goods since their want of essential goods is generally at a saturation point. Expenditure by these classes cannot therefore affect significantly the general level of prices of mass consumption goods.

While the former phenomenon, therefore, creates more demand for goods, the latter creates more supply. This essential difference must be carefully noted.

It was natural, therefore, that when the purchasing power of the service and labouring section increased, demand for consumer goods too increased. And by the middle of 1942, prices began to register sharp rise. The production too during the two years of war due to profit incentive had improved. But then, the Government demand had outrun the supplies even with slightly increased production.

A national government watchful and responsible for people's happiness and contentment would have encouraged production by all necessary means such as providing foreign exchange and shipping, etc. And perhaps we would have coped with the demand. Australia, Canada, S. Africa and many other countries made enormous progress in production during the war. But our Government never bothered over it. Indian industry, therefore, even with better purchasing power and a will to expand could do very little to increase production.

The demand of civilian was not abnormal. But even for normal demand there was not enough supply. A disequilibrium thus between the supply and demand was established. The result was that by the end of 1942 there was a 100 per cent. rise in prices.

And as the prices rose, an equilibrium between the income and expenditure of men with small means was again established. The service and labouring classes with small income, if they gained, they also lost due to higher prices for consumer goods. Their increased income was now substantially transferred in favour of producers, specially the agriculturist and the industrialist. The agriculturist being a producer as well as consumer, though not a large gainer, was a gainer all the same. The industry, on the other hand, being a net producer gained most.

But subsequently, industry too became more or less a clearing house for the outgoing and incoming money. By the end of 1942 the Government had further increased taxation on incomes and also introduced compulsory deposit system. Thus the industry had to give away practically all of its income to the Government in the shape of taxes and deposits. The expanding power of the industry thus disappeared.

During the initial stage when the expanding power of the industry increased its desire was frustrated in the absence of various facilities. Now with the top high taxation and compulsory deposits which absorbed the whole of one hundred per cent of its war profits, the profit incentive and the desire to expand was gone. This was a serious blow to "produce more."

The function of the industry was no longer now to produce more, bring down the prices through internal competition and larger production and meet the consumer's want. Its function now was to charge more and pay more to the Government. It became an agency pure and simple for the collection of taxes for Government from the consumer. The Income, Super and Ex-

cess profits taxes may, therefore, now verily be called consumer's taxes and not taxes on income.

For the Government it was the most convenient method of tax collection. It was not possible for them to tax directly all those with small incomes whose purchasing power had during the war improved. The collection charges would have itself been prohibitive. Besides, the Government would have been strongly criticized had it directly taxed those small beneficiaries. By leaving the unpleasant task to the industry, not only the Government escaped all the unpleasant criticism, but it also assumed the role of a saviour of consumer by calling the industry a profiteer.

The Government has never been a great friend of Indian industries. And when they found the industry being accused of profiteering by thoughtless or prejudiced critics, they too joined the chorus and fully exploited the feeling. The Government thus got the consumer heavily taxed, escaped all the unpleasantness arising therefrom and put the industry in the role of a profiteer! Thus with one stroke they killed not two but three birds!!

But why did the industry allow itself to assume the role of the tax gatherer? Why did it not start selling its production without profit? For an answer to this, one has only to study the clauses of the E.P.T. Act. But the legal difficulties apart, anyone conversant with business conditions knows how impossible it is to defy economic laws. There are hundreds of manufacturers and thousands of wholesale dealers and lacs of retailers. For all to unite and make private price control a success is a vision of dreamland. Some manufacturers sold their goods at extremely reduced prices and the benefit instead of reaching the consumer went into the pocket of the dealer. Others opened retail shops to sell directly to the consumer. And the consumer started making large purchases in different names and selling the same at a distant place. Where a pair of saree with a market value of Rs. 8 is sold at Rs. 5, even the consumer does not mind becoming a trader. These efforts thus failed. For any private body, though supported by a large majority of trade, to make the control a success without any statutory authority was found to be an impossible task.

Some industrialists at one stage pressed the Government to give them statutory power to make it possible for the industry to control standard production. It complained against its being employed as tax-gatherer. They submitted a scheme for providing production to the consumer at reasonable price. The scheme was turned down!

In one of his speeches the Finance Member said something to the effect that out of the 5 eggs that were laid, 4 belonged to him. The prices continued to rise.

When, however, distress in Bengal and other places became intolerable, an all round policy of checking the rise was adopted. The result has been a small fall in prices. The all-India index figure that was 244 in June 1943 is 236 in January 1944—a very small fall. And if we averaged it with the prices in the black market, perhaps there is a further rise.

With the whole background before our eyes we can now answer the query. Can we expect a serious fall in prices?

There are two methods that suggest themselves to bring the prices down to a lower level. Either through freezing the purchasing power of those who are in a position to buy or by increasing production of those goods which they want to buy. Now, who are those who due to war have secured increased purchasing power which in order to make it inoperative needs to

be frozen? They are the following:

Industry,
Contractors,
Service class,
Labouring class, and
Agriculturist.

The purchasing power of industry is now as immediately frozen as it receives the money. Heavy taxes specially on "pay-as-you-earn" basis and compulsory deposit system take away more than 100 per cent. of its gains. It should not also be forgotten that an increased purchasing power of industry is not used for buying essential consumer goods. It is generally used for expanding its business which, if directed to increase in production of consumers' goods, will cause a fall in prices. Its purchasing power can be used to lower the prices and not to act as a hindrance. *Vice versa*, the immobilization of its liquid resources as has been done by the Government can easily become a cause for an upward trend of prices since it takes away the incentive and resources to produce more. So the freezing of the purchasing power of the industry may well be a factor operating in favour of rising prices. Judged by the war-time production achievements of other countries, it cannot be doubted that we have made a poor show, primarily due to lack of a positive Government plan for increasing production and extreme pre-occupation with merely monetary aspects.

Contractors: Their purchasing power may influence to some extent demand for goods, but this section is not large enough to cause any serious rise. Freezing their resources cannot have any appreciable effect.

Service class, *viz.*, military officer, technician, soldier and such others are at present the unqualified recipients of economic gains. But their income cannot to an appreciable extent be taxed or frozen through borrowing. They are the favourites of the day and woe betide him who dare think of touching their income. Lower the prices. And their purchasing power will only increase further. Their demand for consumer goods must, therefore, continue. Their income, therefore, will continue to be a factor in favour of higher prices.

The last two classes, that is, labouring and the agriculturist classes, cannot be taxed except indirectly, nor can their purchasing power be frozen easily.

But it is doubtful whether labour is the net gainer at present. If the prices fall, undoubtedly, it will have more money in relation to goods, thus making labour a potential buyer. The industrial labourer's income, at any rate, at present is no serious factor for influencing upward prices.

The only section that is left with larger purchasing power thus is the agriculturist. Could his purchasing power be frozen? He cannot be taxed directly by the Central Government. And he is not the man who would resort to investment before his wants are satisfied. His first inclination, therefore, would always be to increase his consumption and he must remain a constant buyer for consumer goods. If he does not buy, his money, at any rate a substantial part of it, cannot come to the Government. And if he buys, it must cause a rise in prices.

Formerly, the small agriculturist used his cash to pay interest on debt, to pay land revenue and finally to

invest in gold or silver. Today debt is less, interest charge is much lower; land revenue is a smaller part of his cash income; and gold or silver is not available as before. And he does not like lending money.

Action can be taken to reduce the purchasing power of the agriculturist by fixing lower prices for his products. But this is a dangerous policy to adopt since it must unfavourably affect essential production and consequently cause further scarcity and famine. Thus it is neither desirable nor possible to reduce the purchasing power of the agriculturist. It is bad enough that the incentive to produce more is taken away from industry; but it will be suicidal to do so in respect of agriculturist if India is to escape further serious distress.

What are then the factors relied upon by the Finance Member to influence a fall in prices? None.

The only effective alternative for bringing down the prices then is increased production. Even at the risk of repetition, I would emphasize again that there is no other adequate remedy for lower prices, contentment and happiness than increased production. How to achieve it?

(1) The increased purchasing power of agriculturist, instead of being reduced, must be maintained in order to create incentive for more production by guaranteeing prices of food, etc., at a level in conformity with the prices of consumer goods which he needs.

(2) For increasing consumer goods, following suggestions may be of help:

(a) Active encouragement to flotation or expansion of capital of companies interested in producing consumer goods.

(b) Adequate foreign exchange and shipping facilities for importing capital goods.

(c) Liberal scale of depreciation for income-tax purposes to all industries which are increasing their production by working multiple shifts.

(d) A much larger difference between rates of tax on profits distributed and undistributed. This difference should be created not so much by increasing tax on profits distributed as has been done recently by the Finance Member, but by substantially reducing tax on profits retained.

(e) A categorical assurance on behalf of the Government to the industries that they would not be left in the lurch to struggle, linger and die after the war as a consequence of unfair competition from abroad.

On Britain's foreign trade a few articles have recently appeared in the London *Times* which indicate that England, in order to build up her post-war export trade, may resort to many methods not quite pleasant. Governmental help for encouraging exports, export subsidies, establishment of trade corporations to buy and sell in bulk and establishment of international cartels, these are some of the measures suggested. This is the most alarming feature of the post-war planning of the United Kingdom's export trade. Government assurance against such unfair means becomes a necessity.

Controls and other measures have created a false sense of security. There has been no appreciable fall in index number. The only serious fall so far is in prices of cloth—thanks to the organized control by the

industry itself. In other commodities if the controlled prices appear to be tolerable, the prices in black market make the average of the two higher than before. And these black markets along with starvation, misery and deaths will continue to multiply as long as we

think that all that we have to do is to drain the people empty of their purchasing power and leave the rest to fate.

The slogan of the Finance Member of "pay more" must now be replaced by a slogan of "produce more."

Land Revenue Assessment and Crop Planning

By E. da Costa

IT is the great virtue of the programme of future development of India prepared by certain prominent industrialists and economists, and now known as the Bombay Plan, that it steers clear of arid controversy and concentrates on the task of practical action which will commend itself to the great majority of men and women in the country. The plan has its critics, intelligent as well as otherwise, and no one will claim for it infallibility or omniscience. But all moderate opinion will accept the Bombay Plan as a fitting basis for the preparation of detailed schemes which are long overdue. For all practical purposes, the problem of planning in India is merely the problem of evolving certain measures of control in the fields of both production and distribution by which we shall be able, in as short a time as possible, to direct the resources of the country into those channels from which the most benefit, economic and social, is to be obtained. It follows as a corollary from this view that private enterprise will still be accepted as a cardinal feature of our economic system, and this applies particularly to that part of it which deals with agricultural production. The basic assumption is made throughout that no violent breach is contemplated in respect of conditions which govern the tenure under which land is held. This is apparently the view of the authors of the Bombay Plan and, prosaic as it may seem, it is sound policy.

The main purpose of agricultural planning is twofold. In the first place, the aim of planning is to effect a large increase in agricultural production both by extensive and intensive cultivation. The second aspect of planning is the problem of readjustment of the areas under different crops. This readjustment is required for two main reasons. In the words of the authors of the Bombay Plan, "the proportion of cereals, pulses, vegetables, etc., will have to be fixed in relation to the requirements of a nutritive diet. At the same time areas under commercial crops like jute, tea, cotton and oilseeds the fortunes of which are to a substantial extent dependent on foreign trade and which have introduced a serious element of uncertainty in our economic life will have to be adjusted to the conditions of international trade that may prevail in the post-war period." For both these purposes we require machinery for effecting the necessary adjustments so as to bring the output of each crop into line with the figure contemplated under the plan. This is not a problem easily solved by the methods ordinarily advocated. Price-fixing in the agricultural field has not been a triumphant success even in war-time; during peace, it is likely to be found more seriously wanting except in respect of a few commodities produced under very special conditions. The fixing of quotas for individual producers is also likely to raise insuperable difficulties. There exists, however, a much more promising means of control the possibilities of which have not yet been sufficiently explored. This is the method of controlling output by discriminating taxation. The argument is here advanced that it is possible to effect the necessary adjustments and to develop a mechanism of agricultural planning by the judicious use of a system of surcharges collected with the land revenue assessment or with the rent payable by tenants to superior holders in areas where there is no direct contact between the Government and the cultivator.

This proposal may be described chiefly as follows. When the target figures for each crop have been settled, it is suggested that we should prescribe for each crop a planning surcharge which will vary as between different crops and different areas. The planning surcharges will be fixed at levels sufficient to discourage crops grown in excess and to encourage those of which there is a shortage. At any time during the currency of settlement, revenue or rent payable by a cultivator will be a combination of basic assessment and planning surcharges, the former fixed and invariable, the latter subject to variation depending on the crops which the cultivator chooses to raise. As a matter of administrative convenience, the fixing of the planning surcharges in each Province or State may be left to the Local Government, the only condition imposed by the central planning authority being that each Local Government should regulate the output of each crop in accordance with the quota assigned to it. It would be desirable, for the sake of administrative convenience, that the planning surcharges should be distributed on considerations similar to those on which land revenue is fixed. The various groups or circles into which an area is divided for land revenue settlement could conveniently serve as groups for fixing planning surcharges for different areas and maximum rates may also be prescribed as in the case of land revenue. Instead, however, of maximum rates being fixed only for wet, dry or garden lands, they will be fixed for each group for every crop in the Province or State under consideration. The surcharge on an individual holding will be computed by multiplying the maximum rate fixed for the crop or crops in the concerned group by the soil classification of the survey number on which the crop is raised. This can then without difficulty be added to the demand for basic assessment on the holding. Those acquainted with the ordinary system of village accounts will recognize that this is simple enough. All that is necessary is that in the crop statement a new column should be inserted for the maximum rate for the crop fixed for the group to which the village belongs. The result of applying the soil classification of the survey number to the maximum rate (or rates if there is more than one crop raised on the number) will be carried to the rent roll as a planning surcharge alongside cesses and other miscellaneous items of revenue. The total demand will thus be fixed on each holding, the planning surcharge being included in this demand which will be brought on to the *Jamabandi* accounts.

The only problem of any difficulty raised by this proposal is the fixing of the maximum rates of each crop in each group. The data at present available are likely to be inadequate to fix these rates with any great accuracy. But if crop planning is to be effected at all, we will need to face and grapple with the complexity of this problem. Apart from the difficulties of the problem in itself, the vagaries of the monsoon and other seasonal factors, the variation of output due to other causes set us almost insuperable obstacles. But these obstacles will apply to any system of crop planning and we need not, therefore, attach special weight to them as objections to the form of planning here proposed.

The system of combination of assessment with

planning surcharges will have two great advantages not possessed by our present land revenue assessment. In the first place, it can be readily used to increase or decrease the supply of any particular crop. This can be done by the simple expedient of lowering or raising the maximum rates fixed for the planning surcharges in some or in all the groups. It also lends itself to an easy means of discrimination between areas as well as between crops. This can be done by varying the maximum rates for the same crop between different groups. The method of variation of the maximum rates of the planning surcharges either between crops or between groups or by means of both will provide the mechanism by which crop planning is made possible. It is not the least of the virtues of this proposal that it can be carried through without any cumbrous additional machinery such as would be required for price-fixing or an elaborate system of individual quotas. In the second place, the variation of the planning surcharges will introduce an element of flexibility in the present very rigid land revenue system which now prevails. While this flexibility is to be primarily used for crop planning, it can also be employed to effect other salutary changes required for the good of the cultivator no less than that of the country as a whole.

It may, perhaps, be argued that a system of rebates would be more satisfactory as an instrument of planning than a system of surcharges which will increase the burden of assessment falling on the agriculturist. It may even be plausibly argued that the surcharges, falling equally on small as on large holdings, will increase the element of regresssion which is a serious defect in our land revenue system as it stands. There is some force in these contentions. There are, however, good grounds for believing that a system of rebates will not operate so successfully as a system of surcharges. Our agriculture is pursued more as a way of life and as a means of subsistence than as a source of life and as a means of subsistence than as a source of profit. The greater the income

accruing to an agriculturist particularly on the margin the less the inducement to him to change his way of life or methods of cultivation. There is, therefore, support for the view that the promise of a reward in the form of a rebate is less likely to deter our agriculturists from a course of action against the public interest than the threat of a fine. The argument about the increase in regression in the assessment may also be rebutted if the proceeds of the surcharges are utilized for activities which will benefit the small agriculturist. It is by increasing public expenditure on activities which will promote his welfare that we can best redress the evils of regression in our land revenue system, the radical revision of which would raise almost insuperable difficulties at the present time.

The improvement in the standard of life of our rural population is one of the main ends of economic planning. This thesis is not inconsistent with the view that under a planned system the pitch of the assessment including the planning surcharges will be raised on the whole. For planning will be accompanied by widespread investment in the land, by extended facilities for agricultural finance, by improved housing conditions, by better health services and by all those activities which will give the cultivator a longer and a fuller life. Although he may be paying a larger gross revenue to the Government, he will be paying away a smaller proportion of his net earnings and he will derive from the State a much larger return in services than he now enjoys. The system of crop planning described above is only one feature of a scheme; it must be considered together with all other measures which are to bring security and prosperity to the land and those that dwell upon it. Our first debt is to them, particularly to the small cultivators, who have sustained the country and have for long years faced their trials with courage and resignation which can have few parallels in the history of any people

Jaipur.

Educational Preparation For a Plan

By A. N. A.

OF the many leading factors which would have to be taken into account in the preparatory period during which the stage will be set for the implementing of a full-fledged economic plan in this country, considerable importance would surely be attached to education, especially because during this small span of time we would be trying to make one mighty attempt to make up the lee-way of decades of backwardness and neglect. To expect or propose that by one miraculous leap, we would be able to catch our educational arrears would be unjustified optimism. The educational reconstruction of the entire nation, involving such important items as the teaching of the three R's to 88 per cent. of the population, modification of the faulty education of the remaining 12 per cent., and the shaping of skilled workers, specialists and planners of new moulds and quality, is in its very nature a time-consuming process. But while under the inevitability of circumstances we might have to be slow in the spread of primary and adult education, we can obtain quicker results in the sphere of specialist and planning education with which this article primarily deals. Now, when the Industrialists' Plan has given us a concrete balance sheet of our national needs and resources, and, what is more important, an idea of our financial means and capacity, it would not be altogether pre-mature to enter into the second phase of planning and study how we can catch time by the forelock on the educational plane during this period of four or five years earmarked by the Bombay planners for preparation. The discussion, no doubt,

would generally be appropriate to any other plan.

"Industrialization" of manufacturing industries and perhaps, which is not less important, "industrialization" of agriculture within proper and proportionate limits, would create a huge and unprecedented demand for trained personnel of both manual and mental categories, for those who have been trained in class-rooms and by desk studies as well as for those whose intellect has developed in workshops and by practical experience. Supply of trained manual workers would be an important element in the execution of a plan, for without them we cannot set the mechanized units in motion and make the main part of a plan go. The limitation placed upon the industrial growth by shortage of trained workers and skilled technicians and the arrest of our efficiency-promotion objectives caused by the low grade of the available skill must be removed; and vigorous and determined efforts must be made now when the war is in full swing. Our available supplies have been already put to great strain to meet the demands of the various war theatres but thanks to the Government of India in the Labour Department, technical training scheme is making rapid strides and employment exchanges have begun functioning to keep the flow of labour of various categories evenly directed into needy channels. There are Bevin Boys and if the witty suggestion made in certain quarters is accepted, we might have Bevin Girls ere long! Private initiative and capital must come forward and reinforce Government efforts, thereby not only hastening the termination of

hostilities but also laying the foundation of a progressive plan for a greater India. While the Government must increase the tempo of its training activities, our leading industrialists should also provide ample training facilities by opening and attaching training sections to their mills and factories. The process of skilled workers, technicians, mechanics, drivers and pilots has been silently going on in the country for some time past but it should be made more conscious and with the consciousness and intention must grow system and target-technique calculated to attain the chalked-out programmes.

This must be associated with a like agenda for securing adequate supply of specialists like engineers, doctors, teachers and insurance and banking experts, in which category may also be included administrators and managers. As regards these, there is a lamentable lack of the right type of persons in this country. India, noted for its malnutrition, diseases and unparalleled death rate, does not possess more than 42,000 doctors and 4,000 nurses. If a country like U.S.A. cannot boast of more than 400 or 500 town and house planners, we cannot carry on our counting beyond 40 or 50. Our banking, insurance and transport experts are conspicuous by the smallness of their number. If it is correct that an important factor lying behind the recent banking growth is the existence of persons trained in the art banking in the old banking institutions, it is logical to conclude that even in other spheres the correlation between the supply of trained personnel and business growth is definitely positive up to an optimum point which is yet far off in India. The supply of experts is comparatively an easy process and the quinquennium provided in the Industrialists' Plan may be found adequate for securing its sufficiency, but the problem of managerial and administrative skill is much more difficult. Our past tradition of depending upon foreign managerial and administrative skill has been unfortunate (our leading industries like cotton textiles, jute textiles and iron and steel still largely depend upon foreign managers and experts who hold the key-positions) and has led to inefficiency arising out of the unsuitability of Indian climate to foreigners, the advance payments made to them before making a start for India making their dismissal difficult and control over them lax, and their inexperience in handling Indian labour which to them seems to be composed of inefficient and lazy weaklings. The war has moreover exposed the political danger involved in too much dependence upon imported skill, which might become serious in a time of national emergency. Educational planning must cut out the cause of managerial inefficiency and instability and must develop local skill with vigour and rapidity such as is consistent with proper skill-acquisition, for in managerial field, it is supposed to be a slow process. Now, when the war is on and rapid industrialization in every sphere is being made, is the time for our industrialists to spread their wings freely, make the best of this golden opportunity and by spending a part of their income now going as E.P.T. n training these persons on a large scale as part of their business security and increasing and helping to increase production, assist the war effort, break soaring prices and prepare for the plan practically at no cost.

Proper attention must also be given to a new branch of education which is rapidly developing and which has not yet received attention in this country. This is the education in planning itself. In U.S.A. planning is a subject of stury with separate curriculum, teaching and examination. The American Society of Planning Officials, the National Resources Planning Board and other like bodies have lent the weight of their support to this type of education; and it is time

that its importance should be realized in our country. All the experts and specialists, whose services will be required for the introduction and execution of a plan, would have to tread some common ground and as elements from all these spheres enter into planning, they should receive common training in the elements of planning. A "Basic Planning Course" must be devised and introduced as a compulsory paper in specialist institutions like those of engineers, lawyers, economists, politicians, architects and town-planners. A more elaborate type of education will be necessary for the "Planner" himself, a man "who can talk to a Housing Architect in the morning, a Zoning Lawyer in the afternoon, and a Hydraulic Engineer in the evening, and understand the peculiar language and problems and to respect the contribution of each specialist, and yet who can envision the broad aims of a planning programme into which these contributions must be fitted." It would be this planner whose contribution in framing policies, in administering planned programmes and in co-ordinating the work of the various planning committees and boards, would be supreme. A practical shape has already been given to these ideas by the progressive University of Princeton which has commenced giving education in planning with courses to suit the three categories of planning personnel known as Plan-Experts, Plan-Makers and Plan-Administrators. Princeton believes,, however, that a compulsory paper on planning to the Plan-Experts like engineers, architects, scientists and other specialists, might divert their attention from their main task and impair their efficiency; and it has consequently introduced only optional papers and "near-planning" courses, though on this view some difference of opinion is admissible. The education of the Plan-Makers is comprehensively in the elements and subjects of planning and they are trained, with the backing of proper research and experience, in the art and science of the framing of an integrated plan and co-ordinating it from a wider viewpoint. The Plan-Administrators are trained with a view to be able to administer and execute the entire show with ability and a comprehensive angle. A body of persons so thoroughly instructed and trained would go a long way in solving many of the kind of difficulties which U.S.S.R., for instance, had to face in the initial and later years of planning. It would facilitate the introduction of a plan and cut short the wasteful process of trial and error attendant upon a lack of co-ordination. An educational preparation of this type is necessary for the building of the prosperity of the future India, and a beginning may be made now or as soon as possible.

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Opposition to Monetary Co-operation in U.S. (From Our Washington Correspondent)

WASHINGTON, March 27 (By Cable).

THE International Monetary Stabilization Pact may be effectively concluded when representatives from forty-four united nations meet somewhere in the United States within next few months; but the Congressional and Republican business spokesmen both indicated last week that the opposition to the Treasury's White Plan instead of decreasing as generally believed, may actually become a minor campaign issue in November Presidential elections. A week ago it appeared that both major parties were willing to accept any international monetary agreement which would not involve the United States too deeply in post-war political entanglements. Now the situation is sharply changed, chiefly as a result of the Congressional debate last Wednesday, when the Republican representative, Mr Frederick Smith, who is a member of the Banking and Currency Committee of the House of Representatives, charged that in formulating plans the Treasury "did practically nothing but copy from and reword and rephrase the text of the British proposal." Mr Smith said that the Morgenthau-White Plan would "involve the United States in the assumption of perhaps five milliard dollars or more of British debts which Britain owes to the South American countries, Belgium, Scandanavian countries, her colonies and dominions."

Mr Smith's reference was obviously to the gold which the United States would contribute toward International Stabilization Fund under the White Plan. The United States still has many times that amount stored underground, so there is little fear that her gold resources will be exhausted, but it makes plausible argument for the Administration opponents who contend that Mr Roosevelt is willing to dissipate the country's assets.

The proponents of post-war economic planning were defended in the Congress by the representative, Mr Wright Patman, who spoke on behalf of the Treasury. Mr Patman denied that the Treasury's Plan is a rewording of the British proposal and said that the original draft by the United States technicians was prepared 15 months before the British plan, and apparently the only common factor in both proposals is that they are devoted to international monetary problems.

Mr Patman, replying to Mr Smith, said that instead of weakening possible return to gold standard the United States' plan would "do the very opposite." He pointed out that there is nothing in the Treasury suggestions reducing the United States authority over the monetary system or dollar. Mr Patman said: "Mr Mongenthau has worked long and hard to make and keep Washington the world's financial centre. You can rest assured our country's economic wherewithal will not be dissipated across oceans by the watchdog of the Treasury Department."

The Congress and the Tax Bill (From Our London Correspondent)

LONDON, Feb. 28 (By Airgraph).

BY the time these lines are in print we may know how Mr. Roosevelt has managed to get out of the corner into which he has been pushed by the U.S. Congress through the latter's decision in overriding the President's veto on the tax bill. The day before the Congress voted on the vetoed bill, the *New York Times* wrote: "It is the duty of the Congress, we believe, to override the President's veto of the new tax bill. Admittedly this measure is inadequate in the light of

Despite Mr Patman's disclaimers, Mr Smith sought to link the Keynes and White Plans as an entity, asserting that the United States would contribute one milliard and 172 million dollars gold, and the thirty other countries only 420 millions. On this basis the United States would contribute 74 per cent. of the scheme's gold capital, while other countries would contribute only 26 per cent., yet the United States would get voting strength of only 20 per cent., while other countries would have 80 per cent."

Mr Smith's fulmination reflected the mounting Republican antagonism toward any inter-Allied monetary agreement engineered by the Roosevelt administration. Meanwhile Mr William Witherow, the Chairman of the Executive Committee of the National Association of Manufacturers, representing Conservative industrialists, addressed from the Port Managers' meeting at New York decrying the practicability of post-war monetary suggestions so far advanced. He said: "I am not opposed to the establishment of some sort of international exchange fund to stabilize exchange rates over short periods of time. Such devices can be perfectly sound and highly useful if they are destined only to facilitate settlements and minimize temporary fluctuations and not used as an effort to permit any country to get more from international trade than she puts into it."

Several Eastern newspapers commented supporting Mr Witherow's criticism of which the best summary was given by the *New York World Telegram's* Financial Editor, Mr Ralph Hendershot, who wrote: "Our attitude toward these international currency schemes might have important bearing on the world's future peace. As long as Europe can find some nation to pay for the wars it enters periodically, the chances are that just so long will it enter them. If on the other hand it is obliged to stand responsibility, it may not be so inclined to reach for the gun so quickly."

Mr Hendershot is not an extreme isolationist either economically or politically. Except for the minority of convinced collaborationists he typifies New York's business men. But there is some slight hope in general with regard to the United States treasury's earmarked accounts for redemption of the lire issued to armies in Italy. As reported at the end of last November total of almost 8½ milliard lire has been spent by the United Nations' armies.

If such a currency earmarked by both Treasuries is corroborated it would prove that there is some possibility of working international co-operation on monetary matters, and would encourage the supporters of stabilization agreement. Nevertheless the atmosphere here is the most gloomy in many weeks. so far as the expectation of a successful conclusion of world agreement is concerned.

the needs of the present situation. It does not spread far enough and particularly it does not spread wide enough in its reach for the additional revenues that are needed for the purpose both of financing the war and syphoning off excess purchasing power which now threatens inflation. Nevertheless the Bill does promise by the President's own estimate some thing like a billion dollars annually into the treasury and congressional estimates of its yield are considerably higher. The President's veto message doesn't give good enough

reasons to warrant the sacrifice of this additional revenue."

It will be recalled that the President asked for taxation which would increase the revenue by 10,500,000,000 dollars. According to the estimates of Congress circles, the bill now become law will yield just one-fifth of that sum. According to the President's estimate, it will yield only half of that or a little over half. There is no doubt that if the Congress does not become more accommodating in the matter of taxes, the price level will rise considerably. Unless the present policy of subsidizing certain food items is allowed to go on, the control of food prices will become impossible and the President foresees a rise in the retail price of food items of from five to ten cents a pound.

The money side of the issue is, however, not the only and not even the predominating side of the quarrel. Though it is clear that the large money interests got Congress on to their side, it is the same group of politicians who are the first to cry out against any movement on the labour side to adjust their wages to the situation, who now that they and their friends are called upon to contribute something on the lines of equal sacrifice, refuse to co-operate. Seldom has the sectional outlook of Congress been more evident. This sectional outlook is not confined to Congress, but permeates American politics from the capitol in Washington to the smallest townhall, sectionalism which, even in ordinary times is the curse of American political life. It is not so much the system as an attitude, though, as far as the Congress is concerned, the basis on which members are elected to Congress helps to support that attitude. It is this which has prevented American politics to become 'national' in the sense it is understood this side of the Atlantic. It is this attitude combined with the method of election to Congress which has worked against American politicians with the exception of a very few Presidents, Roosevelt amongst them, raising above party lines and state boundaries to become really national figures. This is one point.

The second is that, first through the New Deal policy, and then owing to war emergency, the Executive Power in the hands of the President has become such that Congress feels its powers and privileges to decline. It is natural that in a war situation the executive would be assailed by the same opponents for incompetency. But consistency has never been a strong point with American politicians. And the opportunity is too good to be thrown away in view of the Presidential election in the autumn. The question is whether, if the matter could be put to a referendum of the voters, executive almost automatically has the initiative. Had the President lacked the courage to use his initiative he it might not be the President who would win. However, that is merely a speculation.

The War Production Board of the U.S. in publishing the figures for December, 1943, of expenses on constructional work throws a side light on the increase in war production. Construction in December, 1942, amounted to 911,387,000 dollars, in December, 1943, only 345,347,000 dollars; a decline of 62 per cent. Preliminary estimates, based on the assumption that the war will continue throughout 1944 and that the present policy will be maintained, put the construction programme for 1944 at 3,700,000,000 dollars; as compared with 1943 this is 49 p.c. of the volume of that year or 28 p.c. as compared with 1942. This would appear to show that industrial and war construction has reached saturation point, or almost so. Housing construction, as well as of road and railway, is in decline. That housing construction is below saturation point is clear from a statement made before the House Com-

mittee a few days ago by Mr John B. Blandford, U.S. National Housing Administrator. He said that the Government "should accumulate and should make available, information on the mobilization, population trends and housing methods so that every branch of the housing industry may have maximum knowledge about housing techniques and housing needs." He maintained that a housing programme of one million homes a year, for a ten to twenty years period, became clearly an attainable goal. This might mean a volume of capital investment—preponderantly private—running up as high as 8,000 million dollars a year and a volume of employment running up to four or five million workers. He added that Government should limit its housing activities to that part to which private capital would not go and that planning for housing should be done on the local committee rather than from Washington.

REPORT OF DIRECTORS

OF THE

ORIENT PAPER MILLS, LIMITED

For the half-year ended 30th September, 1943.

To

The SHAREHOLDERS,

Gentlemen,

Your Directors beg to submit the report for the half-year ended 30th September, 1943, together with the Audited Statements of Accounts.

After payment of interest, Debenture interest, Managing Agents' remuneration and commission, Directors' remuneration, setting aside depreciation Block, providing for taxation and taking into account the balance of the previous half-year, the combined Revenue and Profit & Loss Account shows a net surplus of Rs. 7,75,076-10-10 which your Directors propose to dispose of as under:—

General Reserve	Rs.	2,00,000	0	0
Dividend on 20,000 Preference Shares @ 5½% per annum free of tax	"	55,000	0	0
Dividend on 2,09,750 Ordinary Shares each fully paid @ Rs. 0-12-0 per share free of tax	"	1,57,312	8	0
Balance to be carried forward ..	"	3,62,764	2	10

Your Directors are glad to be able to report satisfactory working of the mills in spite of the increasing difficulties with regard to supply of raw materials and wagons. The position in regard to the latter has considerably worsened and the outlook for future remains clouded with uncertainty.

The Audited Accounts and Balance sheet of Hindusthan Paper Mills Ltd., a subsidiary of this Company is annexed to the Balance Sheet of this Company.

Yours faithfully,
RAMKUMAR SOMANY
G. PRASAD,
K. L. PODDAR

Directors.

For ORIENT PAPER MILLS, LTD.,

Per Pro. BIRLA BROTHERS, LTD.,

G. PRASAD,

Managing Agents,

8, Royal Exchange Place,
CALCUTTA, 7th March, 1944.

Money Market

Reaction to Enemy Action on the Eastern Front —Govt's Borrowing and Immobilization of Excess Profits—Increasing Demand for Funds—Orgy of Gold Buying— Acquisition of Railway Stocks

(From Our Correspondent)

BOMBAY, March 26.

THE terms of the issue of the Government of India 3 per cent. Victory Loan, 1957, have generally conformed to market expectations, though in the opinion of some the timing of the new loan is regarded as some what unfortunate in view of the depressed state of the gilt-edged market. The Japanese incursion into Assam gave rise to a good deal of selling pressure since Wednesday, as a result of which 3½ per cent. Rupee Paper has declined by a rupee, while prices of the dated loans fell by a few annas. The 3 per cent. 1963-65 loan is down to Rs. 98-4-0, 2¾ per cent. 1948-52 to Rs. 99-10-0, 5 per cent. 1945-55 to Rs. 104-12-0, to mention only a few of the securities affected. Most of the damage was naturally in 3½ per cent. irredeemable Paper which would probably have sagged further if institutional selling had not been so small. As it was, the sales came mostly from the speculators and some of the smaller banks. Recovery is tardy because institutional support is withheld in expectation of further lower levels being touched as a result of speculative manipulations. The Jap success is bound to prove short-lived and the market is sure to move up again. It is only a question of time before this happens, and banks and insurance companies will not easily forgo this opportunity of capital appreciation which investment paper at these levels is sure to bring.

Scheduled Banks

Short-term rates are more or less unchanged, with little or no demand for inter-bank money. Banks are a little more interested than last week in deposits of a year's duration, and some banks are reported to have notified their clients of their intention to raise the rate on advances by about ½ per cent. This development had indeed been noted last week, but it must at the same time be admitted that demand for bank money has not materialized on any large scale, and that the activities of the Imperial Bank of India dominate to a considerable extent the position of Scheduled banks. An interesting development is the decline to the extent of about Rs. 2 crores under Time Liabilities of scheduled banks (as on March 17), while time Demand Liabilities have actually increased by Rs. 5.45 crores. This shows that even the monies deposited with banks on a period basis are being withdrawn by clients who must be mostly firms and institutions. Advances, however, are up by about Rs. 2.7 crores over the week to Rs. 200.67 crores, but the Imperial Bank accounts for almost the entire increase since its statement on March 17, shows an increase of Rs. 3 crores under advances. Bank's balances have declined from Rs. 54.26 crores to Rs. 53.43 crores, while their Cash is more or less unchanged at Rs. 23.96 crores. Even here, the Imperial Bank's cash balance had declined by Rs. 3 crores, so that it is correct to assume that the other Scheduled banks withdrew money from the Reserve Bank to strengthen their cash position.

In view of the rising demand for bank credit, and the uncertainties that may prevail in the gilt-edged

market during offensive on the Eastern front it would probably be worth the while of Government to pay some attention to the views of financiers like Sir Kikabhai Premchand who at the annual meeting of the Industrial Investment Trust pointed out that the policy of immobilization of all excess profits might frustrate cheap borrowing. If banks find it more remunerative to make advances rather than put money in Investments, which will be the case if demand for bank credits increases, a 3 per cent. loan will not have much attraction. On the other hand, Sir Kikabhai would even plump for a tax-free loan, as the 5 per cent. 1945-55 is the only loan of its kind today, and even this may not be available for long if the Government decide to effect a conversion of the same on a 3 per cent. basis, to bring it in line with their borrowing policy now being anchored to a 3 per cent. basis. The option for redemption of the 5 per cent. tax-free loan will only fall due next year, the amount involved being Rs. 56.74 crores. Government will probably make up their mind after seeing how the borrowing programme proceeds this year, and no decision will probably be made before the next cold weather. If it does, the alleged fact that the Reserve Bank itself holds a good part of the amount outstanding may have a good deal to do with it. In the light of the Government's present policies, one may, however, safely rule out the possibility of the issue of tax-free loans. They might have found favour after the last war, but Sir Basil Blackett, the purist in public finance, had no faith in such loans. It is extremely doubtful if Sir Jeremy Raisman would ever bring himself to make any striking departure in public borrowing. The piling up of taxes and the fact that the country is taxed upto the hilt would go to make up some sort of a case for a tax-free loan, but even then, its justification would seem to reside in an astounding success accompanying the flotation of such a loan, and its significance would moreover be purely anti-inflationary.

Treasury Bills

The results of the Treasury Bill tenders opened on Wednesday last were somewhat favourable to the Government. Total applications for the Rs. 4 crores bills amounted to Rs. 7.33 crores. For the first time in recent weeks, there were tenders at Rs. 99-13-0 per cent. which were naturally accepted in full, while tenders at Rs. 99-12-9 per cent. were allotted 47 per cent. The Government were able to secure their full quota of Rs. 4 crores at an average rate of Rs. 0-12-9 per cent. per annum. This favourable result was achieved partly because of the reduction in the tender of bills to Rs. 4 crores, partly because maturities exceed issuances by Rs. 2 crores, and also because no other treasury bills were floated during the week. The tender amount is kept at Rs. 4 crores for next week. In view of the Bank's expectation of a large demand for money coming up in the near future and the other changes in the disposition of funds in the market, it is likely that Banks may be obliged to secure fairly large parcels of bills which they can discount with

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the Reserve Bank in case of need, while at the same time they need not keep large funds in the shape of idle cash balances.

Reserve Bank

During the week ended March 17, total expansion of currency was Rs. 3 crores, but active notes in circulation increased only by Rs. 1.94 crores to Rs. 885.36 crores. This expansion has been effected against a transfer of exactly Rs. 3 crores from the Banking Department to the Issue Department, as a result of which Sterling Securities have risen to Rs. 779.84 crores. In the Banking Department, Balances held abroad are put up by Rs. 4.23 crores at Rs. 154.27 crores. Thus, the total of Sterling actuals during the week amounts to Rs. 7.23 crores, over and above any sterling payments that may have been credited to the Central Government. The latter's cash balance shows a rise of Rs. 3.28 crores, at Rs. 59.98 crores. The Central Government is thus in a very strong position so far as ways and means are concerned, which is one reason why it was so successful in preventing the Treasury Bills rate from rising. Provincial Government's balances have also gone up by Rs. 2.54 crores to reach Rs. 28.22 crores, owing to the recent Treasury bills flotations and probably also to payment of the Provincial shares from the Central divisible Income-tax pool. Bankers' balances show a small decline at Rs. 55.44 crores.

Bullion

The bullion market, the gold section in particular witnessed one of the liveliest sessions during the second half of the week. Bombay has never witnessed such an orgy of buying during the recent days. The market has absorbed an aggregate nearly 12 lakhs of tolas during Thursday, Friday and Saturday at Rs. 71 per tola on an average of roughly four lakhs of tolas a day.

Earlier this gold market was dull and lifeless. There was a moderate number of buyers though the Reserve Bank was ready to sell any amount of gold. The average offtake then was 50,000 tolas per day. On Wednesday evening Manipur reports had a bullish effect. But on Thursday when the share market had a downward trend, gold purchases were rather brisk. Thursday's overnight news of Japanese invasion and its bearish effect on the stock exchanges both in Calcutta and Bombay suddenly forced up a demand. Bulls were so active that they were catching any report to push up the prices of gold. At 2 p.m. on Friday a leading Indian firm placed an order for one lakh and fifty thousand tolas of gold. As the Manager of the Reserve Bank was not in the Office then, there was a delay in obtaining a reply. Since the Reserve Bank could not give a reply by 2-30 p.m. it was interpreted that the Bank was withdrawing from the market and it would re-enter to the market only at a higher level. Within ten minutes, gold price reached Rs. 71-10.

Just then the news came from the Reserve Bank that the order for one lakh and fifty thousand had been executed at Rs. 71 and that the bank is ready to supply more. The ruling price then came down again to Rs. 71. Chokseys again bought and Friday alone is reported to have witnessed sales of four to five lakhs of tolas. On Saturday too, there was a spate of buying. It appears that the Bank would not get exhausted

of the gold stocks and it would be prepared to sell any amount till the operators are tired.

Yet another feature of this week was the entry of a third foreigner in the market as a seller besides the American and British Governments. Since Monday, the Abyssinian Government has been selling gold in the Bombay market through the Chartered Bank. In December last a representative of this Government visited the Indian Government in Delhi. It is not known why the Abyssinian Government has come to the Indian market though there is a demand for gold in Egypt. Gold is being sold in Cairo by the U.S.A. and U.K. It is presumed that the Egyptian Government could not have agreed to allow the Abyssinian Government to sell their gold at the inflated prices or insisted on splitting the profit. Secondly, the Abyssinian Stock as in the case of several other Governments had perhaps been kept in India for the sake of safety because of the war in Europe. The question is raised why the Abyssinian Government should sell its gold through a commercial bank and not through the Reserve Bank of India.

The gold market closed at Rs. 71 spot and Rs. 71-0-9 for delivery.

Silver too was on the upward trend partly in sympathy with gold owing to Manipur rumours and partly due to the limited floating stock. Some operators managed to send up-country about 200 bars out of this limited stock of 750 bars. The market is now convinced that there is no chance of the Reserve Bank selling silver bars. On Monday, the 20th instant, silver was quoted at Rs. 129-14. On Wednesday prices moved up to Rs. 130-4. On Friday and Saturday spot was quoted at Rs. 135. There was a difference of three rupees between spot and delivery. The closing tone was firm. Floating stocks of silver are estimated at 500 bars. Ready closed at Rs. 134-4 and delivery Rs. 132.

Stock Exchange

The Bombay Stock Exchange too witnessed confusion on receipt of the news of the Japanese invasion. The market which was on the upward march collapsed on Wednesday, Thursday and Friday. *Tata Defds.*, which touched Rs. 2,275 and closed at Rs. 2,152-8, owing to profit covering lost 80 points on Wednesday and another 100 points on Thursday and Friday. *Tata Ordinaries* which were quoted at Rs. 435 earlier in the week closed at Rs. 410 on Friday. *Defds.* closed at Rs. 2,100.

Bombay Dyeings slid from Rs. 2,150-8 to Rs. 2,115; *Centuries* closed at Rs. 1,020, dropping 45 points. *Kohinoors*, which were quoted at Rs. 725, declined to Rs. 671 ex-dividend. All the scrips experienced similar falls. When the market recovered from the Assam invasion, bears raided the market. There was no market on Saturday but unofficial business done showed that undertone was nervous. But the technical position was favourable to bulls. At the next turn of favourable news from Eastern Front prices will move up. On investment basis it is said that it is good to buy steels even at this price.

Decline in Share Prices—Sequel to Enemy Activity—U.S. Order for Jute

(From Our Correspondent)

CALCUTTA, March 27, 1944.

The feature of the week is the announcement by the Government of the flotation of a new loan, the 3 per cent. Victory Loan 1957. This is to replace the existing 3 per cent. 1953-55 Fourth Defence Loan. The new loan also is issued at par and is repayable at par. Subscriptions will be received in cash unlimited as to amount until further notice. The lists will open on April 1, 1944. The lists for the Fourth Defence Loan will remain open till the end of the month. The last mentioned loan was floated in March last year and has remained on sale on tap since. On the basis of the earliest redemption date the Fourth Defence Loan was a ten-year loan, while the new loan, the terms of which have just been announced, is a 12-year loan. There has thus been a progressive increase in the duration of the loan period. The First loan was a 3 per cent. loan, 1946, issued at par and repayable at a premium of one per cent. This loan was issued in 1941. Thus it was short-term loan with a duration of five years. The Second Defence Loan was floated in the same year and was issued at par and is repayable at par. It was a 3 per cent. 1949-52 loan, the period of the loan on the basis of the earliest redemption date being seven years. The Third Defence Loan was issued in 1942 on the same terms but the period of the loan was eight years. The Fourth Defence Loan, as pointed out above, was a 10-12-year loan. The latest loan is for twelve years. Thus it would appear that there has been a stiffening in the terms of the loan to the investor and the Government of India has been able to spread comfortably over convenient intervals the repayment of the loans. The announcement of the terms of the new loan has been made at a time when there is considerable concern over the situation in the Eastern Frontier.

Imperial Bank

The statement of the Imperial Bank for the week ended March 17 is of particular interest. While deposits have continued to fall, and investments show only a rise of Rs. 1.77 lakhs, advances have substantially risen by Rs. 3.3 crores. The cash balance of the bank was also lower by Rs. 3.4 crores. It is obvious that the Imperial Bank is experiencing a large demand for cash credits, which is being met more or less out of the cash balances, since deposits also continue to fall. The slow expansion of Investments clearly suggests that the Imperial Bank is taking only a very minor interest in Treasury bills and this explains the lack of keen competition in Treasury bill auctions.

The sudden increase under the cash credits item in the Imperial's balance sheet is probably related to the financial assistance rendered by the bank to the Bengal Government. At the end of December last the Bengal Government liquidated the cash credit of Rs. 2.21 crores which they had taken from the Bank, in connection with the procurement scheme. After that, the Bengal Government had again arranged for a cash credit account with the Imperial Bank up to a limit of Rs. 25 crores, repayable before the end of 1944. The increase in cash credits in the weekly statements of the Imperial Bank, which have become a regular feature nowadays, probably represents the credits extended to the Bengal Government under the proposals referred to above. The Government, of course, tries to supplement these by flotations of treasury bills, but it is clear that the stoppage of assistance by the Central Government since November last is mainly responsible for Bengal being driven to the necessity of arranging cash credits with the Imperial Bank. The ethics of this do not concern us here, but it would be

interesting to know if any other Indian Bank was approached in this behalf and whether the Imperial charges any special rate to the Bengal Government.

Stock Exchange

The Calcutta Stock Exchange was rather quiet at the time of last writing. Till Wednesday there were no important developments and prices were fluctuating in narrow limits with a smaller volume of business passing. The news about the enemy activity on the Eastern border, however, brought about heavy selling in Thursday's session and with a reduction in the turnover large selling naturally resulted in a substantial decline in prices for the leading speculative counters. *Indian Irons* were as high as Rs. 28-12 a few days back. They were fluctuating around Rs. 38-4 in the early days of the period under review but on Wednesday there was a drop in the quotation to Rs. 37-12. In Thursday's session a quotation as low as Rs. 35-12 was touched. There was a slight recovery on Friday and Saturday and the quotation was higher at Rs. 37. The undertone is generally easier. Unless there are any encouraging developments quotations will be fluctuating around present levels. *Steel Corporations* came down to Rs. 26-12. They are now better at Rs. 27-8.

The *gilt-edged securities* section also was quiet with a drop in the quotation for 3½ per cent. Rupee Paper by over a point to Rs. 98-4. Terminable loans also were a shade easier. The announcement of the terms of the new loan on Saturday morning did not have any effect on the market.

Coal shares have been relatively steadier and some of the losses have been regained. The announcement of the details of the scheme designed to encourage and increase output of coal had a slightly steadying influence though the main details were known to the market.

Jute shares were featureless while *Sugar shares* were irregular. There was some selling of *Tea shares* at first but later sellers adopted a reserved attitude. In the *Miscellaneous section* prices were lower. The *Dunlop Rubber Company (India) Limited* has maintained the dividend for the year ended December, 1943, at 25 per cent. even with a slight decline in the amount of profits. The lower level of earnings was due to the import restrictions, tyre rationing and an increasing volume of government orders. There was a reduction both in the volume and value of sales.

Raw Jute

The jute market is rather idle. Mills have been buying in smaller quantities. The larger arrivals in up-country centres and the anxiety over the war situation have resulted in a slight decline in prices. The report that there has been good rain in the jute districts has also been a discouraging factor. The decline in prices, however, has not been pronounced and at the lower levels there is a drying up of offers. There is a tendency to await further development. A report appeared during the week that arrangements have been made to purchase Calcutta Jute by the United States Government for Cuba for use as sacks. What is meant by this is not yet clear. Whether the new purchases relate to goods or jute has not been specified. In any case the possibility of an increase in the American off-take is a bullish factor for the markets.

The goods market has been absolutely uninteresting without any business of importance put through. The encouraging stock and consumption figures for the month of February for the United States deterred mills from entering into further commitments especially as coal supplies were not quite regular.

PROVINCIAL FINANCE

BUDGETS FOR 1944-45

The Madras Government's budget estimates for 1944-45 have been published this week in the official *Gazette* and in the Press, because there is no legislature to present it to and this is the fifth occasion that such a course has been adopted. The absence of a legislature takes away all the safeguards to the public which the budgetary procedure is intended to provide. And it is tragic that it should be so at a time when co-ordination between the Government and the governed is more than ever necessary. The war continues to be the important feature dominating the financial outlook of the Province. The natural result of an ever increasing amount of money in circulation and the short supply of a large range of goods resulted in high prices and increased wages. Taxation, savings and price control are the means by which the above situation is sought to be remedied. The Madras budget represents the decisions of a Government with none to criticize and no vote to approve of it. The budget indicates that the Government apparently believe in the dictum of maximum revenues and minimum expenditure. Under-estimate of revenue and over-estimate of expenditure continues to be a feature.

On the assumption that the general level of prices will not rise further in 1944-45 but will probably fall a little, that the improvement in the war conditions will continue and that there will be no serious seasonal calamities, a record revenue of Rs. 30.20 crores is estimated for the ensuing year. It is to be remembered in this connection that the resources of the province in 1940-41, just after the beginning of the war, were only Rs. 18 crores. After providing for new schemes, transfer to Revenue Reserve Fund and a deposit towards post-war reconstruction schemes which take away Rs. 30.19 crores, a small surplus of Rs. 77,000 is left. Land revenues and irrigation is the major head yielding the highest income of Rs. 813 lakhs and credit is taken for the additional revenue from the withdrawal of land revenue concessions. Agriculture in India has been a deficit economy for decades past and there has been no attempt to reduce the Government levy on land and rescue the ryot from his multiple ills. Judged against the large sums spent on the Grow More Food propaganda, the amount given by way of this concession is very small and the refusal to give this small relief cannot be maintained by any set of arguments. Provincial excise is the next important revenue-yielding item giving Rs. 737.55 lakhs. Increased revenues are expected under this head, due to the partial suspension of prohibition and due to an increase in the issue price of opium, the duty on wines and spirits manufactured in India and the duties on humps and drugs. The scant respect the Government have shown to popular opinion in the matter of prohibition is too well-known to recount here. The general sales tax would yield Rs. 364 lakhs, due to the four-fold increase in the tax. The tax was raised in the midst of the last financial year for reasons which have not justified themselves but the Government persist in the panicky measures they took when they are rolling in plenty and do not know what to do with it. Besides these and other normal head of revenue, there has been a windfall in the shape of income-tax assignment from the Central Government. It has been estimated that this would be Rs. 270 lakhs against the revised estimate of Rs. 210 lakhs for 1943-44 but since the budget was framed the Central Government have notified that there will be a further increase of Rs. 85.35 lakhs which have not been included in the budget.

In such a budget of over Rs. 30 crores, it is surprising that the provision for new schemes should be made only for a paltry sum of Rs. 89.64 lakhs which dwindles into insignificance, as out of this sum, no less than Rs. 56.93 lakhs would be taken away to pay additional compensation to local bodies for loss of toll income and loss of profession tax revenue by the Limitation Act. Allocations to agriculture, irrigation, medical relief, veterinary aid, co-operation, etc., have been of the order of a few thousands. Education receives Rs. 12 lakhs but here too, half of it goes towards dearness allowance to teachers and others. The only creditable features have been the provision of Rs. 100 lakhs towards purchase and sale of manure, seed and iron and steel implements and a provision of Rs. 10 lakhs for rural water supply. While according to the revised estimates for 1943-44, famine conditions in the province took away Rs. 227.03 lakhs, only Rs. 14 lakhs have been provided for in the ensuing year, on the assumption that seasonal conditions will be satisfactory. Revenues from Forest and Registration Departments have been estimated higher than last year at Rs. 95 lakhs and Rs. 00.66 lakhs respectively, due to supply of more timber to the War Department and Railways and fuel to Madras City and due to the increased stamp duties. A large decrease in the civil defence owing to the cessation of A.R.P. measures in a number of mofussal towns on account of the conditions arising out of the war is revealed in the budget. A number of State trading schemes for the purchase and supply of food and essential commodities have also been undertaken. A welcome provision has been made for establishing a Research Station for the investigation of irrigation problems which will be useful in connection with large projects which may be taken up as post-war development measures. It has been proposed to give relief by withdrawing the tobacco tax, consequent on the excise duty by the Central Government. A provision for capital expenditure to the extent of Rs. 75.07 lakhs has been made. This includes a scheme for the supply of electric power to the West Coast and for building a modern quinine factory.

The Government propose to deposit Rs. 5½ crores for a nine-point programme of post war reconstruction. The following are the main heads: Improvement of roads and communications; Building schemes and water supply and drainage schemes held up owing to the war; land colonization schemes for demobilized soldiers and others; expansion of the activities of the agriculture, veterinary, co-operative and industries departments; development of medical and public health services; improving and increasing the educational facilities; irrigation and electricity capital expenditure; exploitation of minerals and other schemes that will provide employment for ex-soldiers and skilled labour released after the war. There will be no quarrel about allotting funds for post-war programmes but such a huge figure at the expense of other urgent and immediate social services is bound to baffle imagination. But who is there to say nay to Government. The budget anticipates that the year will end with a closing cash balance of Rs. 52.67 lakhs and with Rs. 10,72.71 lakhs in the cash balance investment account temporarily invested in Central Government Treasury Bills. In addition, the Government will hold on 31st March, 1945, securities purchased for Rs. 69.93 lakhs in the Famine Relief Fund, Rs. 103.36 lakhs in the Revenue Reserve Fund. No open market loans are to be raised in the ensuing year but Treasury Bills may be issued.

BENGAL

THE budget presented to the Bengal Assembly on February 18 last bore all the marks of the period of extraordinary stress through which the Province has been passing. Bengal has been in the front line for two years in a larger measure than most other provinces. Calamities like famine, floods and a cyclone have added to her difficulties and the sombre budget reflected the disorganization of her social and economic life. Almost every department of the Government is affected by the famine. The result, in terms of the budget, is seen in a staggering over-all increase in revenue expenditure. During the two years 1943-45, Bengal has to spend nearly 63 crores of rupees which is probably about five times the normal pre-war budget of this province. Of this expenditure, the share of the current year has been put at Rs. 32.54 lakhs and that of the next year at Rs. 30.43 lakhs. Nearly half of this expenditure is accounted for by the three heads most intimately connected with the extraordinary situation that has developed in this province. These heads are "Extraordinary Charges in India," "Famine" and "Agriculture."

The first of these heads was originally created in 1939-40 to record extraordinary expenditure necessitated by war conditions and such expenditure used to be debited to the Department of Civil Defence. The cost of the Civil Supplies Department, which now comes under the category of "Extraordinary Charges" was only Rs. 4 lakhs in 1942-43; it will be one crore of rupees according to the revised estimates for the current year and Rs. 1.48 lakhs according to the estimates for the next year and these figures do not include losses on trading operations which have been estimated at Rs. 3½ crores and Rs. 5 crores respectively in the two years. Under the second of the three heads mentioned above, viz., Famine, a total expenditure of Rs. 5.65 lakhs has been provided for in the current year's budget and Rs. 2.61 lakhs in the next year's budget. Of the sum of Rs. 5.65 lakhs provided for the current year, Rs. 3.50 lakhs is allocated for gratuitous relief and Rs. 1.25 lakhs for test works. The estimate includes a sum of Rs. 53 lakhs for the administration of special medical relief in the rural areas. Of the sum of Rs. 2.61 lakhs for the next year, one crore of rupees has been allocated for gratuitous relief and half a crore for test works. The reduction, compared to the current year's provision, is based on the belief that there will be a "sustained improvement" in the economic situation during the year. The provision for special medical relief has, however, been increased to Rs. 62 lakhs for the next year. Even this, however, is small compared to the gigantic nature of the task that lies ahead. Taking the two years together, the total expenditure on famine relief thus amounts to Rs. 8.26 lakhs which is about two-thirds of the normal provincial expenditure before the war. Coming to the next item, viz., Agriculture, the effect of the crisis is seen in the provision of Rs. 1.35 lakhs and Rs. 50 lakhs in 1943-44 and 1944-45 respectively for expenditure on the "Grow More Food" campaign. The main idea of the Government is not so much to bring fresh areas under cultivation as to increase the output of lands already cultivated. The methods adopted for the purpose are the distribution of manure and improved seeds and the carrying out of "such irrigation and drainage projects as promise quick results."

Under "Irrigation," the only big increase in expenditure arises out of the provision of Rs. 109 lakhs for the repair of the Damodar Embankment breached by last year's flood, for which the Central Government have agreed to make an interest-free advance to the Provincial Government. One extraordinary item of expenditure that the budget provides is a tragic, but significant, commentary on famine conditions. This is

seen in the heavy increase of expenditure under "Jails. The revised estimate for the current year is Rs. 1.3 lakhs as compared to Rs. 53 lakhs only in 1942-43. This, we are told, "is the direct result of famine conditions." There has been, in the first place, "a large increase in the prison population," and secondly, the cost of foodstuffs has gone up greatly. The former we are further told, "is to a large extent the result of desperation on the part of those who found themselves driven nearer and nearer the verge of starvation."

Another interesting item is the grant of subsidies to sugar mills. In order to ensure maximum possible production of sugar, Government have prescribed a minimum price of Re. 1 per maund for purchase of cane by mills and have undertaken to compensate mills at the rate of 4 annas a maund.

The revised estimate for the current year under "Public Health" has been placed at Rs. 82 lakhs against Rs. 36 lakhs in 1942-43. The increase is due mainly to anti-epidemic measures and includes Rs. 12½ lakhs for free distribution of quinine, Rs. 14 lakhs for the control of cholera and small-pox and Rs. 13½ lakhs for the repair and re-sinking of tube-wells which have gone out of order in the affected areas. The requirements for the coming year have been placed at Rs. 61 lakhs. In the two years the increase in Public Health expenditure over the normal of Rs. 36 lakhs amounts to three-quarters of a crore.

BENGAL BUDGET, 1944-45

(Figures are in thousands.)

	Actuals, 1942-43.	1943-44.	Budget, 1944-45.
		Budget.	Revised.
Receipts—			
Opening Balance	1,32,40	2,60,46	2,60,46
Revenue Receipts	16,46,42	18,43,89	21,34,09
Receipts from Debt			
Heads ..	31,03,77	44,50,12	1,15,49,94
Total ..	48,82,59	65,54,47	1,39,44,49
Expenditure—			
Revenue Expenditure	16,79,18	25,80,57	32,53,60
Capital Expenditure	56	50,29	29,63,49
Expenditure on Debt			
Heads ..	29,43,51	36,63,40	74,79,53
Closing Balance			
Balance	2,60,46	2,60,21	2,47,87
Total ..	48,82,59	65,54,47	1,39,44,49
Net Result.			
Surplus +			
Deficit—			
(a) On Revenue Account	-32,76	-7,36,68	-11,19,51
(b) Outside Revenue Account	+1,60,82	+7,36,43	+11,06,92
(c) Net, excluding Opening Balance	+1,28,06	-25	-12,59
			-13,12,55

Turning to receipts, revenue for the year 1943-44 has been placed at Rs. 21.34 crores and for 1944-45 at Rs. 21.97 crores. The principal increases are under the heads of "Excise," "Other Taxes and "Duties," and "Stamps." The estimates for 1944-45 have not taken into account either the new revenue expected from the agricultural income-tax or the additional revenue from the proposed enhancement of the sales tax. Taking account of increase in divisible income-tax

pool, Bengal's indebtedness at the close of the coming financial year is expected to be close on Rs. 21½ crores. Against this, Government will be holding stocks worth Rs. 12½ crores, so that the net uncovered indebtedness would amount to Rs. 9 crores. This, however, does not take into account the fact that the closing balance, according to these estimates, is a minus figure of Rs. 10½ crores. With the additional revenue from the income-tax pool the closing balance

UNITED PROVINCES

THE revenue receipts of the U.P. Government for the year 1944-45 are estimated at Rs. 25.14 lakhs. The estimated charges for the coming year total Rs. 23.91 lakhs. Throughout the last five years revenue receipts of the U.P. Government have continued to expand, and the figure for the year 1940-41 was Rs. 14.65 lakhs.

The rise in income-tax receipts, share received from the Central Government, has been phenomenal. For the year 1943-44 and 1944-45 these are estimated at Rs. 210 and 270 lakhs.

Excise duties are estimated to provide 414 lakhs in the year 1944-45, an increase of Rs. 42 lakhs over the current year's revised budget figures.

The available surplus, as distinct from the surplus shown in the accounts, was Rs. 38 lakhs in 1940-41, the first full war year, and in the budget for the coming year a surplus of Rs. 438 lakhs is estimated.

Sir Tennant Sloan, Financial Adviser to the Governor, says that with the anticipation of so large a surplus no fresh taxation was necessary as a revenue measure. But as a further small contribution to the attack on inflation and in furtherance of the "usual policy of taxing intoxicants" in such a way as to give the maximum revenue and the minimum consumption," the Governor had decided to make a further increase in excise duties. From 1st April, 1944, the price of opium will be increased from Rs. 140 to Rs. 180 per seer, that of *ganja* from Rs. 120 to Rs. 160 and the duties on ordinary country liquor and spiced liquor will be increased by 15 and 10 per cent., respectively. These increases are expected to produce an extra Rs. 35 lakhs in excise receipts.

After provision has been made in the estimates for all previous commitments and for new expenditure amounting to Rs. 45 lakhs, there was, as stated above, a surplus of Rs. 438 lakhs available for disposal. This has been disposed of as follows:

Revenue Reserve Fund—Rs. 200 lakhs, Supply Schemes Stabilization Fund—Rs. 125 lakhs, United Provinces Road Fund—Rs. 25 lakhs, Hospitals Fund—Rs. 15 lakhs, Grants to local boards for maintenance and repair of roads—Rs. 35 lakhs, Surplus—Rs. 38 lakhs.

Much importance has been attached to the maintenance and improvement of communications, and this is shown by the provision of Rs. 156 lakhs from revenue and Rs. 30 lakhs from capital, a total of Rs. 186 lakhs, for communications.

A provision of Rs. 50 lakhs from 1943-44 receipts was made towards the U.P. Road Fund, a further 25 lakhs will go to it from the next year's surplus. The sum of Rs. 35 lakhs earmarked in the estimated

will stand at minus Rs. 8½ crores. Further accommodation sufficient to give a working balance of at least Rs. 2½ crores will be needed so that it will be necessary to secure further finances to the extent of some Rs. 11 crores. Part of this sum will come from the proposed new taxation. For the rest, Bengal looks to the Central Government, her claim for help from whom, in the special nature of present conditions, is regarded as entirely reasonable.

surplus for grants to local boards for repair of roads will be distributed among the boards, each board getting a grant equivalent to its expenditure on this item in 1941-42 (this had totalled Rs. 30 lakhs), and additional grants will be given to certain boards in respect of roads which have suffered exceptional wear and tear on account of heavy military traffic.

The Hospitals' Fund has been set up for improving the medical aid facilities of the province after the war. Rs. 30 lakhs have been credited to it from the current year's receipts, and Rs. 15 lakhs will be given from the next year's.

The estimates include "provision for some far-reaching schemes for the improvement of medical facilities and hospitals. The most important and also the most expensive are those for the organization of a Provincial Nursing Service and for the provincialization of certain sadar hospitals."

The increase of Rs. 7 lakhs on Education—this has not received the same attention from the Government of Sir Maurice Hallett—is mainly on account of Rs. 5 lakhs to be given in building grants to non-Government schools, and for the encouragement of female education. But it is extremely doubtful if in these days of high building costs, etc., the increase, paltry as it is, could be put to any effective use. The increase of expenditure on Public Health is by Rs. 7 lakhs.

The increased provision of Rs. 12 lakhs under Agriculture is to assist in the progress of Grow More Food Campaign.

The provision for capital works is made up of Rs. 39 lakhs for irrigation, works, 45 lakhs for hydro-electric works, 28 lakhs for agriculture and 40 lakhs for civil works.

According to Sir Tennant Sloan, the most notable feature of the estimates for the year 1943-44 and 1944-45 was the financial implications of the commercial operations of the Government. The operation was being financed from capital and the total outlay in the current year was estimated to be nearly Rs. 37 crores, of which Rs. 29 crores would be recovered within the year, leaving a carry-over of Rs. 8 crores. During the year 1944-45 the outlay was estimated at Rs. 48 crores. A substantial loss, he added, on account of food transactions was inevitable. Standard cloth had not proved as popular as was expected and the U.P. Government might lose a considerable amount on its sale. The operations in gur, oils and oil-seed had yielded a substantial profit, though gur for some months had been dealt with on a non-profit basis. The Supply Schemes Stabilization Fund to which Rs. one crore has been credited this year and Rs. 1¼ crores is being credited next year will be utilized for writing off any possible loss on account of these commercial operations. Even now the cost of the staff engaged in the operation of these schemes was being debited to revenue account, and amounts provided during the two years total Rs. 77 lakhs.

FROM THE PROVINCIAL ANGLE

Madras Letter

THE BOMBAY PLAN—DISCUSSION AT THE ECONOMIC ASSOCIATION—HAILSTORM—STANDARD CLOTH—GOVT.'S DECISION TO ABANDON THE SCHEME

(From Our Correspondent)

MADRAS, March 25.

THE "Bombay Plan" was discussed by the members of the Madras Economic Association at the University this week. Though the plan was not discussed in all its details, the major heads were dealt with at great length. The deliberations revealed no unanimity of opinion but there was general agreement that the plan is to be noted for its exactness and clarity unlike the vague nature of several others. "The greatest contribution of the plan is the ending of the political deadlock in the country. It broke the vicious circle, arrested the economic deterioration of the country and re-directed economic progress towards desirable objectives." In the absence of data, doubts were expressed as to how by doubling the agricultural production and increasing industrial production by fivefold, a threefold increase in the national income could be achieved. While one view was that the suggested means for achieving the increased agricultural production erred on the conservative side even in comparison with the modest recommendations of the Agricultural Commission, the other view was that already agricultural output was large and therefore doubling the same would be very substantial. As against this, there has been no important development in the industrial sphere and therefore a fivefold increase in production was called for. It was held that portions of the plan looked as though they were hastily drafted and those relating to clothing and food were cited as examples. It was argued that it was not a correct and safe method to take a minimum and multiply it with the population to arrive at the nation's requirements. The deflationary pressure in the country, consequent on the utilization of sterling securities for the import of capital goods was debated upon and it was felt that any deflationary pressure would be felt only if the consumption power was affected. The suggestion of *ad hoc* securities to combat any such effects was also mentioned in this connection. Industrialization of the country meant relieving the agrarian pressure on the land and transfer of millions of men to the industries. But what of technical training? The need for greater attention to this aspect was also stressed. It was also emphasized that irrigation and transport should be greatly developed in advance of putting into effect the plan.

Handloom Standard Cloth

The Government of Madras have decided to abandon the handloom standard cloth scheme which has been in operation since the middle of last year. Production of handloom standard cloth has been stopped but the sales of existing stocks will be continued till they are exhausted. Several factors were responsible for this action of the Government but some of the most important are reported to be as follows: general disparity between the prices of handloom and mill-made standard cloth; a general preference among the purchasers for the mill-made variety on account of the calendaring and sizing of the latter, in contrast with the "gauze-

like" appearance of the handloom variety; demand of very high wages by the weavers, the grant of which would make the cloth costlier still and the desertion of a large number of weavers from the standard cloth scheme looms to master weavers who paid much higher wages. The last two reasons seem to have been the immediate causes for the abandonment of the scheme. It should be noted here that the master weavers are engaged in the production of varieties of cloth that find a ready market despite the high prices—for instance, *lungis* which sell readily in Ceylon. In this connection, it would be relevant to mention here that exporters, of handloom cloth to Ceylon, in this Presidency have again appealed to the Government of India to raise the export quota to Ceylon. The total quantity of handloom standard cloth produced from the inception of the scheme is about 75 lakhs of yards, representing roughly a tenth of the imports of mill-made standard cloth into this province. About 31,000 looms were engaged under this scheme. Amongst the goods remaining unsold are seven lakh yards of grey shirtings, five lakh yards of dhoties and three lakh yards of sarees. Handloom sarees have generally found ready sale as they are coloured.

Facilities for "grow more food"

The Government have already sanctioned a special scheme to increase the area under food crops in the four districts of Kurnool, Cuddapah, Anantapur and Chittoor by the grant of *taccavi* loans for sinking wells for irrigation. In order to give further encouragement to the ryots, the Government have now decided to grant subsidies up to a total of Rs. 1 lakh out of which Rs. 40,000 will be met by the Government of India. Each of the four districts will get Rs. 25,000 to meet part of the cost of sinking these wells. The Government expect that about 500 irrigation wells would be sunk under this scheme in these districts.

The Stock Exchange

The Stock Exchange was badly affected by the "token invasion" of India by Japan. There was a large volume of selling, though it cannot be called as panicky selling. Share values have declined very sharply and the volume of business was lower than last week, in the absence of buyers. Textile shares which have not yet recovered from the reactions to the budget again suffered this week declining up to a maximum of twenty points. Plantings were likewise affected. Even rubber shares, the prospects of which seem to be better in the immediate future, were no exception in the general selling pressure. Bank shares, Chemicals and the Mysore group of industrial shares were all down by a few points. In the Government Securities market, three and a half per cent. Paper declined by As. 12 to Rs. 98.8. All the dated loans were fractionally lower. Four per cent. Loans 1960-70 were lower by As. 6 to Rs. 112.6. State Loans were steady as also Madras Provincial Loans.

Bombay Letter

TEXTILE CONTROL CONFERENCE—DECISIONS REGARDING STANDARD CLOTH AND DISPOSAL OF UNSTAMPED CLOTH—FOOD PLAN AT WORK—SCIENTIFIC RESEARCH COMMITTEE'S PROPOSALS (From Our Correspondent)

BOMBAY, March 25.

BOMBAY was the venue this week of an important Conference convened by the Textile Commissioner which was attended by representatives of various Provincial Governments and Indian States. The Conference discussed various urgent matters connected with the cloth and yarn control. At the outset, the representatives expressed their satisfaction at the success of the control measures taken by the Central Government. Regarding the "standard cloth," the view held by most of the representatives was that the scheme should be continued because of the salutary effect it had on the price of cloth. There was however a demand from some of the members that the quantity of "standard cloth" to be manufactured should be reduced to suit the peculiar requirements of the respective territories. Another very important topic which was discussed by the Conference was the problem of the disposal of unstamped cloth and yarn which was seized recently. It was pointed out that the delay in releasing this cloth was due to the fact that no price was fixed for nearly three-fourths of the cloth and yarn confiscated. The Conference recommended that the Provincial Government should be empowered by the Government of India to fix prices in consultation with an Advisory Committee and stamp them on confiscated cloth before it was released. This recommendation was with a view to enable the State and Provincial authorities to expedite the disposal of such cloth and yarn. The suggestion was forwarded to the Government of India for their approval. The progress of the movement of cloth and yarn was also discussed by the delegates. In view of the transport difficulties and the malpractices adopted in marketing, the Conference adopted a tentative scheme for regulating imports and exports between consuming and producing centres within the country. As a result of this scheme, it is expected that steps to ensure a free flow of cotton piecegoods from producing to consuming centres will soon be taken. The question of strictly enforcing control by larger inspecting staff was also considered.

Food Purchase Scheme

As a first step towards implementing the Bombay Government's revised food purchase plans, a compulsory purchase of foodgrains by the graded levy system is being enforced in the Sholapur, Bijapur and Ahmednagar districts for the *Rabi* harvest. Each cultivator in these districts will be served with a notice telling him of the quantity of cereal foodgrains which he has to sell to the Government. The sale has to be made before April 30, and the grain delivered into the possession of an officer designated by the District Magistrate.

The levy is based on the revenue assessment of the land. In the case of land irrigated by any means, the assessment will be taken as three times the amount of the agricultural assessment, exclusive of the irrigation cess and water rate, if any, levied on the land.

No levy will be made on holders of land whose assessment is regarded as being equivalent to an an-

nual production of 27.5 maunds of foodgrains. The limit of exemption varies in different areas.

Grow-Morre Food

Mr. Kharkar, a special officer appointed by the Government to study the problem of land reclamation and submit proposals to the Government, has just finished a survey of the Thana, Mahal area. He has expressed the view that the Thana district's annual rice output may be substantially increased if the scheme of land reclamation submitted by him is carried out. According to his estimates, he believes that nearly 2,400 acres could be reclaimed and that an additional output of rice valued at Rs. 3 lakhs can be expected from this land. There are nearly 200 villages in Thana district which have reclaimable lands. If all this land is reclaimed, it is likely to lead to better cultivation and to their use for building industrial and residential areas, thus increasing the value and utility of these villages. It is also stated that on the reclaimed land a superior variety of rice can be grown. Looking to the shortage of rice in the Bombay Province, it may be well worth investigating whether the reclamation schemes can be put into effect immediately rather than wait for the end of war.

Industrial Research

The Industrial Research Committee which met here recently has suggested the compilation of two national registers, one regarding persons qualified to conduct industrial and scientific research, and the other for giving particulars about persons engaged in research. The first register, it is understood, will be left to be compiled by a non-official agency such as the National Institute of Science of India and the second is to be prepared by the Committee itself, though its subsequent maintenance is likely to be transferred to the same non-official body. A questionnaire to elicit information from scientific bodies and industrial concerns has also been prepared.

Textile Control Board

The various sub-committees of the Textile Control Board are meeting here this week. The most important issue for decision before them and the Control Board is the allotment of cloth for each province according to its average consumption during the last four years. The question of licensing a dealer will also be reviewed in the light of experience of time. There is a demand from the Distribution Committee that the commission to the dealer should be increased from 20 per cent. to 40 per cent., but this will be rejected by the Control Board, who will not allow more than 20 per cent. margin to the dealers.

As regards the demand for extension of time to sell the stamped goods the Board is stated to have an open mind. If the allotment of cloth to the provinces is agreed to and the co-operation of the Provincial Governments is secured in seeing that the manufacturers adhered to it there is a possibility of extension of time. Transport is the biggest problem facing the Control Board. I understand nearly 448 wagons of textiles are lying in the Railway Yard awaiting to be transferred to various centre.

Bengal Letter

**BENGAL'S CLAIM TO FINANCIAL ASSISTANCE—
ACUTE COAL FAMINE—GOVERNMENT'S FOOD
POLICY UNDER FIRE—MR. HYDARI'S
ASSURANCE ABOUT CONSUMERS' GOODS**

(From Our Correspondent)

CALCUTTA, March 25.

THE financial position of the Bengal Government continues to loom large in public discussions. The observation made by Sir Jeremy Raisman during the budget debate in the Central Assembly that Bengal's position is not really very bad because the amount of her debt which is Rs. 12 crores is only half of her total revenue which comes to Rs. 22 crores has given rise to a feeling of disappointment here. Sir Jeremy of course spoke of some assistance that will be given to Bengal, but his attempt to minimise the seriousness of the position in Bengal, combined with his failure to indicate what he exactly meant by some assistance, has caused apprehensions that Bengal will not receive fair treatment at the hands of the Central Government. One fact that has been given much prominence in certain quarters is that though Bengal's debt towards the end of 1944 would be of the order of Rs. 12 crores and 78 lakhs, it would rise to Rs. 19 crores and 70 lakhs at the end of 1945. This gradual increase in debt is a factor to be taken into account. The province's resources are already taxed to the utmost; where is the scope for further tightening of the belt. There is no disposition here to defend or eulogise the Bengal Government's management of the finances of the province, but it is keenly felt that the present desperate state of Bengal's finances is not due so much to mismanagement as to a combination of adverse circumstances over which the Provincial Government could not be expected to have full control.

Coal Shortage

Quite a serious crisis has been precipitated in the domestic economy of Calcutta's citizens by an acute shortage of soft coke. This is not the first time that a crisis of this nature has cropped up; there has been in fact periodic recurrence of such shortages which have only heightened the exasperation and distress of the public. It has been revealed by the Civil Supplies Minister, Bengal, that coal supplies are inadequate for Calcutta, and they are more so for Bengal as a whole. For this, however, he pleaded, the responsibility rested with the Coal Controller, who is an employee of the Government of India, and not with the Bengal Government. The quota of coal wagons that has been allotted to this province is most inadequate, and what is more even the allotted quota of wagons has not been available in many months. In 1943 the quota allotted to Bengal was 3,600 wagons per month. In November, 1943 the quota was suddenly reduced to 2,000 wagons. In March, 1944, the quota was reduced to 1,942 wagons. As already indicated, actual arrivals have often fallen short of the allotted quota. In view of this shortage in supply no measure of perfection in the distribution arrangement can remove the coal trouble—concluded the Civil Supplies Minister.

Concern over Food Policy

The food policy of the Bengal Government continues to be viewed with considerable concern. Even the European Group whose support to the present Ministry has enabled the latter to keep themselves in power has started taking a rather critical view about the food policy of the Government. A spokesman of the European Group recently observed that official news in regard to the food situation in Bengal was very scanty

and he insisted that more adequate information was called for regarding the working of the Government's plan. He also pointed out that the Government could not hope to solve the food problem by issuing orders and directives. There was urgent need to enforce orders vigorously. The greatest concern has been felt about the success or otherwise of the *aman* crop procurement scheme of the Government. Regarding this the following significant admission has been made by the Civil Supplies Minister: "They (the Government) had not been able to get all the foodgrains that they had hoped would be available to them."

Mr Hydari on Consumers' Goods

Mr. M. S. A. Hydari, Secretary to the Government of India's Department of Industry and Civil Supply, discussed the subject of the import of consumers' goods into India with the Bengal National Chamber of Commerce during his recent visit to Calcutta. Mr. Hydari observed that in preparing the list of goods to be imported from foreign countries, his Department was guided by the desire to relieve the distress of the masses as well as of the middle-class people which arose on account of the acute shortage and high prices of many consumers' goods. He said that the Government were trying to import such manufactured goods as were not produced in this country at all or were produced in very small quantity. Mr. Hydari admitted however that in some cases import of consumers' goods had adverse effect on Indian industries. He gave the assurance that his Department was prepared to consider such specific cases sympathetically and modify their scheme accordingly.

ORIENT PAPER MILLS**LIMITED**

NOTICE is hereby given that the Thirteenth Ordinary General Meeting of the Orient Paper Mills, Limited, will be held at the Registered Office of the Company, No. 8, Royal Exchange Place, Calcutta, on Thursday, the 30th March 1944, at 3 P.M.

- (a) To receive and pass the Directors' Report and the Audited Accounts for the half-year ended 30th September 1943.
- (b) To declare Dividend on Preference Shares, which is payable, on application, to the Shareholders, when declared.
- (c) To declare Dividend on Ordinary Shares, which is payable, on application, to the Shareholders when declared, and
- (d) To transact any other business that may be brought forward.

The Share Transfer Register will be closed from 15th to 30th March, 1944, both days inclusive.

By order of the Directors,

BIRLA BROTHERS, LTD.

Managing Agents.

Calcutta, 15th, March 1944.

U.P. Letter

**COAL SUPPLIES—EVASION OF CLOTH CONTROL
—INADEQUATE INSPECTION STAFF**

(From Our Correspondent)

CAWNPORE, March 26.

REPORTS of coal shortage leading to stoppage of work in factories have been received from several parts in the United Provinces. Among the textile mills affected are the one at Lucknow, the other at Hathras, the third in Agra and the fourth at Benares. In Cawnpore the position is not so bad, except in the case of a chemical manufacturing concern which is not in the pool formed by the Employers' Association of Northern India. The coal received is very inferior, and it is feared that if there is no improvement in supplies of coal to Cawnpore in the near future the industries here too might be faced with shortages and consequent closures. It is, however, learnt that the U.P. Government and other authorities concerned are doing their utmost to keep Cawnpore's industries well supplied with coal in view of their war-time importance.

BLACK MARKET IN CLOTH

Though the Civil Supplies authorities in Cawnpore have so far failed in catching big dealers red-handed, they openly complain of a black market which is said to be rampant in the cloth trade. The black market is said to be almost universal in the country, and it refers to sales at profits which are above the percentage provided by the Cloth Control Order. The reasons responsible for this black market are said to be: scarcity of cloth goods in the country, the disparity of prices in regard to certain qualities fixed by the Textile Commissioner, the demand from consumers for superior quality goods, and chiefly, the breakdown of transport facilities. When Control Board meetings take place in Bombay shortly, some of the interests are likely to refer to the

growing black market. Profits, it is stated, are taken without any mention being made in the books, and this must defeat the Central Government's so-called anti-inflationary policy, and they have themselves to blame for launching a scheme of ambitious control.

In this connection, the observations made by Sir Robert Menzies, President of the All-India Woollen Manufacturers' Federation and the Upper India Chamber of Commerce, as the Chairman of the British India Corporation Ltd., at the Corporation's annual general meeting held in Cawnpore on Saturday, are of interest. Sir Robert said: "In regard to the question of Government control generally, while the aim of Government is perfectly clear, the fact remains that in certain directions, owing to the lack of suitable inspecting staffs, that aim has not been attained and, in fact, the very reverse has been the case inasmuch as black markets have undoubtedly been created. It seems a patent fact that it is useless for the Central Government to introduce measures of control unless they have provided the necessary inspectorate staff to ensure compliance with orders."

A certain proportion of the production of woollen industry in India has already been diverted from the Defence Services to the civilian market, the distribution and selling arrangements remaining in the hands of the Government of India. It is understood from Sir Robert Menzies that the policy of the Government is stated to be to remove the present control of the woollen industry immediately this is possible, that is, as soon after the cessation of hostilities as is practicable.

Government of India**3 PER CENT. VICTORY LOAN 1957**

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offices, branches or treasuries.**

A DELHI DIARY

NEW DELHI, March 30.

FOR the first time, since the special session of November 1940, a situation has arisen again in the Central Legislature necessitating Viceregal certification of the Finance Bill. As elected members are in a minority in the Council of State, the Finance Bill is bound to be passed by the elders, but from more than one point of view the situation created by the Assembly's vote is of interest. In the first place, this is the first time that the "expanded" Council of the Viceroy has been obliged to face a defeat on the Finance Bill. As frequent reference has been made in official statements to the presence of an Indian majority in the Viceroy's Council—and it was only a few weeks ago that the Viceroy in his address to the Central Legislature referred to "the eminent and patriotic Indians" of his Council—this defeat has important political significance. It is important also to remember that the constitutional issue upon which the objection was based was as stated by Mr. Bhulabhai Desai: "No taxation without representation." In other words, it is only a National Government which can impose taxes upon the people. The same stand was taken also by the Leader of the Muslim League when he said: "As long as the composition of the Government is unrepresentative, irresponsible and irresponsible, our opposition will continue." The question which is being discussed in the Assembly lobbies is the opportunity which has now arisen for setting up a new convention. After this clear vote of the House, is it right for the Indian Members to continue in office and set themselves directly against the popular verdict? It would be a good thing, it is said, if all the 11 Indian Members send in their resignation to the Viceroy. At the moment there can be no question about the fact—after Monday's vote confirmed the next day, that the Viceroy's Council despite the Indian majority in it does not enjoy the confidence of the Legislature. The position is bad enough, but if the 11 Indian Members who constitute this majority seek to ignore this verdict and decide to continue in office, it would be setting up a most unfortunate precedent for the future.

In this connection there is another factor also to be considered. The vote of the House rejecting the Finance Bill was not based on the constitutional issue alone. The Government's policy also was condemned. Mr. Bhulabhai Desai declared at the end of his speech: "I say this country is economically down, it is more depressed than in 1939, its resources are getting less and less, the poor man is poorer, the one meal man is starving, the half meal man has died in millions." If that is not enough condemnation, in the light of what might and ought to have been done, you cannot produce greater and stronger evidence." The reply of the Indian Members, if one is to judge from the speech of Dr. Khare, is that they are fully aware of the "irresponsibility" of the constitution, that they do not pretend to enjoy the confidence of the Legislature and that their only reason for continuing in office is the refusal of the leaders of the main political parties to accept office and carry on the Government. In this connection one statement made by Sir Jeremy Raisman, in the course of his reply to the debate, calls for some notice. The Finance Member said: "The two great parties whose representatives sit opposite to us have arrived at a measure of agreement as to what should be done about the Bill before the House. . . . can we hope to see that this combination will continue to go further. May I, to put it from my own

personal point of view, hope to be relieved from the difficulties in which I find myself now, that of having to carry out my duties to get legislation passed in a House in which the Government does not enjoy a majority? We hope to see that this combination will continue on fruitful lines, so that we may look forward to a speedy solution of the difficulties which give rise to all this trouble that we are facing today." These are important words and have certainly given rise to interesting possibilities.

From lobby talks one can see that the two parties—the Congress and the Muslim League—do not look upon the agreement to vote down the Finance Bill as a mere "passing show"—as one Indian Member described it. There is a cordial understanding growing up between the two main parties which may well form the basis for a general political understanding—at least for carrying on the Government during the war period. The central figures in these developments have been Mrs. Sarojini Naidu, Mr. Bhulabhai Desai and Nawabzada Liaquat Ali Khan. And they certainly deserve all credit for creating this new atmosphere in the Legislature. What many Assembly members would like to see—though at the moment they do not go so far as to expect—is the immediate resignation of all the Indian Members. That would provide an opportunity to the Viceroy, if he so cares, to invite the leaders of the main political parties in the Legislature for discussion and see if a really strong popular Government can be formed. That may entail a general election, but whatever may be the risks or difficulties as conceived by the Government, there can be no greater risk than the continuance of the present state of affairs. In the course of his speech Mr. Bhulabhai Desai himself indicated what can, and should be done. It is not yet too late, he said, to set up a National Government. And he added that what he envisaged was not a majority Government but a really representative Government which will command the confidence of every elected section in the House. And he further added that he did not ask for any alteration in the constitution for setting up an all-party Government. In lobby circles this is interpreted as a direct offer in reply to the Viceroy's appeal in his last address to the Central Legislature referring to the Congress, "I should like to have the co-operation of this element in solving the present and the future problems of India. If its leaders feel that they cannot consent to take part in the present Government of India they may be able to assist in considering future problems." The speeches of the two party leaders have conclusively shown that the two parties are quite prepared to take up the responsibility of the Government of India and that the two parties are also willing to associate with each other in forming a Government at the Centre. The move now lies with the Viceroy to give effect to his own words. Curiously enough it is only this week that a London message has brought details of a new plan for setting up a popular Government at the Centre or the interim period which an influential group of Members of Parliament and others interested have taken up. According to this message, "the principal aim is to provide a workable plan which can terminate the deadlock and install a Government that will function with reasonable efficiency and make possible the transition after the war to a free India." In New Delhi, also political talks are proceeding on these lines.

ARGUS.

NEWS PAGE

The question of constituting a Consumers' Council to which all questions affecting consumers might be brought was being considered by the Government of India, said the Industries and Civil Supplies Member, Sir Azizul Haque, in the Assembly in the course of the debate on the Finance Bill.

The U.S. War Production Board has announced the conclusion of negotiations for the purchase of jute from Calcutta for reselling to Cuba and Puerto Rico to be used as sugar sacks. Fifty per cent. of the supply needed will be bought now and the rest after the sugar crop in May or June, at which time the amount needed for the next year can be estimated.

Mr. W. H. Kirby, Rationing Adviser to the Government of India, revealed in a recent broadcast that there were more than 130 towns and over 25 million people rationed in India today, and in a year's time these figures were likely to be doubled.

The Government of India wish to make it clear that they will not hesitate to refuse to grant an import licence to any importer who is found to be operating on the black market, or withholding supplies from normal trade channels, or appropriating higher profit margins than was the custom before the war, or generally acting in a manner prejudicial to the achievement of the objects underlying the Hoarding and Profiteering Prevention Ordinance.

It is learnt that nearly one-third of the standard mill cloth received in Madras last season remains unsold owing to unsuitable dimensions and unpopular designs. Eighty per cent. of the unsold stock represents grey sarees and shirtings, and with a view to a quicker disposal of the stocks the Government of Madras are understood to have permitted licence holders to hand-dye them or print them as the case may be.

Mr Chester Bowles, Chief of the Office of Price Administration, U.S.A., in a nationwide broadcast said that the Office had cost "every man, woman and child" in the United States \$1.14 (about Rs. 3½) as compared with an average saving of \$169.00 (Rs. 563) through controlled prices in 1943. Bowles said that the O.P.A., which has a budget of \$155,000,000, saved consumers \$20,000,000,000 during 1943 in the cost of civilian goods and \$76,000,000,000 in the cost of the war programme.

An improved process for the manufacture of sugar in open pans has been designed by the Imperial Institute of Sugar Technology, Cawnpore, according to which sugarcane juice is clarified by the use of lime and sulphur, and the raw juice kept in motion during cooling and crystallisation. Experiments show that this new process improves the extraction of sugar by 1.5 units and also improves the quality.

Dealers, including importers, of artificial silk yarn and staple silk yarn (whether Japanese or English)

have been directed to declare their stocks, as on March 26, 1944, to the Controller General of Civil Supplies by April 8, 1944.

Eric Johnston, President of the U.S. Chamber of Commerce, has accepted an invitation from Premier Stalin to visit the Soviet Union. An outspoken advocate of the system of free enterprise, Johnston has accepted the invitation in order to see how the Soviet system operates from the point of view of an American business man.

It is learnt that an Indian Scientific Mission will shortly leave for England, under the aegis of the Central Government, to study the working of the scientific research organizations there in relation to war effort. It will probably be led by Sir Santi Swarup Bhatnagar, and will consist of four other eminent scientists.

Grant of mineral leases and prospecting rights to non-Indian concerns in India and non-Indian capital in India and its expansion in future were among the subjects discussed at a recent meeting of the Committee of the Indian Chamber of Commerce, Calcutta, with Mr. M. S. A. Hydari.

It is understood the Government of Mysore are contemplating another hydro-electric project in the State at Mekedat, across the Cauvery, at an estimated cost of about Rs. 35 lakhs.

At the forthcoming session of the I.L.O. Conference at Philadelphia on April 20, Messrs. J. C. Mahindra and D. G. Mulherkar will represent Indian employers and Messrs. Jamnadas Mehta, Aftab Ali and R. R. Bhole, the Indian workers. The delegation will be led by the High Commissioner for India in London.

Plans to settle demobilized soldiers on the land are understood to be already under way in Madras Province. A scheme for reclaiming a vast tract of about 20,000 acres in Wynad taluka, in Malabar, as an experimental measure is under the active consideration of the Government. The scheme, which is expected to cost Rs. 6,20,000, is proposed to be tackled from three points of view, namely, irrigation, agriculture and anti-malarial measures. On the success of the scheme, it appears, depends its extension to other areas and also to Vizagapatam tract at a cost of Rs. 42,00,000.

It was revealed by Government recently that Prof. A. V. Hill, had himself suggested that after returning to the U.K., he should write a short report embodying a number of observations, comments and suggestions which had arisen from his many visits and discussions in India. His visit was estimated to cost about Rs. 17,000.

CLEANINGS

SIR M. VISWESVARAYA ON PLANNING

The urgent importance of industrialization of India in any plan of post-war reconstruction was stressed by Sir M. Viswesvaraya delivering his presidential address over the fourth annual conference of the All-India Manufacturers' Organization held in Nagpur on March 18. Among development of prime importance that cannot wait, Sir M. Viswesvaraya mentioned the starting of industries like the automobile, aeroplane, power machinery, generally machine tools, iron and steel, heavy electrical industries, shipbuilding, special defence machinery and industrial plant, heavy chemicals, dye-stuffs, rayon and plastics. "What the country urgently wants now is more occupations and larger production and income."

Proceeding, Sir M. Viswesvaraya suggested a five-year plan of economic reconstruction which should provide for the many urgent needs and developments under industries. He urged the setting up of a separate department of industries in the Central Government working in close association with an economic council or development board, special development staff to carry out the directions of the organization, adequate tariff protection, special effort to make preparations for the early starting of a dozen heavy industries, and working out a detailed scheme for investment on industries of capital of not less than Rs. 1,000 crores by both the Government and the public, and added that the programme should include measures calculated to double the value of output from both industries and agriculture in five to seven years' time. "There is no reason," he continued, "why the First-Year Plan prepared in the manner suggested should not be brought into operation in about three months' time without even waiting for the cessation of the war. Numerous war works are undertaken today and crores of rupees are sanctioned in a jiffy. There is no reason why Rs. 10 crores cannot be set apart immediately for the first year of operation of the plan. *The provisions of the Fifteen-Year Plan are as good as any that can be suggested for such a purpose.* There is an extraordinary difference of opinion between the promoters of the Fifteen-Year Plan and the Government authorities regarding the utilization of the proposed capital. The industrialists who have issued the Fifteen-Year Plan propose to spend on industries, agriculture and communications as much as 67 per cent. of the entire non-recurring capital intended for the Plan. They mentioned a sum and they have mentioned a period for the expenditure. But Government have no unified plan yet, although they have been working at it since October 1941. They propose to spend large sums of money on certain comparatively less important services which are likely to lead to unproductive debt." The proper course, Sir M. Viswesvaraya suggested, is to spend the largest grants first on productive undertakings, namely, industries, agriculture and remunerative communication works. The income earned from those works would go partly to the public and partly to Government. Some of the money earned by the people would be utilized for making additions to the capital on productive works. The revenue which the Government may derive will help to meet the cost of nation-building services like education, health services and housing.

ECONOMIC COLLABORATION

One of the significant developments in the United States during last few days was a resolution introduced by three Senators, proposing that 'the United

States take the initiative in establishing an international organization to promote post-war economic collaboration among the United Nations, according to the U.S.O.W.I. This resolution suggested the creation of a 33-man 'Foreign Economic Commission' by the President. The commission would be made up of legislators, government officials and public representatives. The three Senators emphasized the fact that the U.S. cannot, nor does it wish to, shirk leadership in post-war economic collaboration. The resolution follows immediately with a specific recommendation that the proposed commission examine all opportunities for international economic co-operation in relation to the maximum use of the economic resources of the United States through expanded foreign trade, the establishment of monetary systems, the removal of trade barriers and other similar devices.

These proposals dovetail with another Washington announcement last week. There are definite indications in U.S. Treasury circles that an international monetary conference—which has been anticipated for some time—will be held in the United States late this spring. There have already been extensive preliminary discussions between U.S. and British representatives. More recently, U.S. and Russian discussions have been held and are now drawing to a close. *The Wall Street Journal*, describes the discussions as 'progressing satisfactorily, with indications that a mutual understanding is about to be reached.' It may be inferred from this that the basic areas of agreement, at least, have been outlined among representatives of the three large nations. It offers reason to hope that the more than 600 delegates who will attend the conference will be successful in drawing up a plan for 'international monetary co-operation for encouraging international investment,' which is the purpose of the projected meeting. Harry D. White, Director of the U.S. Treasury's Division of Monetary Research, said representatives of the 44 United Nations will attend the conference.

"Another important U.S. development moving in the direction of international economic accord could be seen in the *New York Times* report of March 9. The report said the White House was expected to announce shortly the creation of an 'inter-departmental committee to study the post-war shipping situation with a view to holding international talks on the subject.' Since the end of the war will leave the United States with the largest merchant marine in the world, it is particularly significant that this country is looking toward international discussion of the world problems which that fact will raise. John E. Otterson, Chairman of the U.S. Maritime Council, proposed that Great Britain and the United States equalize their sea-power. It is recognized in the United States that not only Britain but Norway, the Netherlands, Ireland, Canada, Russia and other countries will want to build up their shipping strength. Observers point out that the satisfaction of all these goals would leave a world surplus of some 10,000,000 gross tons of merchant shipping. America's Admiral Land suggests one solution—to deprive the enemy countries of their ships and prevent them from rebuilding. This is the type of question that would undoubtedly come up for discussion in the new committee expected to be set up soon by President Roosevelt. It might be noted that agencies already exist in the United States which have been studying these problems: the War Shipping Administration and the International Shipping Committee of the State Department.

LETTER TO THE EDITOR

The Balance Of Power

Sir, Under the caption "The Balance of Power" a leading article is published in your paper of February, 25. Two assumptions, *viz.*, that Britain will have no place in the future balance of Power and that India will have independent sovereignty may turn out as correct assumptions. The ground for such assumptions are the changed political trends in Great Britain. But surprisingly the other assumption *i.e.*, of the Soviet Union developing into an aggressive nation say 15 years after the end of the War—in view of the political trends in the Soviet Union is hypocritical. Apart from politics, two pre-requisites *i.e.*, preaching through education and propaganda—race superiority or racial animosity theory and other expansionists propagandas are essentials for preparing any country for aggression. Judged from up-to-date data available nothing like this is either taught or is planned to be taught in the Soviet Union. The present Red Army has been taught the nature of aggressive Capitalism or Fascism and to the recruits of the Army the character of Fascism has been fully exposed—so that they are prepared to destroy every remnant of Fascism. On the successful conclusion of the War, on no basis can the Soviet Union employ any huge force, say for 10 years after the war. China and Russia will be war-tired nations and their becoming aggressive is hardly a possibility. Any one who is prepared to prove that the Soviet Union will develop into an aggressive nation will have to dispute the above contentions. Will you please do so?

If the above contentions are correct, then India will have to keep good neighbour relations both with Russia and China based on toleration.

Then what is the necessity to turn to armament production when even the present armed clash has not concluded. Huge armament production naturally creates unemployment. The unemployed section can be employed for carrying those arms. They will have to be fed with propaganda specially that which is suited to invaders. Any State going to that extent will like to carry the nation to the last logical step, namely, to attack neighbouring small nations either in the name of security or else but chiefly to recoup the loss of the money paid to big business. So, in the name of 'Planning' the Indian big business is planning for the third war in which later in it is feared the Soviet Union may intervene. I am sorry if it displeases you. But I am sure that only those who are bloody fascist war mongers will support that plan on which your above-referred article casts a floodlight. In this light the article is a challenge to the progressive thinkers of India, nay, of the world, who may be thinking in terms of long-range peace, and prosperity. It is an attempt to have sanction for bloody wars which are apt to destroy civilization.

If we suppose that Soviet Russia turns aggressive, let us examine whether the Bombay Plan will provide enough strength for India to defend herself. India's industrial potentialities as has been tabulated in the same article will be about one-tenth of that of Russia. Naturally Russia will be successful in her struggle. On the other hand, demoralized as India is until her peasantry is lifted up to a great extent, her people even after 15 years' independence will easily yield. "Boundless concern for peasantry" the Bombay planners will not have, as is evident from the same article. So neither the peasantry, the vast majority, will rise to the higher civilization nor will India be in a position to defend herself. What is then the basis for pleading Guns *vs.* Butter which would have been the heading

of the article? Can you kindly throw light on it?—Yours, etc.

S. K. TRIPATHI.

Chadni, Beawar.

[We have nowhere argued that the Soviet Union must turn aggressive after a victorious war. Without denying the progressive forces released by the great Russian experiment, we have argued that although "essentially we live by hope and idealism," nevertheless, so long as sovereign nation States exist, the realities of international power relationships cannot be wholly ignored. India will certainly exert herself on the side of progressive and international idealism. We shall certainly strive for "good neighbour relations" both with Russia and China, but these may tend to be rather one-sided as between powers of grossly unequal stature. There is something strangely naive in an idealism which points to the excellence of education in the Soviet Russia and asks us on that basis to neglect our moats. In a cruel world, when other countries are rapidly industrializing, we must do likewise or perish. The infiltration of superior power on our borders need not always take the form of naked aggression. Unless economically we develop deliberately and rapidly, we run the risk of being as effectively absorbed by the Soviet Union or China as Canada or Mexico has been absorbed by the overwhelming influence of the United States. That does not mean that we start armaments race *now*. But the industrial power which can sustain the improved standards of living contemplated in the Bombay Plan, will also be available to us in the unfortunate eventuality that our structure of international idealism again collapses and we are thrown back on our own strength for survival. It is true that even after the Bombay Plan has been put through, our power is only one-tenth that of the Soviet Union. But the Soviet Union will also be flanked by the industrial powers of the Continent of Europe and of China. That constitutes the balance of power. To repeat, we all live by hope and idealism, but in the final analysis we can depend only on our own strength.—Ed.]

The Eastern Economist

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BOOK REVIEWS

INDUSTRIALIZATION AND TRADE: The Changing World Pattern and the Position of Britain, By A. J. Brown. The Royal Institute of International Affairs, London. Published by the Oxford University Press. September 1943. Pp. 71. Price 2s. net.

In this very interesting pamphlet, Mr. Brown seeks to set the current and recent industrialization of overseas countries in perspective as a phase in the general economic development of the world and to examine the probable course of development in the future and its implication as regards the pattern and volume of world trade in general and the trade and welfare of the United Kingdom in particular. Starting from the general validity of the doctrine of comparative costs, he, however, stresses the mutability of many of the factors of industrialization and attempts an appreciation of a sort of the dynamic prospects of national specialization on the assumption of equality in regard to the mutable factors of specialization, *i.e.*, "equality of capital-supply skill and the political and social conditions necessary to stimulate development." His conclusions are suggestive, but are not always convincing, both because of the inadequacy of data on which he is forced to work and of his somewhat underrating the technical possibilities of intensive capital formation in a planned economy. It must be admitted that the survey of natural resources in many parts of the world, including India and China, is still in too rudimentary a stage, and this cannot be made the basis for ambitious generalizations, *e.g.*, "China, India and Eastern Europe are not even potentially wealthy," especially in the light of the possibilities of technical substitution both among natural resources and between natural resources and other factors of production. Having admitted that many factors of development are highly mutable, he must admit that those countries which he dubs as 'poor' can make comparatively greater efforts to achieve a higher degree of mutation to compensate for their deficiencies. Mr. Brown then examines the effect of industrialization on the structure and volume of world trade, with the help of a rather complicated numerical modal sequence. Finally, he examines the prospects of British trade in such context and the nature of adjustments which would be necessary.

INDIAN ECONOMY DURING THE WAR. By L. C. Jain. Published by R. C. Jain, 86, Mozang Road, Lahore. 1944. Pp. 139. Price Rs. 3-4-0.

Recently we have seen a number of publications bearing on the same topic and, thanks to recent animated public discussions, the salient facts and features of our war economy are already well known. The six chapters in this book by Prof. L. C. Jain contain substantially the Banaili Readership lectures which he delivered in the University of Patna in 1942 and 1943. Presented in the form of this book, they make an extremely readable and connected narration which, starting from the state of our agriculture and industry on the eve of the war, carries us through the vicissitudes and halting experience during the war right to the question of post-war planning. In fairness to Prof. L. C. Jain, it must be admitted that he has not sought to add much to our knowledge of facts, but what is more important is the attitude of his mind bearing on a distressing array of well-known facts. Thus he muses that "Nature had intended for India the role of a big industrial country and the second World War was Nature's second reminder as the first had gone unheeded." The reader will concur with his conclusions that while there has been progress both in the pace and range of production since the outbreak of war, it has been more a matter of necessary production by placing orders with pre-selected producers rather than a serious and scientific attempt at mobilization of the industrial resources of the whole country. And, further, that inflation by throwing a lot of dust into the eyes of the people as well as Government—who were both confused—led to a greater emphasis being placed on all

other measures except those for increasing the physical production of goods. Prof. Jain ends with an urgent plea for a planned economy after the war and the theme that our economic issues are entangled with the moral issues.

INDIAN AGRICULTURE. By R. D. Tiwari, New Book Co., Hornby Road, Bombay. 1943. Pp. 220. Price Rs. 16.

Any scheme of agricultural reconstruction, to be sound and practicable, must be based on a very careful study of the existing conditions. This means much preparatory work by way of collecting and properly collating all the available data. Mr. R. D. Tiwari's object in publishing this book is to make the task easy for the planners by portraying in broad relief the agricultural problems in India, which a National Government must face as its first task in post-war reconstruction. In this aim the author has undoubtedly succeeded. The book is divided into eight major chapters, the first one surveying in detail the agricultural resources of India, confined mainly to food crops and cash crops, and their relative position in production and export. The second and the third chapters are devoted to the study of holdings and farming practices respectively, while the fourth discusses the causes of deterioration in the quality of our cattle as also the problem of their improvement. The importance of irrigation facilities, forms of irrigation and irrigation finance form the theme of the fifth chapter and they have been dealt with elaborately. The last three chapters give a summary of the problem of agricultural credit and the part played by the Co-operative Movement in reducing rural indebtedness. The problems that have been taken for study are dealt with exhaustively and Prof. Tiwari has taken pains to bring the book up to date by giving copious references to all the Reports and text-books and particularly by collecting the information contained in the regional surveys that have been conducted in the different provinces. He might profitably have dealt with the impact of the war conditions on Indian agriculture and thus enhanced the value of this useful publication.

CONTROL OF THE INDIAN ELECTRICITY INDUSTRY. By K. V. Karantha. The Author, P.O. Box 156, Madras. Pp. 58. Price As. 12.

The author's argument in this pamphlet is on the whole a defence of private enterprise in the generation and distribution of electricity. Not that he ignores the shortcomings of capitalist management in the operation of this public utility; but he thinks that Governments and local bodies are wholly unfit to run this particular public utility efficiently and with maximum advantage to the regions served. The main deficiency in Mr. Karantha's argument is that he looks at the problem of electricity development purely subjectively and not against the background of the needs of the country's industrialization. Perhaps as a practical business man, he is obsessed with what he calls "P.W.D. control," and secures a number of debating points against State operation of the industry, but the latter is now recommended for the electricity industry only under complete and technical planning which will have little in it of the incompetent State intervention that might at present exist in the relations between the Provincial Governments and the various private companies generating and distributing power in the country. Even the provincial electricity boards which he wants to be set up as a remedial measure are to "arrange for suitable private agencies to take over the distribution work of all areas now under Government's care within a period of seven years." As a violent reaction to the demand for planning and State control, Mr. Karantha's argument is interesting, but otherwise it is difficult to take it seriously.

In Section II of the pamphlet, the author has given a valuable account of the organization of power supply in several western countries.

AGRICULTURE

Forest Policy

THE demand for timber for war purposes has fallen on the best trees in the most accessible places and individual provinces have over-felled more than others, and it will be a considerable time before pre-war yields can be attained. Valuable 'sal' forests of the United Provinces have been so depleted of large trees that the yield may have to be reduced by fifty per cent. for ten years after the war. In Madras, the fellings of teak are probably five years in advance and in Bombay in some teak areas, they may be as much as ten years in advance, says Sir Herbert Howard, Inspector-General of Forests, in a special Note he has submitted to the Government of India on Post-war Forest Policy for India. Sir Herbert claims that the crux of the whole problem is to supply India's population with small house-building timber, agricultural timber and fuel so as to raise its general standard of life and save the cowdung for manure. Assuming that there are 300 million cattle in India and that cowdung is burnt only from a quarter of these cattle, that is 75 million, then if the dry weight of cowdung produced per day per head is ten pounds, it gives 125 million tons of cowdung per year. Agricultural evidence shows that about 3½ tons of manure per acre roughly doubles the crop, so that 125 million tons of cowdung could manure 36 million acres out of the 226 million acres of cultivated land in India or 15 per cent. of the whole of India's population.

Sir Herbert points out that the Government's present forest policy nowhere lays down the percentage of the country which should be under forests. In India only 14 per cent. of the total area is under forests of which only 9.3 per cent. could be classified as merchantable. As against this about 26 per cent. of the area is the normal ordinary area of forest in European countries. Sir Herbert advises that as a rough guide for India 20 to 25 per cent. might be adopted and this must be properly distributed over the provinces. The existing forest policy, he says, does not include any indication that it aims at increasing the forest area to the minimum requirements of the country. He, therefore, recommends three methods for increasing the forest area, namely:—(a) bringing more government waste lands under forests, (b) bringing more private lands under forest, and (c) legal control of private forests. Sir Herbert says:—"Afforestation would not only be a great adjunct to agricultural dry farming, but would increase the general fertility and improve the climate of the tract itself in addition to acting as a barrier against the spread of desert conditions into the Gangetic plain to the east of the 30 inches rainfall line." He also recommends a Private Forest Act to prevent the devastation of forests falling under the class Protective Forests. The Act should provide for all stages of control and for the actual acquisition of land when necessary in the general interests. Further he suggests that owing to over-fellings on account of the war demand, the working plan position should be examined immediately after the war and either fresh working plans or temporary rough working schemes prepared immediately. The possibility of creating special working plan circles either in a province or in combination with a neighbouring province should be examined. The minimum number of working plans to make such a circle worth while is ten plans revised on a ten-year cycle, and anything over that makes it even more worth-while.

The disposal of the Defence Department stocks after the war must be controlled. The Board of For-

estry in 1942 had already passed this resolution: (a) The release of Defence Department stocks after the war must be controlled by a disposal board or some such agency and the Board of Forestry emphasizes that the Forest Department must be adequately represented in any planning for such disposal. (b) The Board of Forestry further advises that, in consultation with Railways, steps should be taken to stabilize sleeper prices after the war.

Sir Herbert would like the Government to provide for the wants in small timber and fuel of the ordinary agricultural village consumer. He holds that there are great possibilities of increasing the area under forests to supply these particular wants. He suggests that in each province the land should be classified from the forest crop point of view rather than from the agricultural point of view, showing the waste other than fallow on which minor forests could be grown. Sir Herbert emphasizes the need for proper land management to control floods, erosion and afforestation of the dry belt in the west. For this purpose he suggests the appointment of an officer at the centre to enquire into the whole question of floods, erosion and desiccation. Such officers, he suggests, should also be appointed in the provinces. He also recommends the appointment of a Commission as soon after the war as possible to enquire into the best organization of the Forest Research Institute. Lastly, he advises the appointment of a small Reconstruction Forest Policy Committee in each Province to draw up the provincial programmes. Sir Herbert points out that under pre-war conditions, except for teak, Indian forests generally supplied the wants of the general consumer. He holds that even Burma teak will ultimately be replaced by Indian teak. Then again, with the exception of Sind and Assam, wants in forest produce of local village consumers are adequately supplied and there is no serious problem, he says. Sir Herbert also advises the development of minor forest products.

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INDUSTRY

The Coal Control Scheme

THE new Coal Control Scheme announced by the Government of India last week, for controlling the distribution and prices of coal and for encouraging the industry to increase the output, comprises five parts, namely, estimation of the monthly output of each colliery, appointment of a Coal Control Board, distribution of all output by Government at fixed prices, encouragement of production by grant of bonuses on the increased output free of excess profits tax, and the control of mining operations. Under the scheme the collieries will be required to furnish every month to the Coal Commissioner a statement of raisings, dispatches and colliery consumption during the previous month, as well as an estimate of the raisings and colliery consumption for the month then current and for each of the succeeding three months.

There will be a Coal Control Board to advise the Government on the working of the scheme. This Board will consist of two nominees of the Indian Mining Association, one nominee each of the Indian Mining Federation, the Indian Colliery Owners' Association and the Central Provinces and Berar Mining Association, two representatives of consumers to be nominated by the Associated Chambers of Commerce and the Federation of Indian Chambers of Commerce and Industry, and one nominee of the Indian Coal Merchants' Association at Jharia. The Coal Commissioner, the Chief Mining Engineer and the Controller of Coal Distribution will be 'ex-officio' members of the Board. The Chairman of the Board will be nominated by the Government.

When the scheme comes into force the Government will control the distribution by collieries of all coal, whether dispatched by rail or by road or stacked on Government account, at prices fixed by the Government. Control of distribution will be exercised by orders issued on individual collieries, and control of prices charged by collieries by general order. Provision has also been made in the scheme for stacking coal on Government account in cases where a colliery has coal in excess of the amount which it is able to dispatch.

The scheme further provides for the grant of bonuses on increased output, these bonuses being free of excess profits tax but liable to income-tax. The estimated cost of such bonuses will be met from a fund to be created by levying a cess on all coal and coke dispatched under Government orders. It is proposed to fix the cess for the period from April 1 to September 30, 1944, at four annas per ton. The bonuses will be paid six-monthly to each colliery undertaking on the excess of tonnage disposed of under the orders of Government over the target tonnage. Regarding improved conditions for mining labourers, it is learned, Government have under consideration certain alterations in the grain concessions now in force. These alterations are expected to be of greater benefit to the labourer, chiefly, by preventing waste of foodgrains.

The control scheme mainly affects industrial consumers and it is understood that the interests of domestic consumers will be looked after by Provincial Governments from the quotas allotted to them.

* * * * *

The view that the coal industry having co-operated with the Government, it was not befitting on the part of the Government to take an unduly pessimistic attitude and to formulate a control scheme for the industry as a whole, was expressed by Mr Amritlal Ojha, presiding over the 11th Annual General Meeting of the Indian Colliery Owners' Association held at Jharia on March 22. Mr Ojha maintained that the Government should give the industry all the necessary facilities required for increasing production and leave the rest to the latter to organize. He also wanted an assurance from the Government about the future position of the coal industry. "During the last war on account of the control exercised by the Government and the low price of coal in the period following it," he observed, "the industry could hardly make any profits. In fact, it is well-known that a number of collieries were working at a loss. Now that the Government desire us to expand our production, they should give us an assurance that after the conclusion of the war, we would not have to face the same depression that we had to do in the period after the termination of the last war and the beginning of this war. I consider that the Government should in the interest of the Industry make the position clear by giving us a definite assurance that they would not allow the same position to recur after the war terminates."

Referring to the past year as one of the most critical periods of the coal industry when the raisings in coal had fallen down to a dangerously low level, Mr. Ojha enumerated the difficulties standing in the way of the Industry, particularly, supply of foodgrains for distribution to the coal workers, supply of stores, machinery and iron and steel materials and coal transport. Speaking on the appointment of the Coal Commissioner and the powers delegated to him he was of the opinion that the solution of the crisis which was primarily caused by the abnormal diminution in coal raisings, did not lie in an all-out control, but in removing the factors which had caused the crisis. Further he expressed the opinion that the Government should take early steps to make available to the collieries requisite quantities of plant, machinery and modern equipment to enable them to increase their raisings of coal.

Adverting to the decision of the Government of India to establish a fuel research station at Dhanbad at a cost of Rs. 1 lakh, Mr Ojha congratulated the Government on the decision, but, however, observed that considering the work to be done by the fuel research station and the funds made available for the purpose in other countries the amount provided by the Government was insignificant and must be increased immediately.

COMMODITY MARKETS

(From Our Correspondents)

BOMBAY, March 25.

Seeds

Groundnuts.—The Ministry of Food, having already bought more than the export quota granted by the Government of India are not interested in the further purchase of groundnuts. It is reported that the excess quantity is being proposed to be shipped to the Near East instead of to U. K. There is now no likelihood of any fresh business resulting with the Ministry in the current crop. In the local market, business in Bombay Bold was done at Rs. 14-3-0 and Khandesh quality was quoted at Rs. 15-11-0. The opening of booking to Mormugao has imparted a steadiness to the markets in the interior. Madras-Mormugao was quoted at Rs. 16-2-0.

Castorseed.—The nominal quotation for Madras quality is Rs. 16-2-0 and for the Gujarat quality Rs. 16.

Linseed.—The nominal quotation is Rs. 12-8-0 for Ready and oil Rs. 11 on wagon supply condition.

Groundnut oil is quoted at Rs. 8-14-0. The oil market in Kathiawar is very firm, Porbander quoting Rs. 15-13-0 and Jetpur Rs. 16-2-0. Copra oil is quoted at Rs. 10-6-0, Linseed oil at Rs. 8-8-0 and Castorseed oil Rs. 11-4-0.

Cloth

The Bombay piecegoods market was open only for two days in the beginning of the week owing to the death of a prominent merchant. The activity reported last week was maintained. Fairly substantial quantities are being booked by the up-country consuming centres. There was also some buying on account of export. It is felt that if the market had remained open throughout the week, conditions would have further improved. Bazaar rates fluctuate within narrow range. While some dealers believe in taking advantage of the present demand, there are others who believe that the declining stocks, coupled with this demand, may lead to a rise in prices. Leopard cloth in different widths is quoted from Rs. 1-14-0 to Rs. 2 a lb.

Cotton

The local futures market registered a decline of Rs. 8-9-0 during the week owing to disturbing news of war developments on India's eastern frontier. Secondly, the Broach crop is expected to be bigger than the previous estimates by about 1 lakh of bales and as the up-country price for this cotton is lower than the price of the contract, there is every likelihood of this cotton which has a staple around $\frac{3}{4}$ " being tendered against the I.C.C. May Contract. This has a depressing influence on the quotation for I.C.C. May which was quoted at the end of the week at Rs. 442½. The distant months, however, are substantially higher, I.C.C. July quotation being Rs. 449½ and I.C.C. September Rs. 452½.

In the spot market, there was moderate activity, interest being mostly shown in the Broach styles of cotton which are at present comparatively cheap. Broach Vijay Farm cotton has been sold at Rs. 30 Off whereas Broach "certified" has been sold at as much as Rs. 22 On. BD8 has been sold from Rs. 10 Off to Rs. 41 Off. Regarding other varieties, business was done in Punjab 289F, Navsari and Hubli Jayamant at Rs. 605 and Rs. 603 respectively. Business in new crop (i.e. 1944/45) Sind NT was also done at Rs. 575.

In the foreign section, the only news of importance was that henceforward East African and Sudan cotton lying in India can only be sold after a licence had been taken from the Government for that purpose. So far this restriction was only applicable to Egyptian cotton.

BOMBAY, March 25.

Groundnuts

The groundnuts market was easy during the week and the quotation declined by about Rs. 3 to Rs. 73. Firms were not keen buyers as their purchases against sales to the British Ministry of Food appear to have been completed. Millers were buying small quantities for crushing. The oil market was weak with slack demand from Bengal. There was nothing interesting in the cake market and no fresh business has taken place. It is stated that mills insist on the merchants taking delivery of old contracts at the originally contracted prices which are higher than the ceilings announced by the Government. Until the authorities clarify the position regarding outstanding contracts, confusion is bound to prevail.

Hides and Skins

With the indication showed recently by the representative of the Ministry of Supply in London before he left for North India that if the London price schedule was to be revised on the higher side, such increase in the price would apply to all contracts fixed on or after February 29, 1944, there has been moderate activity in the market. There have been good inquiries from the United Kingdom but offerings at this end were of a small volume. Local demand fell away in the belief that the recent high prices will not be maintained.

HAPUR, March 27.

Grains

The grain markets witnessed easier tendency due to favourable *Rabi* crop conditions and reports of further imports of 27,000 tons of foreign wheat into India. *Jowar* and *Bajra* prices are now quoted at the rates lower than the controlled ones. The new peas have begun to move in the markets in small parcels, the daily average being 50 maunds. The arrivals would soon increase if the weather continues clear and sunny.

The Government have opened some controlled shops where the wheat and gram are sold to the public at cheaper rates, i.e. 3¼ seers and 5 seers to a rupee respectively. It is anticipated that the opening of the controlled shops will maintain the prices at reasonable levels during the ensuing crop season. The summary of All-India Second Wheat Forecast for 1943-44 indicates an area of 33,275,000 acres as compared with 32,361,000 acres (first forecast of this year).

Gur

The local *Gur* market ruled easy. The weekly receipts totalled 30,000 maunds as against 53,000 maunds received in the previous week. A large number of local traders have submitted applications to the Regional Food Controller for obtaining export permits of *Gur*. It is difficult that the *Gur* will be exported from here on a large scale as there is an acute shortage of wagons. According to a report just received, it is understood that in order to facilitate the export of *Gur* out of the province, the Government of India have, in consultation with the U.P. Government, decided to allow free movements of *Gur* out of U.P. by road or river. As regards rail movement, exports will be controlled so that the limited wagons allotment may be utilized to the best advantage.

The latest quotations are: Wheat: Ready Rs. 10|10|6. Stock 187 *Khattis*. Grab: Ready Rs. 8. Stock 4 *Khattis*. Barley: Ready Rs. 6|2|6 Stock 9 *Khattis*. Peas: Ready Rs. 5|12|0 Stock 49 *Khattis*. Arhar: Ready Rs. 7|4|0 Stock 134 *Khattis*. Jowar: Ready Rs. 6|6|3. *Gur*: Ready Rs. 5 Jaggery Powder Rs. 5|12.

CURRENT STATISTICS

BANK OF ENGLAND

	Mar. 15, 1944	Mar. 8, 1944	Mar. 17, 1943	Aug. 30, 1939
	£	£	£	£
Total Bullion ..	842	924	1,509	263,700
Public Deposits ..	8,400	8,500	6,900	31,100
Other Deposits ..	238,100	221,100	209,800	129,100
Of which Bankers' Deposits ..	178,900	162,200	156,100	90,100
Govt. securities ..	175,100	161,500	187,400	113,100
Other securities ..	16,100	16,500	19,100	31,000
Of which discounts and advances ..	14,000	9,200	4,100	6,400
Notes and coins ..	59,400	60,300	24,100	34,200
Notes in circulation ..	1,091,500	1,090,600	927,400	529,500
Ratio of Reserve to Liabilities ..	24.07%	26.27%	21.38%	11.13%

U. S. FEDERAL RESERVE BOARD
(000's omitted)

	Mar. 16, 1944	Mar. 9, 1944	Mar. 18, 1943	Aug. 31, 1939
	\$	\$	\$	\$
Resources:				
Total Reserves ..	19,827,000	19,833,000	14,660,810	20,838,000
Total Bill dis- counted ..	65,000	52,000	10,000	6,190
Bills bought in open market ..				550
Total U.S. Govern- ment securities ..	12,110,000	12,029,000	6,226,000	2,426,190
Liabilities				
Federal Reserve Notes in actual circulation ..	17,491,000	17,443,000	12,651,000	4,609,280
Deposits — Member Bank Reserve Account ..	12,705,000	12,383,000	13,516,000	10,951,000
Ratio of total Re- serve to Deposit and Federal Re- serve Note-Liab- ilities combined ..	61.6%	62.0%	86.9%	76.3%

RESERVE BANK OF INDIA

Weekly Statement of Account as on March 17, 1944.

ISSUE DEPARTMENT

	Rs.	Rs.
LIABILITIES		
Notes held in the Bank- ing Department ..	8,73,51,000	
Notes in circulation ..	885,35,99,000	
Total Notes issued ..		894,09,50,000
Total Liabilities ..		894,09,50,000
ASSETS		
A. Gold Coin and Bul- lion:—		
(a) Held in India ..	44,41,43,000	
(b) Held outside In- dia ..		
Sterling Securities ..	779,83,96,000	
Total of A ..		824,25,39,000
B. Rupee Coin ..		11,51,41,000
Government of India ..		
Rupee Securities ..		58,32,70,000
Internal Bills of Ex- change and other commercial Paper ..		
Total Assets ..		894,09,50,000
Ratio of Total of A to Liabilities: 92.189 per cent.		

BANKING DEPARTMENT

	Rs.	Rs.
LIABILITIES		
Capital paid-up ..		5,00,00,000
Reserve Fund ..		
Deposits:—		
(a) Government		
(1) Central Government of India ..	59,98,29,000	
(2) Government of Burma ..	30,60,000	
(3) Other Government Accounts ..	28,21,74,000	
(b) Banks ..	55,43,69,000	
(c) Others ..	7,28,15,000	
Bills payable ..	4,56,53,000	
Other Liabilities ..	9,93,83,000	
Total Rs. ..		175,72,83,000

ASSETS

	Rs.
Notes ..	8,73,51,000
Rupee Coin ..	25,58,000
Subsidiary Coin ..	1,61,000
Bills Purchased and Discounted:—	
(a) Internal ..	
(b) External ..	
(c) Government Treasury Bills ..	5,00,000
Balances held abroad* ..	154,27,44,000
Loans and Advances to Governments ..	35,00,000
Other Loans and Advances ..	
Investments ..	8,55,42,000
Other Assets ..	3,49,27,000
Rupees ..	175,72,83,000

* Includes Cash and Short Term Securities.

ISSUE DEPARTMENT COMPARATIVE STATEMENT

	Mar. 17, 1944	Mar. 10, 1944	Mar. 19, 1943	Sept. 1, 1939
	1944	1944	1943	1939
Held in the Bank- ing Dept. ..	8,73,51	7,75,42	11,26,53	35,04,49
In Circulation ..	885,35,99	883,41,80	639,32,52	182,13,17
Total Notes ..	894,09,50	891,17,22	650,59,05	217,17,66
A. Gold Coin and bullion ..	44,41,43	44,41,43	44,41,43	44,41,46
Sterling securities ..	779,83,96	776,38,96	396,76,55	59,50,11
Total of A ..	824,25,39	821,25,39	441,17,98	103,91,57
B. Silver Coin ..	11,51,41	11,59,13	14,98,33	75,87,11
Rupee securities ..	58,32,70	58,32,70	194,42,74	37,38,98
Silver bullion under Coinage ..				
Percentage of Re- serve to Liabili- ties ..	92.18	92.154	67.812	63.149

BANKING DEPARTMENT COMPARATIVE STATEMENT

	Mar. 17, 1944	Mar. 10, 1944	Mar. 19, 1943	Sept. 1, 1939
	1944	1944	1943	1939
Cash ..	9,00,70	8,00,91	11,40,68	35,15,27
Balances held abroad ..	154,27,44	150,04,47	87,84,32	10,08,33
Investments ..	8,55,42	8,55,42	5,98,14	6,81,34
Bills discounted:—				
(a) Internal ..				
(b) External ..				
(c) Govt. of In- dia Treasury Bills ..	5,00	5,00	30,71	1,15,67
Loans and Advances to the Govern- ment ..	35,00	28,00	72,00	31,00
Deposits:—				
(a) Govt. ..	88,50,63	82,66,66	29,88,80	14,89,43
(b) Banks ..	55,43,69	55,15,38	55,02,01	26,91,43
(c) Others ..	7,28,15	7,18,51	3,63,62	1,24,57

STERLING PURCHASES

	Total Amount Purchased.	Average rate.
1943-44:—		
March ..	17,719	1sh. 6d.
April ..	9,219	1sh. 6d.
May ..	8,721	1sh. 6d.
June ..	6,838	1sh. 6d.
July ..	7,006	1sh. 6d.
August ..	8,546	1sh. 6d.
September ..	8,371	1sh. 6d.
October ..	8,947	1sh. 6d.
November ..	7,476	1sh. 6d.
December ..	9,373	1sh. 6d.
January ..	11,130	1sh. 6d.
February ..	59,95	1sh. 6d.

IMPERIAL BANK

Weekly Statement of Affairs as on 17th March, 1944.
(000's omitted)

	Mar. 17, 1944	Mar. 10, 1944	Mar. 19, 1943	Sept. 1, 1939
Fixed deposits, sav- ings bank, cur- rent and other accounts ..	212,95,31	213,16,81	179,62,93	87,26,25
Govt. securities ..	143,89,19	143,79,72	121,39,94	51,02,78
Other invest- ments ..	2,74,74	2,82,44	1,89,90	96,27
Loans ..	14,64,61	14,36,45	10,11,45	7,66,38
Cash credits and overdrafts ..	33,42,62	32,87,35	20,11,76	19,76,06
Bills discounted ..	7,27,37	4,81,08	3,83,14	2,94,74
Cash in hand and with the Reserve Bank and other banks ..	20,77,53	24,16,75	32,09,73	14,68,87

SCHEDULED BANKS

Comparative Statement

	17-3-44	10-2-44	19-3-43	1-9-39
Demand Liabilities in India ..	520,15,00	515,60,45	375,83,84	134,36,49
Time Liabilities in India ..	165,74,71	167,06,02	121,73,81	102,24,34
Cash in India ..	23,95,77	23,47,06	15,26,31	6,69,92
Balances with Re- serve Bank ..	53,42,73	54,26,46	52,70,47	25,17,19
Advances in In- dia ..	200,67,09	197,37,38	127,79,52	101,52,16
Bills discounted in India ..	9,02,94	9,13,12	3,62,92	3,57,29

TENDERS FOR TREASURY BILLS

(In thousands of rupees)

Week Ending	Amount Tendered.	Amount Accepted.	Average Rate.	Inter- mediate of Issue	Sold in favour of Issue Dept.
Jan. 4, '44	10,77,75	6,00,00	0 9 0		6,06,25
" 11	8,55,50	6,00,00	0 8 7		5,94,00

MATURITY OF OUTSTANDING TREASURY BILLS

As on the 29th February, 1944.

Date	Amount	Date	Amount
2nd March 1944	25	22nd "	52,75
3rd "	5,99,75	27th "	9,25
8th "	35,50	28th "	7,82,75
10th "	5,19,75	29th "	8,00
11th "	44,75	4th May	7,43,25
17th "	5,99,00	5th "	56,75
18th "	1,00	11th "	7,60,25
24th "	6,00,00	12th "	39,75
6th April	6,08,00	18th "	5,70,00
14th "	5,79,00	19th "	2,30,00
15th "	21,00	25th "	89,80
21st "	7,47,25		

GOLD RESERVES IN MILLIONS OF OLD GOLD DOLLARS

	1929	1938	1940	1942	VI 1943
AFRICA ..	68	170	250	416	363
Un. of S. Africa ..	37	130	211	375	344
NORTH AMERICA ..	4,051	8,684	12,995	13,426	13,226
Canada ..	151	113	4	3	3
United States† ..	3,900	8,571	12,991	13,429	13,223
LATIN AMERICA ..	713	419	405	464	597
Argentina ..	405	235	208	309	209
Brazil ..	150	19	30	68	84 (IV)
Mexico ..	7	17	28	23	74
ASIA ..	731	339	389	435	435
India ..	128	163	162	162	162
Japan ..	542	97	97		
Europe ..	4,566	5,230†	2,950†	3,260*	3,336*
Germany ..	360	27	24	24	24
Belgium ..	163	430	434	434	434
Spain ..	465	*	*	25	38
France† ..	1,631	1,435	1,181	1,181	1,181
Italy ..	273	114			
Netherlands ..	180	597	365	299	293
United Kingdom† ..	710	1,588			
Sweden ..	66	18	95	189	205
Switzerland ..	115	413	297	487	518
OCCEANIA ..	117	15	15	15	15
TOTAL—ex-U.S.S.R. ..	10,246	14,850	17,004†	18,016*	17,956

* Partly estimated.

† Excluding Spain.

‡ Excluding gold held by exchange equalization funds amounting to.

	1938	1939	1940	1941
End of: ..				
United States ..	47		28	32 (III)
United Kingdom ..	448 (IX)	1,023 (III)	172	89 (IX)
Belgium ..	26	10	10	
France ..	195	282 (V)		

ABSORPTION AND RETURN OF CURRENCY
IN INDIA

(In lakhs of rupees)

Month	Increase or decrease in Note Circulation as on last Friday of the month.	Increase or decrease of Rupee Coin* in Circulation as on last Friday of the month.	Combined progres- sive increase or de- crease of Notes and Coin in Circulation
	During Month	Pro- gressive Month	During Month
1940-41	..	+ 19.11	..
1941-42	..	+152.40	..
1942-43	..	+262.33	..
1942-43			
April	..	+32.55	+ 3.05
May	..	+18.04	+ 4.75
June	..	+11.35	+ 3.15
July	..	+ 7.81	+ 2.18
August	..	+23.26	+ 9.97
September	..	+18.33	+ 2.62
October	..	+22.11	+ 4.87
November	..	+25.66	+ 6.52
December	..	+30.00	+11.13
January	..	+22.89	+ 9.56
February	..	+21.11	+ 5.94
March	..	+29.22	+ 4.11
1943-44			
April	..	+34.03	+ 3.31
May	..	+26.50	+ 3.56
June	..	+19.24	+ 2.49
July	..	+17.03	+ 9.97
August	..	+14.26	+ 4.70
September	..	+ 5.04	+ 12.08
October	..	+22.41	+138.51
November	..	+12.28	+150.79
December	..	+46.43	+197.22
January	..	+12.88	+210.10
February	..	+13.82	+223.92

* Including Government of India one-rupee notes from July 1940.

INDUSTRIAL DISPUTES IN BRITISH INDIA

	No. of stoppages	Stoppages in which wages were the cause	Workers involved	Man-days lost	Successful	Partially successful	Unsuccessful	Indefinite	In progress
Jan. 1943	119	52	1,41,880	5,32,788	29	25	43	6	15
Feb. 1943	60	35	46,320	1,91,470	7	20	24	1	8
March 1943	61	41	48,553	1,19,161	6	20	18	1	15
April 1943	98	74	17,180	80,781	8	41	23	5	16
May 1943	84	65	20,575	97,953	3	7	18	6	50
June 1943	46	22	32,238	1,12,531	7	13	19	2	5
July 1943	40	26	19,103	73,068	6	14	9	3	8
Aug. 1943	29	13	11,886	36,426	5	4	5	12	3
Sept. 1943	25	12	6,754	15,261	5	8	6	3	4
Oct. 1943	28	12	12,416	19,419	9	5	9	1	4
Nov. 1943	35	22	18,854	46,374	13	11	3	6	2
Dec. 1943	36	23	31,316	1,17,916	4	9	13	5	5
Jan. 1944	48	23	48,629	1,28,198	7	8	14	8	6

SUGAR POSITION FOR SEASON

1943-44.

(Figures in Tons)

	Producing areas	Production upto 7-3-44	Despatches during the period 1-3-44 to 7-3-44	Progressive total of despatches upto 7-3-44	Percentage of progressive despatches to production.	Physical stock as on 7-3-44
U. P.	..	4,87,725	12,803	1,32,240	27.1	3,55,485
Bihar	..	1,75,018	4,813	51,952	29.7	1,23,066
Bombay	..	45,302	3,845	16,711	36.9	28,591
Madras	..	23,633	599	7,237	30.6	16,396
Punjab	..	6,834	477	2,942	43.0	3,892
Bengal	..	9,207	700	2,170	23.6	7,037
N.-W.F.P.	..	4,039	382	2,144	53.1	1,895
Orissa	..	1,595	37	232	14.6	1,363
Indian States	..	85,396	3,051	26,947	31.6	58,449
Total	..	8,38,749	26,707	2,42,575	28.6	5,96,174

N.B.—Balance stock of 1941-42 and 1942-43 sugar as on 7-3-44 was 7,633 tons.

WORKING CLASS COST OF LIVING IN INDIA SINCE AUGUST 1939.*

(Base: August 1939=100)

	Bombay	Ahmedabad	Sholapur	Cawnpore	Nagpur	Jubbulpore	Lahore	Madras
1939-40	100	111	130	193	111	108	132	201
1940-41	107	103	129	195	108	108	129	226
1941-42	107	108	132	237	103	108	132	219
1942-43	106	106	150	246	105	108	133	262
1943-44	109	111	149	252	108	114	175	336
1944-45	108	116	145	224	104	111	149	252
1945-46	108	116	145	224	104	111	149	252
1946-47	108	116	145	224	104	111	149	252
1947-48	108	116	145	224	104	111	149	252
1948-49	108	116	145	224	104	111	149	252
1949-50	108	116	145	224	104	111	149	252
1950-51	108	116	145	224	104	111	149	252
1951-52	108	116	145	224	104	111	149	252
1952-53	108	116	145	224	104	111	149	252
1953-54	108	116	145	224	104	111	149	252
1954-55	108	116	145	224	104	111	149	252
1955-56	108	116	145	224	104	111	149	252
1956-57	108	116	145	224	104	111	149	252
1957-58	108	116	145	224	104	111	149	252
1958-59	108	116	145	224	104	111	149	252
1959-60	108	116	145	224	104	111	149	252
1960-61	108	116	145	224	104	111	149	252
1961-62	108	116	145	224	104	111	149	252
1962-63	108	116	145	224	104	111	149	252
1963-64	108	116	145	224	104	111	149	252
1964-65	108	116	145	224	104	111	149	252
1965-66	108	116	145	224	104	111	149	252
1966-67	108	116	145	224	104	111	149	252
1967-68	108	116	145	224	104	111	149	252
1968-69	108	116	145	224	104	111	149	252
1969-70	108	116	145	224	104	111	149	252
1970-71	108	116	145	224	104	111	149	252
1971-72	108	116	145	224	104	111	149	252
1972-73	108	116	145	224	104	111	149	252
1973-74	108	116	145	224	104	111	149	252
1974-75	108	116	145	224	104	111	149	252
1975-76	108	116	145	224	104	111	149	252
1976-77	108	116	145	224	104	111	149	252
1977-78	108	116	145	224	104	111	149	252
1978-79	108	116	145	224	104	111	149	252
1979-80	108	116	145	224	104	111	149	252
1980-81	108	116	145	224	104	111	149	252
1981-82	108	116	145	224	104	111	149	252
1982-83	108	116	145	224	104	111	149	252
1983-84	108	116	145	224	104	111	149	252
1984-85	108	116	145	224	104	111	149	252
1985-86	108	116	145	224	104	111	149	252
1986-87	108	116	145	224	104	111	149	252
1987-88	108	116	145	224	104	111	149	252
1988-89	108	116	145	224	104	111	149	252
1989-90	108	116	145	224	104	111	149	252
1990-91	108	116	145	224	104	111	149	252
1991-92	108	116	145	224	104	111	149	252
1992-93	108	116	145	224	104	111	149	252
1993-94	108	116	145	224	104	111	149	252
1994-95	108	116	145	224	104	111	149	252
1995-96	108	116	145	224	104	111	149	252
1996-97	108	116	145	224	104	111	149	252
1997-98	108	116	145	224	104	111	149	252
1998-99	108	116	145	224	104	111	149	252
1999-00	108	116	145	224	104	111	149	252

Nagpur and Jubbulpore do not include housing.

(a) Figures from June onwards relate to the calendar month and not to the month ended 15th June as before.

(b) Fall in index is due to the taking into account of controlled cereal prices instead of market prices.

(x) Revised figure.

† Indian Labour Gazette.

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Grade & Quality	Market	Unit	This Week Rs. a.p.	Last Week Rs. a.p.	A Year ago Rs. a.p.	Pre-war (1939) Rs. a.p.
Rice (not in husk)	New Crop	Calcutta	per md.	17 12 0	17 12 0	15 0 0	4 14 0
Wheat	Basmati Sela	Amritsar	"	8 0 5	8 0 5	5 15 0	..
	Average quality	Karachi	"	11 13 9	11 13 9	..	5 15 0
		Hapur	"	10 4 0	10 4 0	5 1 0	2 5 0
Sugar	Marhowrah Cry-	Cawnpore	"	15 5 6	15 5 6	14 8 6	9 15 0
Sugar	tal No. 1	"	"	8 8 0	8 8 0	..	..
(Gur)	Chikna best	"	"	0 9 8	..	1 1 10	0 4 0
Tea	For home market	Calcutta	"	5 8 0	5 8 0	..	..
Potatoes	Best	Cawnpore	"	11 6 0	11 6 0	..	..
Groundnuts	Bold	Bombay	per md.	175 0 0	175 0 0	172 0 0	..
Groundnut Oil	Expeller	Madras	per 500 lbs.	15 8 0	15 8 0	18 0 0	7 2 6
Castor Oil	Average	Madras	per 500 lbs.	11 8 0	11 8 0	13 8 0	6 12 6
Castorseeds	Average	Bombay	per cwt.	104 0 0	100 0 0	77 12 0	26 12 0
Linseed	Bold	"	per cwt.	441 0 0	450 12 0	..	..
Mustard	Toria 9% admix-	Karachi	per 656 lbs.	67 12 0	67 4 0	61 4 0	28 13 0
Cotton (raw)	Fine M.G. 4-F	"	per 784 lbs.	60 0 0	60 0 0	50 0 0	22 0 0
"	(Punjab) R.G.	"	"	10 8 0	10 8 0	10 8 0	10 8 0
"	*Jarilla 3/4"	Bombay	per candy	155 0 0	150 0 0	145 0 0	115 0 0
Jute	Raw Firsts	Calcutta	per 400 lbs.	1 6 10	1 6 0	1 4 0	0 12 0
Jute Bags	B. Twills 2 1/4 lbs.	"	per 100 bags.	2 11 6	2 10 6	2 2 0	1 12 0
Wool (raw)	Kandhar (clean- ed)	Karachi	per md.	71 0 0	71 0 0	64 0 0	14 0 0
Cow hides	Best quality	Calcutta	per 20 lbs.	5 4 3	5 4 3	5 5 3	3 13 3
Goat skins	Best quality	"	per 100 pieces.	12 8 0	12 8 0	7 8 0	4 12 0
Tanned Hides	Best quality	Madras	per lb.	104 0 0	104 0 0	94 0 0	89 0 0
"	(cow)	"	"	195 0 0	190 0 0	160 0 0	..
"	Best quality	"	"	..	..	..	..
Shellac	(goat)	"	"	..	..	..	..
Kerosene oil	T. N. Superior	Calcutta	per B. md.	..	..	..	..
Coal	Selected Jharia	"	per 4 gins. in tin.	..	..	..	..
Pig Iron	Foundry No. 1	Cochin	per ton into wagon	..	..	..	..
Copra	Pair average	"	per 684 lbs.	..	..	..	..

* May 1944

RURAL RETAIL PRICE INDEX NUMBERS
From November, 1943 to June 1944

Name of centre	Cereals			Pulses			Other articles of food			All articles of food			Fuel and Lighting			Clothing			Miscellaneous.		
	Nov. 43.	Dec. 43.	Jan. 44.	Nov. 43.	Dec. 43.	Jan. 44.	Nov. 43.	Dec. 43.	Jan. 44.	Nov. 43.	Dec. 43.	Jan. 44.	Nov. 43.	Dec. 43.	Jan. 44.	Nov. 43.	Dec. 43.	Jan. 44.	Nov. 43.	Dec. 43.	Jan. 44.
Eastern Zone																					
Bamra	133	128	115b	195	185	195d	160	152	151	161	153	152	129	144	179c	151	147	167e	138	135	155f
Malbang	230	168	208g	164	163†	146h	165	168†	191†	170	168†	183	132	132	132	143	143	139	195	195	195
Rajapur	180	181	151j	213	233	209k	207	232	212	204	225	204	138	147	145	118	119	124	200	204	217l
Shankar																					
garh	160	150	145	170	168	156k	115	115	119	140	136	134	87t	87 t	87t	92	90u	90u	118	115	117
Smalli	246	185	189	181	157	152	218	232	197m	216	205	188	105	105	150	a	a	a	133	132	139
Northern Zone																					
Multapl	136	100	95w	118	90	97	133	129	127	129	115	115	111	111	111	99	101	92	211	211	211
Nana	124	128	128	127	131	125	113	113	107	117	119	114	134	125	129	126	121	118	135†	135†	135
Salamatpur	148	152	143	119	115	114	107	107	101	117	116	112	93v	86 v	94v	158	158	158	154*	172	169
Shujabad	142	140	138	118	114	116	115	114	111	123	122	120	117	116	116	128	126	123	155	153	154
G u j a r																					
Khan	149	148	137n	159	148	136p	114	120	115	129	130	123	123	127	130	118	111	105	111	113	113
Southern Zone																					
Krishna	157	160	151†	103	102	102	123	123	122	128	128	123	118	113	102q	87	89	89	112	118	120
Lakh	127	118	118	155	122	118	117	121	124	125	121	122	121†	121†	121	101	107	118	129	122	145r
Malur	144	139	140	152	149	138	129	132	146s	137	136	143	83s	88 s	88s	107	105	102	172	173	180
Muniguda	113†	119†	119	121	126	126	108	116	110	111†	117†	113	86s	86 s	86s	89	91	92	131	146	144
Kudachi	a	a	a	161	162	170	124	125	151s	129	130	153	108	108	108	104	104	108	186	209	213

STOCKS AND SHARES

		This week.	Previous week.			This week	Previous week
		Rs. a. p.	Rs. a. p.			Rs. a. p.	Rs. a. p.
BOMBAY (March 29)				CALCUTTA (March 29)			
GOVT. SECURITIES				JUTES—			
2½% (1948-52)	..	99 12 0	99 12 0	Anglo-India	..	416 0 0	422 0 0
3% (1946)	..	102 4 0	102 4 0	Alliance	..	493 0 0	484 0 0
3% (1949-52)	..	100 12 0	100 12 0	Barnagore	..	184 0 0	192 0 0
3% (1951-54)	..	100 4 0	100 4 0	Champdany	..	222 8 0	228 0 0
3% (1953-55)	..	98 8 0	98 8 0	Howrah	..	71 0 0	73 2 0
3% (1963-65)	..	100 4 0	100 4 0	Kamarhatti	..	580 0 0	604 0 0
3% (1960-68)	..	98 2 0	98 2 0	Kankanarah	..	520 0 0	..
3½% (1947-50)	..	103 4 0	103 4 0	Auckland	..	291 0 0	303 8 0
3½% G.P. Notes	..	98 9 0	..	STEEL & ENGINEERING—			
4% (1960-70)	..	112 8 0	112 8 0	Bhartia	..	17 8 0	18 5 0
4½% (1955-60)	..	115 12 0	115 12 0	Indian Iron	..	36 5 0	37 12 0
5% (1945-55)	..	105 4 0	105 4 0	Marshall's	..	4 14 0	4 15 0
TEXTILES				Kumardhubi	..	10 1 0	10 4 0
Poddar	..	..	480 0 0	Steel Corporation	..	27 3 0	28 1 0
Ahmedabad	..	512 8 0	512 8 0	Jessop	..	23 4 0	23 13 0
Bombay Dyeing	..	2,137 8 0	2,116 4 0	Burn	..	390 0 0	407 0 0
Central India	..	436 0 0	429 8 0	TEXTILES—			
Indian Bleaching	..	222 0 0	222 8 0	Kesoram	..	18 4 0	19 3 0
Kohinoor	..	685 0 0	671 0 0	Cawnpore Textile	..	15 9 0	15 14 0
Century	..	1,035 0 0	1,036 0 0	New Victoria Pref.	..	9 7 0	10 0 0
Colaba Land	..	234 0 0	230 8 0	Dunbar	..	284 0 0	300 0 0
Phoenix	..	750 0 0	765 0 0	Elgin	..	78 8 0	84 0 0
Simplex	..	262 8 0	257 0 0	Benares	..	13 15 0	14 10 0
Swadeshi	..	609 0 0	600 0 0	COALS—			
Vishnu	..	562 8 0	565 0 0	Bengal	..	..	609 0 0
Sasoon	..	..	18 13 0	Equitable	..	54 8 0	57 0 0
Apollo	..	5 1 0	5 1 0	West Jamuria	..	53 0 0	..
Swan	..	383 0 0	383 0 0	North Damuda	..	..	10 2 0
Finlay	..	344 0 0	344 0 0	South Karanpura	..	..	12 0 0
Morarji	..	730 0 0	730 0 0	Bhaigora	..	15 6 0	16 2 0
New Great	..	404 0 0	404 0 0	East Indian	..	..	32 0 0
Model	..	383 0 0	383 0 0	Burrakur	..	31 14 0	32 12 0
MISCELLANEOUS				MISCELLANEOUS—			
B.I.C.	..	6 8 0	6 9 0	Aluminium Corn.	..	20 14 0	20 14 0
Bombay Burma	..	412 8 0	417 8 0	Consolidated Tin	..	2 0 0	2 0 0
Alcock	..	620 0 0	620 0 0	Nadian Copper	..	2 14 0	2 14 0
Belapur Sugar	..	246 0 0	246 0 0	B. I. C.	..	6 7 0	6 7 0
Bombay Tramway	..	146 0 0	145 12 0	I. G. N.	..	143 0 0	143 0 0
Bombay Steam	..	675 0 0	685 0 0	Burma Corporation	..	3 1 0	3 4 2
British Burma Petrol	..	3 1 0	3 2 6	British Ceylon Corporation	..	19 4 0	19 4 0
Andhra Valley	..	1885 0 0	1,977 8 0	Titagarh Paper	..	29 2 0	29 5 0
Shivrajpur	..	70 8 0	69 8 0	Dalmia Cement	..	19 8 0	19 10 0
Tata Oil	..	83 8 0	83 8 0	Orient Paper	..	35 8 0	35 9 0
Tata Chemical	..	32 0 0	32 0 0	SUGAR—			
Tata Power	..	1,002 8 0	1,000 0 0	Samastipore	..	..	22 8 0
Tata Hydro	..	204 8 0	206 4 0	Belsund	..	13 4 0	13 15 0
Tata Steel Ord.	..	414 8 0	421 0 0	Carew	..	29 12 0	30 8 0
Tata Steel Defd.	..	2,147 8 0	2,190 0 0	Champaran	..	..	42 4 0
Premier Construction	..	220 0 0	220 0 0	Ramnagar	..	..	14 2 0
Associated Cement	..	226 0 0	225 8 0	Buland	..	..	42 8 0
Indian Iron	..	36 8 0	37 8 0	TEA—			
Indian Copper	..	2 12 6 0	2 12 6 0	Batali	..	17 0 0	..
Tata Steel 1st Pref.	..	223 8 0	223 8 0	Pussigiling	..	16 0 0	..
Tata Steel 2nd Pref.	..	160 0 0	162 0 0	Tejpur	..	17 12 0	..
Bombay Burma New	..	140 10 0	149 8 0	Tukvar	..	20 4 0	..
BANKS—							
Central	..	94 8 0	94 8 0				
Imperial (Fully Paid)	..	1,932 8 0	1,932 8 0				
Imperial (Partly Paid)	..	503 8 0	506 4 0				
Reserve	..	134 8 0	135 4 0				
India	..	183 0 0	186 0 0				
New India Insurance	..	94 4 0	94 8 0				

1200