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The Great Charter

IF words and sentiments could save mankind from the scourge of war, the United Nations charter with its 10,000 words and a preamble of unsurpassable sentiments would prove to be the most effective guarantor of perpetual peace. Unfortunately, this method of securing world peace by charters and constitutions and treaties has not prevented—and will not prevent—the recurrence of conflict. The beautiful covenant of the now long defunct League of Nations with all its Wilsonian utopianism, the more precise Geneva Protocol of 1924, the Locarno Agreements of 1925, the General Arbitration Act of 1927, the famous Briand-Kellogg Pact of 1928—all these were swept away in the rising tide of power politics, which came to dominate the continent of Europe with the emergence of Fascism. Then began that great intrigue of the Western Democracies, which kept the balance of power constantly swinging between Soviet Communism and European Fascism. Up to the last moment, the statesmen of Britain and France continued to philander with Hitler and Mussolini in the rather vain hope that the forces of Fascism would move eastwards and crush Bolshevism and in the end weaken themselves. Then the Western Powers would come upon it with a bang and thus make the world safe for democracy and for their empires. They argued with great logic and realism. They were sure of their diplomacy, for, were it not so, they would not have encouraged the puny fascist state of Poland to reject the proffered help of the Soviet Government. With characteristic cynicism, the U.S.S.R. signed a non-aggression pact with the Reich at the very time when the British military mission was in Moscow. The forces of Fascism moved westwards and then eastwards with all the cost in blood and money that we have paid. All this happened in spite of the League of Nations.

People there are, who blame the League for failure to prevent the recurrence of war. Whatever the legalists may say, this is historically untrue. It is not the League which failed, but the Great Powers betrayed it —those very same Great Powers who have now enthroned themselves in the Security Council of the United Nations.

The aims and purposes of the United Nations are much the same as those of the League of Nations, their main function being the effective prevention of international conflict. Both are based upon that meaningless Austinian fiction—the sovereign equality of all nations—which so strangely persists in a world where the quantum of sovereign power is a "function" of military resources alone. In the actual working of the United Nations, this fiction of sovereign equality is completely given up, for the only effective organ of the new League is the Security Council, in which each of the Big Five will enjoy a right of veto in all non-procedural matters. The old League kept up the fiction of sovereign equality inasmuch as both in the Assembly and in the Council, important matters could only be decided by a unanimous vote, which amounted to a power of veto for

every State, big or small. It is, however, a mistake to believe that it was the unanimity procedure, which rendered the League a powerless body. In all the three crucial disputes of the inter-war period—the Sino-Japanese conflict, the Italo-Ethiopian dispute, and the Spanish Civil War—it was the reluctance of the Big Powers which came in the way of using effective sanctions against intransigent Governments. Realistically, therefore, the procedure of the United Nations Security Council is no improvement upon that of the League of Nations.

But the Security Council is a much more powerful body than the Council of the League, in which the Assembly enjoyed powers co-extensive with the Council. In the new organization, the Assembly has the right only to make recommendations to the Council; and even this right ceases when the Council is seized of a dispute. The Council will have another advantage. While the Assembly shall meet periodically, the Council will function continuously. This is a decided improvement upon the old procedure and may prove to be of great value in the evolution of the international state. If a small, compact body of persons with power at their back functions continuously for some length of time and is actually able by methods, crude or fine, to prevent war, the foundations of international peace and order will have been solidly laid. The United Nations are thus proceeding realistically in the building up of a world organization. The Security Council will have a military staff committee for advice and assistance on all qustions relating to the Council's military requirements for the maintenance of international peace and security by combined international enforcement action. The United Nations undertake to make available to the Security Council, *on its call*, armed forces, assistance, facilities, etc. All this is excellent realism in contfast to Wilsonian idealism, but it has just one snag. The Council will have no armed forces of its own but will get them *on call* from its constituent members. How far and in what spirit the respective Governments will obey the call in a time of crisis will naturally depend upon the balance of power at the moment. And the United Nations with all its realism may fail as much as the League of Nations with all its idealism.

The sanctions provided in the new organization are practically the same as in the old. The provision of military sanctions is nothing new. Article 16, paragraph 2 of the League Covenant provided that "it shall be the duty of the Council in such case to recommend to the several Governments concerned what effective military, naval or air force the members of the League shall severally contribute to the armed forces to be used to protect of the Covenants of the League." Thus the League was as well equipped with *sanctions* as the United Nations is. The difference lies in the will and in the readiness to use them, and in this the United Nations may fail as much as the League of Nations.

What are actually the prospects of success or failure of the United Nations? Why did the League fail? The League failed, so the cynics say, because it was not a League of Nations but a League of Robbers. This is no doubt a vulgar exaggeration, but it is *the exaggeration of a vital truth*. Some nations have misappropriated a large part of the world. Others naturally challenge them. Temporarily they do come to a compromise on principle, some robbing to the right and others to the left. These principles are embodied in charters, treaties, agreements. But as there is no morally binding international code, the growing ambitions of rival Powers soon set the world ablaze again. The Charter of the United Nations does nothing to alter this fundamental state of affairs. The *status quo* is rigidly preserved with lip-homage paid to trusteeship, self-government, independence, international co-operation, and what not.

The United Nations thus does nothing to eradicate the basic causes of conflict. German militarism is, of course, crushed—and that is entirely good. But there remain three potent causes of conflict—British and French imperialism, American finance capitalism and Soviet communism. It is true that not all of these are in themselves evil forces. It is also true that none of them desire war and can only prosper in peace. But by a historical contradiction, explicable only by the logic of the Marxian dialectic, they are the real causes of international conflict. In any final causal analysis, Britain, France, the U.S.A. and the U.S.S.R. must share equally with Germany and Japan the guilt for war. History is not interested in naming the formal aggressor; and the Aristotelian analysis that all disturbances are caused by a sense of injustice remains as true as ever. The United Nations may by a show of arms prevent war for some time, but this sense of injustice is like a well for ever springing up. You may close it at this end or the other, but you can never for long prevent a volcanic eruption. It is, therefore, not only necessary to deal with disputes but with their causes.

In this connection, the General Assembly and the Economic and Social Council of the United Nations will study and make recommendations for international co-operation in the solution of those problems which cause war. The United Nations shall promote "(a) higher standards of living, full employment and conditions of economic and social progress and development; (b) solution of international economic, social, health and related problems, international cultural and educational co-operation; and (c) universal respect for and observance of human rights and fundamental freedom for all without distinction as to race, language and religion." The securing of these aims will be the particular concern of the Social and Economic Council. It will submit draft conventions to the Assembly, summon international conferences, appoint commissions, including one on human rights to draft an international bill of rights. This is all grand, if only it could be accomplished.

At the top of it all, non-self-governing territories are promised, without any time-limit, free political institutions, whatever they may mean, "according to the particular circumstances of each territory and its peoples and their varying stages of advancement." This is language with which even the most die-hard imperialist will heartily agree and it has often been heard even in the mother of parliaments and from persons determined to oppose by all means at their disposal the liquidation of their empire. It is true a trusteeship system is being created, but it is compulsory only for territories detached from enemy States.

With all these defects, the foundation of the United Nations organization ought to be welcomed for two reasons. Firstly, there is a widespread desire for international peace and co-operation and this desire can only be fulfilled through some organization. Secondly, if we cannot in the present set up of world power get a perfect organization, the only alternative to certain suicide is to accept any organization that can be formed and work it with goodwill and determination. It is true that the record of the Big Powers is black. America for long supplied Japan with war materials to crush the innocent Republic of China. France prevented the application of the oil sanction, which might effectively have stopped Italian aggression against Ethopia. Britain did tacitly permit Hitler and Mussolini, under the innocent cover of the London Non-Intervention Committee, to blast the nascent republic of Spain. And then began the rapid march downwards to the hell of World War II. Against this dark and murky background, the prospects of world peace do not appear bright. But the realists tell us that thieves alone can prevent robbery. The idealist demand for the immediate liquidation of imperialism and capitalism will only mean bitter conflict. The United Nations organization avoids all these rough currents. It is only to be hoped that it will not flounder, when it meets them, as it must, on the stormy ocean head.

Purchase Policy

ONE of the important instruments which the Government will continue to wield with great consequence to Indian industry even after the war is their purchase policy and it is high time that this policy is stated in indubitable terms and the purchase machinery reorganized so as adequately to subserve a policy of active encouragement of domestic production. During the war, obviously, Government purchases have been very important; in the five years ending March 1944, the value of Supply Department contracts alone aggregated Rs. 726 crores, not to mention other departments' purchases. But equally obviously, the downward trend of war contracts has already begun, the contracts are being liquidated without care and orders diverted to British firms under the Hydari deal. In the first seven months of 1944-45, the Supply Department orders amounted only to Rs. 76 crores and for the whole year may not exceed Rs. 120 crores. The immediate need of the situation is, therefore, to avert a chaotic liquidation of the war contracts and to secure that the productive power fostered by war purchases is consolidated and switched over to peace production. This undoubtedly impinges on planning and import policies, and in the co-ordination of them all, the war-time purchase machinery will and must be of great assistance.

Experience, however, has shown that large though be the volume of war orders, the opportunities provided by the outbreak of the Second World War have, in a majority of cases of purchases, been thrown to the winds and Indian industries deprived of the chance of permanent establishment. This is the opinion not of critics of Government, but of important purchase officers in the Government itself who have first-hand knowledge of conditions of the past six years.

For a long time even before the war, the Stores Purchase Rules have suffered from an inflexibility of specifications and rigidity of interpretation which ignored the actual economic conditions and needs of this country. London engineers and consultants, however ignorant they might be of Indian circumstances, could brook no relaxation which would divert orders from British to Indian firms. Revisions were made in these rules from time to time, more particularly after 1941 when it became clear that the alternative was the failure of war supplies. But often, those revisions were rather accepted as inevitable, and not made on their technical merits. It is very desirable that these rules are revised once again, this time adequately and far-reachingly in the light of war-time experience, with the help of Indian technicians and purchase officers who know the job.

A second defect has been the lack of proper planning in placing the orders. It has been brought to light that the Purchase and the Industrial Planning agencies of the Government have acted without effective co-ordination and that once the orders had been placed, they were not followed up by way of technical advice and assistance and other kinds of help which would have facilitated efficient production. The result is that many of the industries which developed on war orders are unable to meet the full needs of the country, do not come up to efficient standards and will find it extremely difficult to face external competition. This is, no doubt, part of the over-all indictment of the Government's industrial policy that it failed to develop production and to secure technical and other facilities. In so far as the planning, purchase and other technical agencies of the Government could rectify this even at this late stage, they should spare no effort to take advantage of the present eased war situation to obtain for those industries those facilities which would enable them to have an independent existence.

So much for consolidating the war-time progress. But a more important and urgent question to be considered even now, if the mistakes of the past are not to recur in the future, is the reorganization of purchase machinery and restatement of purchase policy. Naturally, the magnitude of Government's post-war purchases will depend upon the over-all rate of economic planning and the relative roles of public and private investment in the scheme. The primary aim of policy in the post-war transition would be to stimulate private enterprise so as to enable it to fill the gap to be caused by the decline in public war expenditure. Nevertheless, the scale of public outlay, as might be inferred from the transport, industrial and other plans of the Government, would still far exceed pre-1939 scales and would be a sizeable tonic to domestic industries, if the outlay is planned with some foresight.

The first step is the setting up of a Central Purchase Organization and of a Development Committee under the Planning Department, as suggeseted by the Deputy Purchase Chief in the Supply Department. The Development Committee would consist of representatives of trade and industry, in addition to men of technical knowledge, who would keep in touch with actual production as well as facilities for fresh development in the country. If the Provincial Governments and the States place their orders on the Central Organization instead of indenting independently, the resulting pooling of orders would facilitate central planning of production where that is feasible or bulk purchase from foreign sources, where that is considered advantageous without curbing individual initiative. No constitutional obstacles need be encountered either from the States or the Provinces, if a responsible Government is set up at the Centre and liaison established with the States in regard to planning. The Development Committee suggested above need not be concerned solely with Government purchases; if a committee were constituted to take charge of the larger question of planning and priorities also, representing the various departmental and other interests which would have a voice in deciding those matters of policy, the planning of production as dictated by the purchase side of the Government would form part of the larger task.

The methods of assistance to industry under purchase policy would be akin to, if not part of the larger industrial policy. When a liberalization of protective policy and active stimulation of industry take shape, they can apply to Government purchases as well: (*e.g.*) guarantee of order for a certain number of years, favourable freight rates, price preference or bounties, protective duties, priority for raw materials and plant, advancing credit to industry, etc. The most suitable way of assistance must naturally depend upon the circumstances of each case. The claims to assistance of an industry depending upon governmental demand will be judged in the same manner and by the same criteria as the claims of an industry depending on private demand, tempered, where necessary, by social considerations such as security and welfare.

It is most essential that forward planning of Government purchases should receive immediate attention. Many lines of demand would suggest themselves if any of the Government plans are really going to be put through. Many provincial plans are already complete for the first five years, as also some central, prominent among them being those pertaining to transport, agriculture, etc. For instance, the number

of locomotives and wagons which will be in demand has been estimated and steps have been taken for partial domestic production. Similarly, if the road plan is to have a high priority, some estimate must be made of the quantities of road-building materials required and of the number of automobile vehicles to be put on the road and measures need to be taken to get them in time. This will apply to a number of other articles as well. Government must get at some of these quantitative estimates, however rough, for, say, the first five years and plan the purchase action ahead. With such a forward programme ready, the present purchase organization in the Supply and other departments can look ahead and do an important job, instead of concerning themselves with disposing surplus stores and terminating war contracts. Even the demobilization of the personnel in those departments said to be under contemplation can be greatly mitigated.

There is no necessary conflict between forward purchase planning by Government and private investment. On the contrary, the former might be employed to stimulate the latter, as the illustrations given above would show. Especially where domestic production can be speeded up without having to import plants and materials—that raises the question of priorities—purchase will be an ideal policy. Where Government purchases collide with private plans in the matter of priorities for dollars, capital goods, etc., it will inevitably have to be readjusted. But since the major aim of policy would be to maintain *total outlay* so as to avert a deflationary interregnum, it does not matter, in the first instance, who makes the outlay. Private industry is already making plans even without adequate assurances. But let Government make an estimate of the outlay they will make in the first years and state how its repercussions will be distributed between internal and external economies. Their peace purchase programme can well be made the spearhead of the anti-deflationary effort which the cessation of their war purchases has made an immediate desideratum.

The Missing Gold

IN the course of the war many important changes have occurred affecting international economic relationships. The world's debtor-creditor position has been profoundly altered and this is bound to have far-reaching effect on the course of international trade after the war. Meanwhile, even during the war these changes have produced certain remarkable redistribution of international monetary reserves and in particular of gold. In this process, the entry of the U.S.A. into the war after the Japanese attack on Pearl Harbour marks a definite watershed. Before American entry into the war the belligerent countries had been forced to procure war materials from the United States for cash. And this severely limited the amount of help which they could procure from the United States to their current earnings of dollars plus their dollar disinvestments. But when the United States entered the war and particularly with the advent of Lease-Lend aid, certain new elements were introduced in this situation. Firstly, the Allied Nations were enabled to procure vast amount of war materials from the United States without having to worry about dollar resources. At the same time the supply of dollars began to mount very rapidly. The United States had to import on a larger scale to satisfy the gigantic requirements of its economic mobilization. Then there was a very considerable rise in outlays by the United States military forces abroad.

All this meant that the old scare about an incipient shortage of dollars was dissipated, at any rate for the time being. The rate at which the dollar reserves of the foreign countries were being exhausted before Pearl Harbour diminished steadily. On the other hand, foreign countries began to build up dollar balances of their own on a scale which was unprecedented. The result was remarkable. The United States which had come to be regarded as the world's creditor par excellence became on balance a net debtor. Thus, as we pointed out in a previous issue, in September 1944 the United States showed a net debit balance of 1.2 million dollars on its combined long-term and short-term accounts. It has been estimated that on the eve of Pearl Harbour the total revealed monetary gold stocks of the rest of the world stood at about 8.7 million dollars of which a quarter was held under earmark in the United States. In September 1944 gold under earmark amounted to 3.8 million dollars while the United States' gold stock had fallen to 20.8 million dollars from the peak it had reached of 22.7 million dollars at the time of Pearl Harbour. In 1942, the first year after Pearl Harbour, foreign-owned gold stocks and dollar assets increased by 1.6 million dollars, in 1943 by 2.8 million dollars and in 1944 probably by 2.3 million dollars. The rate of this very remarkable growth of foreign resources in the United States is slightly falling off. At the same time the balance of "cash" trade of the United States which was *minus* 760 million dollars in 1943 rose to about *minus* 900 million dollars in 1944. With the end of hostilities in Europe the rate of cash expenditure abroad is also tending to fall off; the Lease-Lend facilities again are being withdrawn over certain sections, thus increasing the field of cash trade.

Nevertheless, this remarkable transformation of the net international position of the United States during the last 3½ years after Pearl Harbour has decisively impressed itself on international distribution of gold. The United States had a gold stock worth 17.6 million dollars in December 1939; in December 1941 it stood at 22.7 million dollars showing an increase of over 5 billion dollars. During the following three years the monetary gold stock fell by over 2 billion dollars.

Where has all this gold gone to? An examination will show that this gold has gone, to increase the holdings, firstly, of the Latin American countries, secondly, of certain neutral countries in Europe and Middle East, and, thirdly, of South Africa. The Latin American countries have been supplying the United States with amount of raw materials and other resources during the war and building up their dollar resources which they have been unable to "collect," in terms of import on account of the shipping restrictions, exchange controls and other economic controls prevailing in the United States. The countries which have thus built up dollar resources up to a certain extent converted them into gold.

The following table shows the gold resources of the Central Banks and Governments of the Latin American countries which have built up their gold holdings. The figures are not wholly homogeneous and comparable because, as in the case of Argentina, the figures for December, 1942, and December, 1943, included also gold belonging to the Argentina stabilization fund.

(In millions of dollars)
Latin America.

	Argentina	Brazil	Chile	Colombia	Mexico	Peru	Uruguay	Venezuela	Total
1938 Dec.	431	32	30	24	29	20	69	52	687
1939 Dec.	466	40	30	21	32	20	68	52	729
1940 Dec.	353	51	30	17	47	20	90	29	637
1941 Dec.	354	70	30	16	47	21	100	41	679
1942 Dec.	658*	115	36	25	39	25	59	68	1,025
1943 Dec.	939*	254	51	59	203	31	121	89	1,747
1944 Dec.	400	313	56	92	222	32	(151)	120	1,605

* Including gold of the Central Bank held abroad and gold belonging to the Argentine stabilization fund.

Nevertheless, the table shows that the combined gold holdings of these countries stood at 729 million dollars at the outbreak of the war and had fallen to 677 million dollars at the time of the entry of United States into the war; from that time they rapidly grew until they stood at 1,405 million dollars at the fall of 1944. The same tendency is also revealed by the following table giving the gold resources of the neutral countries, Iran, Sweden, Switzerland and Turkey.

	Iran	Switzerland	Sweden	Turkey	Total
1938 Dec.	26	701	321	29	1,077
1939 Dec.	26	549	308	29	912
1940 Dec.	26	502	160	88	776
1941 Dec.	26	665	223	92	1,006
1942 Dec.	34	624	335	114	1,307
1943 Dec.	92	964	387	161	1,404
1944 Dec.	115	1,058	463	221	1,857

The combined holdings of these four neutral countries stood at 912 million dollars in December, 1939. During the subsequent year it fell steadily and heavily but rose again and reached the 1,000 million mark in December, 1941. After that the rate of increase was very great and holdings stood at 1,857 million dollars in December, 1944. As against this in South Africa in December, 1939, the gold reserves were 249 million dollars. In December, 1940, they stood at 367 million dollars and remained nearly constant at that level until Pearl Harbour. Then they rose very steeply and stood at 634 million dollars in December, 1942, 706 million dollars in December, 1943, and 814 million dollars in December, 1944.

We find that between Pearl Harbour and December, 1944, gold resources of the Latin American counoftries have increased by nearly 720 million dollars, and those of the above neutral countries by nearly 850 million dollars and of South Africa by 450 million dollars, thus accounting for the loss of gold to the extent of nearly 2 billion dollars which the United States suffered since Pearl Harbour. The monetary reserves of certain countries have not been fully disclosed during the war. Thus the gold holdings of the Bank of England were reduced to a nominal amount by transing gold to British Exchange Equalization account during 1939. It was not thus possible for the public to know what amount of gold the British monetary authorities held at any time during the war years. Recently, however, some information on a delayed basis has been given out. We are thus told that in March, 1939, Great Britain held 1,732 million dollars of gold; this fell to 876 million dollars in September, 1939, and to 151 million dollars in December 1941. The figures of the gold holdings of the Axis Powers and certain other countries are not known for many years. But assuming that the gold holdings at any time remained constant since the last known position, we find that the total monetary gold reserves in the world amounted to 26,741 million dollars in December 1939; it rose to 30,059 million dollars in December, 1941, and again slightly fell to 29,874 million dollars in December 1944. Thus during the war years prior to Pearl Harbour, the monetary stock of gold of the world rose by nearly 3.3 billion dollars. On the contrary after Pearl Harbour the monetary stock of gold of the world was nearly steady or slightly fell. As against this we find that estimated world production of gold outside the Soviet Union stood at nearly 1,300 million dollars in 1940 as well as in 1941. As regards Soviet production the output was estimated at 1,290 million dollars in 1940 and somewhat less in 1941. Full figures for the output of gold are not available for the following three years. But assuming that total reported output of gold is about 85% of the total output of the world outside the Soviet Union, the total output of the world would be about 2,800 million dollars in 1942, 1943 and 1944. The output of the Soviet Union is reported to have declined after 1941 to about 950 million dollars in 1943. Assuming the output was 1,000 million dollars in 1942, 950 million dollars in 1943, and 900 million dollars in 1944, we find that total Soviet output during 1942-44 was probably about 2,800 million dollars. Thus total world output of gold in 1940 and 1941 would be about 5,100 million dollars and during 1942-44 about 5,600 million dollars. Thus during 1940 and 1941 the world's stock of gold due to new production increased by 5,100 million dollars while the monetary stock of gold increased by 3,300 million dollars leaving the balance of 1,800 million dollars for non-monetary use. On the other hand, we find that while during 1942-44 the world stock of gold has increased by 5,600 million dollars, the world's monetary stock of gold has actually diminished, by about 200 million dollars. Redistribution in the world's monetary stock of gold which has taken place since Pearl Harbour just accounts for the amount of gold which has flown out of the United States. The amount of new gold used for industrial purposes during the war, for reasons of rigid shipping and exchange restrictions has been very negligible. Even after allowing about 900 million dollars for industrial use per annum it is clear that nearly 3 billion dollars of gold still remains unaccounted for. They must have flown to unrecorded hoards throughout the world, although it is difficult to say how this gold could escape through the very tight shipping and exchange controls which have been exercised by all the countries concerned. The whereabouts of these nearly 3 billion dollars of new gold since Pearl Harbour remain one of the great mysteries of the monetary world.

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The Week's Notes

AN ANGLO-FRENCH ECONOMIC BLOC?

A Western economic bloc, including Britain and France, controlling the resources of Africa, is advocated by M. Paul Reynaud, a former French Prime Minister. He adduces the reason: "Between the two economic blocs of the United States and Russia, Britain and France have become countries whose economic space is too small for them to prosper independently in a world where mass production has become the supreme law." The proposal has been supported by the *Yorkshire Post*, which is said to reflect the opinion of the Foreign Office. Even the *Manchester Guardian*, urging a revision of Britain's ideas of her world role, emphasizes the fact that Britain can no longer afford to indulge in her liking for normal relations in areas where "we have no longer the power to back them up."

DISCRIMINATORY DEVICES

The proposal of a Western economic bloc is not one which is made for the first time now. In point of fact, British economic thinking has been proceeding on these lines for nearly two years now. In the name of a less than universal multilateral system which alone is practical politics in the present-day world, the extension and buttressing of the sterling area and Empire cohesion by the inclusion of Western European countries, with their large colonial areas in Africa and Asia, has actually become Britain's policy. The series of bilateral monetary pacts she has concluded with the continental countries following the Bretton Woods Conference aim at that end. But from the point of view of international harmony, no less than that of the interests of the countries concerned, these blocs can only do grave harm. If Russia and the U.S.A. form powerful blocs, they rely on their own space and resources, but the bloc Britain has built is at the expense of other peoples. For her immediate requirements, Britain requires a volume of capital equipment and other materials by way of credit which not one country within the Anglo-French bloc can afford. On the contrary, each one of them is badly in need of aid from the one rich country, the U.S.A., which alone can satisfy all requirements. Any attempt to by-pass the fact of the superior resources of the U.S.A. is bound to defeat itself and can only result in impoverishing contractionism. Such discriminatory groupings would tend to discourage American opinion from viewing favourably upon the proposal, for example, now before the Congress, to give a big credit to Britain to help her to tide over post-war hurdles. In the present atmosphere of suspicion in the relations between Britain and Russia, the proposal of a Western economic bloc will be looked upon as the definite evidence of building up of a semi-military front against Russia. It is needless to add that countries like India will use their fiscal freedom to break up blocs which lead to economic warfare and ultimately war.

U.N.R.R.A. PURCHASING MISSION

It is reported that an U.N.R.R.A. Purchasing Mission headed by Mr Francis Sayre is shortly expected to arrive in India. It will be recalled that at the last budget session India's contribution to the U.N.R.R.A. has been fixed at Rs. 8 crores. The object of the present U.N.R.R.A. Mission is to exploit the possibility of purchases in India of essential commodities which this country can spare and which are needed for the relief of the countries freed from the enemy. The Committee of the Federation of Indian Chambers of Commerce and Industry in the course of a communication to the Government of India have pointed out the incongruity of India contributing to the relief of other countries when she herself is in dire need. However, remembering that we have been making contributions to Allied war effort of the order of Rs. 700 or 800 crores per annum recently, another Rs. 8 crores would be only a flea-bite and may be accepted as a small price for our participation in organizations for securing international economic co-operation. Thus if we join the Bretton Woods scheme, we shall have to make initial contributions totalling Rs. 100 or 200 crores. We cannot, therefore, grudge making our own small contributions in the interest of international economic co-operation although our domestic needs may seem vey urgent and pressing at the moment. But we have to insist that we are given an effective voice in the administration of any international organization to which we make our contributions. The operations of the U.N.R.R.A. have been not above suspicion and charges of political bias have been levelled against the organization. We should have an effective voice in the executive of the organization and we should press that the resources of the organization are used not in the interest of some favoured countries alone but of all countries in need and in accordance with the urgency of such needs. Thus Burmah and the other liberated countries in the Far East should also secure their due share of the resources of the organization and relief should not be extended to the European countries alone.

It is also reported that the purchases of the Mission in this country may not be confined within the budgetted sum of Rs. 8 crores only and it may purchase even more than this sum, in which case the purchase will have to be paid for from the funds of the Administration. It is to be hoped, however, that such excess purchases should be strictly limited and should in any case be paid for in hard or realizable international currency and not just add to our frozen sterling balances.

CAPITAL LEVY IN FRANCE

The confusion as to property rights created by Nazi economic penetration, the enormous degree of inflation during the occupation years and the huge fortunes to which the economic disorganization gave rise have left the national French Government a heavy legacy to liquidate. The tangle of property rights in industries could in many cases be cut only by outright socialization. In the matter of monetary reorganization, important measures so far taken include the withdrawal of surplus currency, freezing of bank deposits, etc.

The latest proposal announced is a capital levy approved by the French Cabinet and to be placed before the National Consultative Assembly. The levy takes three forms, as gathered from incomplete reports: (1) A 3 per cent. tax to be levied on all capital. Capital up to 100,000 francs (Rs. 6,600) will be exempt, as will be capital up to 200,000 francs (Rs. 13,200) in the case of a childless married couples, up to 300,000 francs (Rs. 19,800) in the case of a couple with one child, up to 600,000 francs (Rs. 39,600) in the case of a household with two children and 900,000 francs (Rs. 59,400) for a household with three children. Additional allowances are to be made for widows and orphans. (2) As distinguished from the above, war wealth acquired since 1939 will be subject to a levy, without exception, on a sliding scale starting with a basic 20 per cent. (3) Lest individuals should escape from taxation through rights concealed in corporations, it is proposed that all French firms

with a capital of 40 million francs and above will transfer to the State bonds to the value of 5 per cent. of their capital. The effect is that the State owns 5 per cent. of all these firms and becomes perhaps the most important shareholder. The principles underlying the three series would seem to conform to orthodox canons of progressive finance. The first, the 3 per cent. levy recognizes minimum needs on the lines of the income-tax and the second bears somewhat hard upon war wealth which has admittedly escaped its burden, while the third perhaps is a moderate alternative to more radical remedies.

PRIORITY FOR CAPITAL GOODS

While abundant evidence has come to hand recently of the willingness of British industrialists to help India in the provision of plant and personnel, an even greater volume of evidence points to the fact that they will not, for some years to come, be able to fulfil expectations. Progress of reconversion in Britain is halted by numerous bottlenecks and is very slow, while from the competitive point of view modernization of British production methods which is as big a task as effecting a second industrial revolution, has scarcely begun. All the British offers have so far amounted only to agreeing to give goods when it suits them and at prices which they cannot lay down now.

An official survey of the British position made by the U.S. Bureau of Foreign and Domestic Commerce confirms that British production even before the war had not kept pace with demand in respect of price, cost and design. Britain's capacity to produce is unquestioned. But the question is: how soon will it be realized? The negotiation of high priority for India becomes an immediately urgent task in the context of this mounting volume of evidence.

INSURANCE COMPANIES AND STOCK EXCHANGES

Unregulated operations on the stock exchanges are capable of doing grave harm to the investments of the insurance firms no less than of banks. Correction of the evil should no doubt come from the banking and insurance side, but it is an important part of the reform of stock exchanges as well. In the case of insurance companies, one undesirable feature which has come into prominence lately is the cornering of the shares of insurance companies at prohibitive prices with consequent recurrent changes in the management of those companies. This seems to have been encouraged by the interlocking of interests between banks and insurance companies, which has also strengthened the tendency to speculative investments of banking and insurance funds. The method of reform can be the restriction of the investment operations of banks and insurance firms, the prevention of interlocking interests, and lastly the regulation of transfers of shares on the stock exchanges. The last one forms part of stock exchange reform.

HYDRI MISSION IN ACTION

The Director-General of Munitions Production, India, has addressed a circular to all war contractors warning them that they can no longer depend on the Government orders to fill their capacity. The Director-General has pointed out that this flows as a direct result of the Hydari Mission which have succeeded in a large measure in diverting war orders from India to Great Britain in order to relieve the burden of war expenditure on India and to release the capacity in this country for civil purposes as part of anti-inflationary plan. As we have had occasion to point out recently, such a policy would redound to the interest of India only if the productive capacities thus released are positively helped in reconversion to peace-time production; and in this work of reconversion Government help would be necessary at every stage. The Director-General has, however, taken pains to point out that industry is expected to find the way back to normal through its own endeavour. The existing emergency powers of control could not, of course, be demobilized at a stroke; control over the distribution of essential raw materials and transport will have to be retained for an indefinite time to come and the control can be wound up only by gradual stages. The Director-General avers that the need for the maintenance of these controls arises from the fact that while stores for the wars may be gradually reduced in volume, it will still be necessary to ensure that such orders as remained receive the necessary priority. But in the interest of the full employment of our production capacities, priority has to be assigned not only in the interest of the reduced volume of war contracts but also positively to help the reconversion of the productive capacities released by the diversion of war orders. Consequently, we urge that the Government must continue to keep account of all the productive capacities which are being released by the cessation of war orders and give them all the assistance in raw materials, fuel, import of equipments, transport facilities, etc., with a view to ensure their speedy reconversion to serve the civilian markets. For the Government post-war plans, if they have any reality at all, must be capable of evolving organically out of our war economy. The system of controls which has grown up during the war has to a large extent only inhibited the fullest developments of our production potential. This system of control must now be rationalized and integrated to serve the new needs of our reconversion and post-war development. It is not enough to say that the Government will be ready at all times to give such assistance to individual manufacturers as may lie within their power; what is needed is a broad framework of positive policy and conscious direction on a systematic basis.

CAPITAL PUNISHMENT VS. CAPITAL LEVY

The revelation of the Bengal Famine Commission that the black marketeers made nearly a thousand rupees per death has shocked the conscience of the world. It infuriated Pandit Nehru into saying that these fellows should be hanged by the neck. This is violence. One could have understood, if Pandit Nehru, socialist as he is, had suggested capital levy instead of capital punishment. Capital levy, too, is a radical suggestion, though, given the choice, the black marketeers would, as sensible fellows, prefer to part with their properties than with their souls (if they have any), though the cynics say otherwise. A more sensible alternative to a capital levy would be a very steeply graded system of death duties, which would in due course deal with all large fortunes. A capital levy, apart from its likely adverse effects on the impending expansion of industry, may cause recrimination at a time when we can hardly afford any breach in our united national front. Anyway, the problem should be scientifically analyzed and dealt with. It would certainly be a dangerous precedent, if we allowed the black marketeers to "murder" the masses and get away with their fortunes, as Mr Vallabhbhai Patel proposed the other day. But it would be equally suicidal to act in a manner as to hamper the growth of trade and industry. It is to be hoped that when Pandit Nehru faces these complex administrative problems as the leading member of the Viceroy's Executive Council, he will not seek refuge in international events, birds and skies but will realistically deal with the problems facing the country.

FORGIVE AND FORGET

In contrast to the attitude of Pandit Nehru to the black marketeers, Mr Vallabhbhai Patel, a prominent member of the Congress Working Committee, would

be satisfied if they gave an assurance of good behaviour for the future. What is the guarantee of good behaviour? The black market still persists, if not in food, then in cloth. If these people get off with a mere assurance, social sanctions would lose all their force. If an assurance is all that is wanted, it would be forthcoming in an ample measure along with contributions to Congress funds, if necessary. We are not for the present in favour of a capital levy, but an attitude of "forgive and forget" to people who made fortunes by starving others to death is dangerously anti-social.

REDISTRIBUTION OF INCOME IN BRITAIN

In sharp contrast to Great Britain's experience during World War I, the present war has left at least a few hundred pounds sterling to the credit of most men and women in the country. Thus there are now 20 million separate holders of Saving certificates holding 1,775 millions, 23 million depositors who hold £2,100 million in Savings Banks while some 2 millions hold £764 millions in Defence Bonds. Together these make the enormous total of £4,639 million even though, it may be noted, it does not include the vast sums standing to the credit of men with modest means in Industrial Insurance, Friendly Societies, Pension Funds, etc. Not only has the capital wealth now in the hands of the small man showed appreciable increase, but his share of the aggregate national income has also tended to improve. The pre-war concentration of the bulk of the national income in the hands of a small section of the community has tended to diminish. Thus the total personal incomes of people with £500 a year or under, after deduction of taxes, is £4,383 million, whilst the total of incomes higher than £500 per annum accounts for only £977 millions i.e. 83 out of every 100 net incomes is round about £500 per annum. This has been made possible by steeply graded taxation which has prevented, unlike the last war, money being diverted into the hands of the profiteers while inflation has not been permitted to initiate or stimulate this unjust and oppressive redistribution of the wealth of the community. Rationing and control wisely conceived efficiently administered, have successfully kept the cost of living at a reasonable level while a Savings drive has taken the extra income from everybody's hands to help win the war. But not all the credit goes to the Government; for it is only the people's co-operation which, given in abundance, thanks to the unwareness of the issues at stake, has made such success possible. But these vast sums in the hands of the people most become a potent factor in the development of a post-war inflation in the immediate post-war years when there would still be a shortage of consumer goods. Government, however, is aware of the danger and the National Savings Committee is out 'to convince the public that a continuance of priorities and some controls as temporary measures be essential if inflation on a large scale is to be avoided. And once the transition period has passed, these savings of the British people will provide an immense pool for the development of trade and industry and assist substantially in guaranteeing a high standard of living for Britain.

CIVIL AVIATION

Speaking on 'Civil Aviation' from the Delhi Station of the A.I.R., Sir Gurunath Bewoor, Secretary, Posts and Air Department, Government of India, elucidated Government's Aviation policy. Government plans, he said, provided for services on the basis of one daily return service between the principal Indian cities and also those of the adjacent countries, Afghanistan, Burma and Ceylon. Together these constitute a route mileage of 11,200 involving a flying mileage of about 8 million. The capital investment of the operating companies would be about Rs. 3 crores while annual operating cost would exceed Rs. 2-1|2 crores. External air services would extend to the U.K., the Near East, China and East Africa which would involve a capital investment of another Rs. 3 crores and an annual operating cost of Rs. 3 crores. To meet the requirements of the projected air services, both internal and external, some 111 aerodromes and landing grounds would be constructed. This, together with the erection of airport buildings, hotels, lighting and the remodelling of the existing aerodromes to meet the needs of civil aviation, and such other essentials will cost some Rs. 15-1|2 crores. This is a modest plan as compared with the gigantic projects for trans-continental services which Britain and America are planning to launch. Sir Bewoor has himself admitted this. But he has rightly emphasized that the country's aviation plans must be conceived with full awareness of the available resources for the purpose and an eye on the need for such facilities in the country. This may be said to represent the country's minimum requirements and it is to be expected that at the forthcoming conference of the British Commonwealth Air Council which is to start on July 9 and is expected to complete the British plan for the development of a network of fast sky ways linking every part of the British Empire, the Indian delegates will jealously guard this minimum. It is encouraging to learn that Government anticipate and propose to afford financial assistance to cover losses incurred in the operation of the services in the initial period. But Sir Bewoor, like this recent Press note on the subject, had nothing to say about an aircraft industry in India. While, therefore, his reiteration of the assurance that air services will be started with Indian capital and will be operated under Indian management is welcome, we cannot congratulate the Government of India for persisting in their short-sighted policy of neglect of an aircraft industry.

TRADE WITH MIDDLE EAST

The Indian Government Trade Commissioner in Alexandria is understood to have said that the Middle East "should provide a good market for Indian piecegoods, now that Japan's competition is likely to be eliminated for some years. In view of the introduction of a great variety of Indian piecegoods, whose quality and workmanship have been well commented upon, we might hope that a fair portion of the Indian trade in piecegoods will continue after the war. To bring this about, concentrated action is necessary to see that Indian goods are supported according samples and specifications and manufacturers pay special attention to create a good name for themselves." This is good advice indeed fundamentally. But not only should the Indian manufacturers create a good name for themselves but what is at the moment more important is to see that no agency stands in their way of doing so. We refer to reports of excessive profiteering in the Middle East countries in commodities of Indian origin. This is to be rectified before any good will can be established. While very high prices for the Indian goods prevail in the Middle East, the Indian exporter gets only the strictly controlled export prices. It is the foreign middle men who reap a heavy harvest out of the high prices. Any further perpetuation of this will only serve to hamper fair business for India if it has not already done so.

SOVIET COMMUNISM

During his recent visit home, Mr Joseph J.

Malaney, the Australian Minister in the U.S.S.R., expressed anti-Soviet views at a private meeting of the Federal Parliamentary Labour Party. The indictment is extremely damaging: (1) The Russians have created a new aristocracy. The Communist Party members and high-ranking technicians are treated infinitely better than ordinary workers; (2) Restaurants have five types of ration cards, according to the type of work done and the ticket-holders' standing in the Communist Party; (3) Consequently class distinctions have become as rigorous as in Czarist Russia. (4) Black market operations took place without disguise in Government-controlled stores. (5) People in high positions could obtain almost anything they wanted while ordinary workers had to go without.

The charge against the Soviet Government is pretty serious. It is reported that it has lodged a strong diplomatic protest with the Australian Government. But this is not sufficient. The Australian Government may for political reasons regret the incident and Mr Maloney may even offer a 'Japanese' apology. But friends of the Soviet Union all the world over will feel heartened, if these charges are disproved by a dispassionate independent public inquiry by outsiders of repute invited by the Soviet Government. Soviet Communism is of international interest. The recent public trial of the Poles has greatly enhanced the political reputation of the Soviet Government. But Mr Maloney's charges create serious doubts regarding its bona-fides, coming as they do from a person, who has had an intimate inside view of Soviet life. Is the cycle of the Resolution complete?

THE RAILWAY BOARD

The People's Transport Conference, convened by the South Indian Railway Labour Union was held in Trichinopoly late last month. One of the resolutions —regarding the composition of the Railway Board deserves immediate consideration. The conference resolved, "that the present Railway Board constituted entirely of officials who are absolutely divorced from the life of the people cannot effectively carry out any policy in the interest of the people" and demanded that the composition of the Board be changed by drafting in its service men with long period of public life to their credit. One is not unfamiliar with the difficulties in travel and transport, which have become the curse of the age in India, at present. The cloth famine and the coal famine have been a standing testimony to the inefficiency of Railway administration in this country. Though the Government were standing large sums of money trade should have been more fully realized. While to increase the production of food, it is now a matter of common knowledge that the grains were allowed to rot for lack of transport difficulties. There is practically no change in the situation though the Government has taken over the administration of railways from the companies. Then the Railway Board would be differently constituted or at least would behave very much better.

SOVIET CHILDREN

Soviet children enjoy summer holidays at State expense. In addition to the usual sum, the State makes a separate allocation for children's summer holidays. This year this allotment exceeds 1½ million roubles. Parents contribute little less than a third of the cost of maintaining a child. In cases of large families, this sum is paid by trade unions or other organizations. This year, the State Department of Public Education is sending to the country some 5,500 children from Moscow kindergartens. In addition, 2,500 youngsters will spend the summer in sanatorium kindergartens set up specially for children in ill-health and entitling them to stay two months or longer if necessary until they are quite well. Besides all these arrangements, there are State playgrounds in Moscow, which accommodate some 5,000 children, providing them with all meals, etc. The State allocations for playgrounds amount to 1,685,000 roubles. But, as this is not sufficient, the parents contribute two-thirds of the maintenance cost. Besides all these arrangements, covering some 13,000 children under the auspices of the Department of Public Education, other commissariats, institutions and enterprises make provision in their budgets for another 27,000. All this has been rendered possible by a planned national economy.

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PATIENCE UNREWARDED



IN Britain since the war those who do not bring their own paper or bag in which to take home their purchases, are often disappointed. Here is a sharp reminder of the wide array of papers, cartons, wrappers and containers which in easier days we took for granted, but on which modern retail distribution has largely been built. All these are the results of chemical research applied to the paper and allied trades, or new products developed entirely by the chemical industry. Modern packaging is already a minor science, with research directed towards improving both the range of utility and the beauty of packages and packaging materials. The chemist has first made paper and cardboard perform a variety of functions. He has succeeded in evolving coatings which are at once flexible, have no smell, do not contaminate the materials with which they come in contact and, finally, will hold oils or oily substances, pure drugs and foods. He has produced adhesive intercoatings which are moisture proof and do not "bleed" through the thinnest lining paper. He has also treated paper with lacquers and pigments which add an attractive appearance to usefulness. Not content with extending the uses of paper and cardboard, the chemist has begun to produce packaging materials of his own. He has made cellulose film into a wrapper of strength, convenience and beauty and has begun to draw heavily on the ever-extending range of plastic materials, as well as on synthetic resins, waxes and rubber. The British chemical industry is constantly at work on new and better linings to increase the usefulness of the common packaging materials like paper, wood and metal, and also to discover and develop new synthetic materials which will improve upon the old.

ICI

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SPECIAL ARTICLE

War-time Food Supply in the Middle East

DESPITE topographical and climatic differences, the countries of the Middle East, Egypt, Palestine, Trans-Jordan, Iraq, Iran and Turkey may reasonably be considered to be a single unit. Their territories are contiguous, the people that inhabit these countries are in many ways homogenous while economically the different regions are even more closely similar. All of them are agricultural countries though the extent of their dependence may slightly differ. Some 65 per cent. of the people in the area subsist on farming which is carried on more or less identical lines, with almost the same equipment and under similar conditions in respect of land tenure laws. And while the extent of their self-sufficiency differed, the various regions managed to complement the resources of one another. Thus while Egypt was self-sufficient in respect of most of its foodstuff requirements Iran, prior to the war, was rapidly tending to become one such. Trans-Jordan was a net surplus-producing country before the outbreak of the war, so was Iraq. Palestine, which was the only deficit country in the region, got a substantial part of its requirement of cereals from Trans-Jordan while Syria and Lebanon hung precariously, with an exportable surplus in cereals in some years and a deficit in others. Turkey had fairly substantial surpluses of wheat and barley, etc., the exports amounting to about 3.8 million bushels and 5.5 million bushels, respectively. To sum up, production of the essential foodstuffs in the area was sufficient to meet the needs of the area on the basis of the current standard of living.

But the war years have witnessed severe sufferings on the part of the people in the area. Even though practically all these countries have escaped physically the ravages of war, they have suffered immensely from a steep rise in their cost of living indices consequent on inflation. Most of these countries had foreign armies quartered in them and this has caused an enormous expansion in the amount of purchasing power available in the hands of the people. And as in India, this pumping of extra money in the midst of serious shortage of most consumer goods has given rise to the phenomenon of soaring prices in all the countries although the extent of price inflation in the various countries varies. Thus by mid-1944, increases in cost of living amounted to 121 per cent over the 1939 level in Palestine, 165 per cent in Egypt, 258 per cent in Iraq. The increase was higher in the case of Turkey where an additional factor, namely, the pressure of competitive pre-emptive buying of surplus commodities by the Allies in neutral Turkey. In Lebanon, the situation has been much worse with the increase in the cost of living amounting to 407 per cent while the pressure of three armies in Iran has resulted in an enormously steep rise in the cost of living which now stands at 746 per cent. over the 1939 level. In Iran, indeed, the food situation had at one time become desperate and but for supplies of wheat from India, she might as well have been plunged into a food famine.

While, however, inflation was the chief cause of distress, it was not the only one. Several other forces, some of them set in motion by the process of itself served to aggravate the difficulties. Thus, the war, put an enormous strain on the region's transportation barely sufficient to meet the local demands. Fuel supply for mechanized transport, most of it obtained from outside was drastically curtailed due to the stoppage of imports. The rubber tyre situation became desperate and even replacement and repair of the rapidly deteriorating stock became virtually impossible while pack animals, too, which were utilized for the transport of the bulk of agricultural production from the outlying farms and grazing areas, were conscripted in some of these countries by the military. On the other hand, the soaring prices of foodstuffs caused by the pressure of an increasing purchasing power on the available resources into which further inroads were being made by military demand and, in the case of Turkey by total mobilization adopted within a relatively short period of time after the outbreak of hostilities, led to panick and resulted in widespread hoarding. Centuries of experience have taught the cultivators of the soil the hard lesson that he must take his grain into hiding at the first sign of a natural catastrophe or war if he was to have any chance of survival. In some cases, this prejudice was strengthened by deep-rooted distrust of the foreign rulers especially when they sought to requisition and control food. Profiteers and smugglers also got busy in their nefarious trade and cornered substantial quantities of foodgrains to reap a profit from sale inside the country or by stealthily exporting it outside. And cumulatively these factors have substantially added to the food difficulties of the area during these five war years.

But at the outbreak of the war the people in the region were not certain how it was going to affect their destiny. There was, however, a general feeling that the war was of no immediate concern to them. Whatever their political status they felt they would not have to participate in armed conflict and hoped that by maintaining their neutrality they would be able to increase their trade with the Allies. Turkey and Iran had trade dealing with the Axis countries also and they expected its volume could be increased. In respect of food, it was believed that if they could maintain agricultural production they would manage to escape any severe privations. Despite this sense of security, however efforts to deal with the problem of food supply started at an early date which provides a fairly sharp contrast to our own record during the period. Thus, as early as 1940, Egypt fixed maximum prices of certain foodstuffs. A year later these regulations were extended to cereals, flour and bread and then to rice and rice flour. Palestine also undertook the task in 1940, and in 1942 adopted measures to fix statutorily the prices of meals in various classes of restaurants. Turkey applied ceiling prices to cereals, meat and cheese in 1941. Iraq adopted price control measures to cereals, flour, and bread in 1941 and, in the summer of 1943 fixed the prices of vegetables also. Alongside of control measures, steps were also taken in most of these countries to control the collection and distribution of foodstuffs with a view to the alleviation of distress among the people caused by the rupture of the normal channels of food supply. At first the Government's purchase target was fixed at 30 million bushels which, incidentally, was about 20 per cent. more than urban needs. Labour Government declared itself to be the sole buyer and the country was split up into three zones for the purpose. Palestine initiated a similar programme in the same year and in 1943 an 'Inter-village Redistribution Scheme' was introduced under which the movement of wheat from surplus to deficit villages was placed under Government supervision. Rationing could not in the circumstances of what is a "primary level" economy, be practised extensively although it was tried in some measure.

But the authorities have not been very successful in their primary objective of controlling the rise in the cost of living and food index, although it cannot be denied that but for the control measure the situation might have been worse. More satisfactory has been the progress in the efforts at an equitable distribution of foodstuffs and it may be said that after a process of trial and error, the authorities have now succeeded "in establishing a reasonably stable central authority to supervise the distribution of essential foodstuffs at comparatively lower prices than would otherwise have prevailed and more efficient cultivation schemes are now in operation by a better trained personnel. The outlook for the future is undoubtedly brighter. The greatest success has been, however, achieved in the efforts to increase agricultural production. In Egypt, for instance, a substantial proportion of the cotton acreage was diverted to food production. Iraq's surplus production has been maintained or even increased. Thus rice production has been increased from an average of 180,000 short tons during 1934-38 to about 320,000 tons. But with all this the war has sharply underlined the need for rapid economic development in the year. The backward economy of the region has almost been broken by the strain imposed on it by inflation and just as its backwardness has prevented the authorities from successfully fighting the menace of inflation, the post-war problems will be almost intractable for them. But the Middle East is the hunting ground for rival imperialisms. It is doubtful whether the currents and cross-currents of political manoeuvres will permit the people to devote their energies to build their primitive economy in peace and freedom from foreign dominance. In this connection there is at least one encouraging factor. The Middle East has become 'region conscious.' A much closer bond of unity based mainly on a consciousness of a community of interest may serve it in good stead in the troublous days ahead.

The Fatigue Factor

The ideal length of a working shift for various types of work has been, and still is, a matter of considerable thought and research. The International Labour Office at Geneva has in particular paid a great deal of attention to the subject. Many factors have to be considered in addition to that of the nature of the work concerned. Type of workers, factory conditions, physical strain, mental strain, rest pauses and many others. Of recent years it has been particularly noted that even during a shift well within the physical powers of the workers, output frequently falls during the middle portion. Formerly this fall off was termed the 'fatigue factor', but modern industrialists now know that it is not due to loss of physical energy but to falling concentration.

One of the most valuable means of combating falling concentration is tea. Hot tea served to the worker on the job is eliminating the 'fatigue factor' completely in many thousands of factories throughout the world. To those interested in this subject much valuable advice and assistance will be gladly given by the Indian Tea Market Expansion Board, 101, Clive Street, Calcutta.



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A DELHI DIARY

IT has been a week of "political stock-taking" in Simla. Congress discussions have progressed so well that the Working Committee has already decided the main principles and hopes to complete today the final list of nominees for the Viceroy's Council. It is not, it appears, the intention of the Congress to submit any party panel but to place in the hands of the Viceroy a comprehensive list of names representing all committees and interests. The old *uncertainties*, however, still remain. Mr Jinnah's attitude still remains a mystery. And until Mr Jinnah's attitude is known, it will not be possible for the Viceroy to make up his mind. It is probably due to this double uncertainty that even the London *Times* describes the Simla barometer as low and mentions the possibility that "the conference may break down." The fact is that Mr Jinnah finds himself in a peculiar dilemma. Knowing the temper of the country, he does not want it to be said that he broke the conference—even the rank and file of the League would find it hard to justify such a position. On the other hand, Lord Wavell has already made it clear that he cannot accept Mr Jinnah's claim the claim that the Muslim League is *the only body with* the right and authority to represent the Muslim community. There are reports, however, that Lord Wavell has something up his sleeve. When actually he brings up the names for final consultations with leaders next week, he is expected to offer a formula which may prove acceptable to Mr Jinnah.

A remark which Lord Wavell is reported to have made on the very first day of the conference shows how the Viceroy's mind is working. "Does not the Congress represent its members?" was the question his Excellency put to Mr Jinnah when the latter questioned Maulana Azad's claim about the national character of the Congress. If the Viceroy challenges the Muslim League to produce its membership figures it will be hard for Mr Jinnah to substantiate his claim. On the other hand, the facts and figures already produced by non-League organizations go clearly to prove that a fairly substantial section of the Muslim community are outside the League. Are they to go unrepresented? Upon Mr Jinnah's answer will *depend the future* course of the conference. If Mr Jinnah, by taking up an unreasonable position, prefers to keep out the responsibility will be his. The Viceroy knows at the same time that if he holds up political *progress* merely because Mr Jinnah chooses to be unreasonable, British policy will stand self-condemned. What, however, the Viceroy is believed to have in mind is to select members who are not only representative but can work as a team. As the Congress is voluntarily accepting fewer seats for Congressmen in order to provide greater representation to the minorities, the Muslim League can show the same generous spirit in dealing with non-League groups and try to find as broad a basis as possible for the new Government. The position is that though at the moment Mr Jinnah is adopting an implacable attitude, the force of circumstances may compel him to accept a compromise. It has to be remembered that in selecting names, not only the question of adequate representation for different communities has to be kept in view but the equally important question of adjusting provincial claims and choosing the right type of persons for administering the different Departments.

I understand that the Viceroy has already given some indications regarding the probable reallotment of portfolios under the new Government. All these proposals are subject to further consultations, but the tentative scheme is to have fifteen portfolios including the War portfolio which will continue to be held by the Commander-in-Chief. The changes proposed are briefly as follows. The Education, Health and Lands portfolio, which is now held by one member, will be trifurcated and placed under three Members. The present Food Department, which is under a separate Member, will be attached to the Agriculture portfolio so that Food and Agriculture may go together under one Member. The present Defence Department and the Posts and Air Department are likely to be amalgamated under one Member. It is also considered probable that the present Industries and Civil Supplies Department will cease to exist as a separate entity, for Civil Supplies may be tacked on to Commerce and Industries to the Planning and Development Department Similarly the present Commonwealth Relations Department and External Affairs Department will be brought together under the Member the Member for Foreign Affairs. The portfolios as they may finally emerge will be: War, Home, Finance, Information and Broadcasting, Law, Supply, Commerce (including Civil Supplies), Planning and Development (including industries), Foreign Affairs, Communications (the present War Transport Department) Defence, Posts and Air, Labour Education, Health and Agriculture (including Food). As I have pointed out, it is only a tentative list which will be further discussed both before and at the conference. Even the new arrangement can hardly be considered satisfactory. The only proper solution will be to regroup the Departments on entirely new lines so that *related* subjects could go together. Actually there is no need for so many portfolios. Before the war there were only six members in the Viceroy's Council. Even if for political reasons it is necessary to retain 15 members, it is possible to regroup the Departments on more rational lines and also set up the precedent of having one or two members without administrative responsibilities. For instance, if the proposal to have a Premier and a Deputy Premier is accepted, they need not be burdened with ordinary Departmental work.

The proposed re-grouping of Departments raises another question of vital importance. During Lord Linlithgow's Viceroyalty, a separate Secretariat called the Governor General's Secretariat—quite apart from the Government of India was set up and grew to rather alarming proportions. For instance, even so innocent a Department as the Reforms Commissioner's office was transferred to the Governor General's Secretariat. The question arises whether there is any need for a separate Secretariat at all for the Governor General. Will it not be more appropriate for him to carry out his administrative responsibilities through the Government of India? Already he has a dual capacity Governor General in Council and Crown Representative. If in addition he is to develop a third personality as Governor General overshadowing the other day, it is bound to create complications. Another matter which requires immediate attention is the creation of a separate Cabinet Office on the same lines as in the United Kingdom and Dominion countries. A beginning was made with Sir Eric Mieville nearly a decade ago but after the departure of Sir Eric, the whole scheme broke down. For the promotion of healthy cabinet responsibilities, it is necessary to have an independent Cabinet office.

ARGUS.

MP

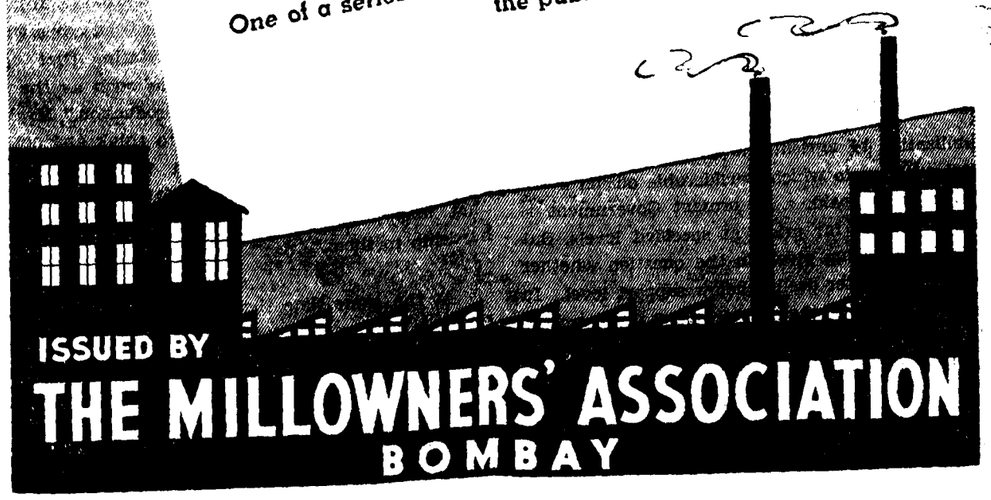
FACT No. 4

INDIA'S cotton textile industry now produces per year nearly 14% of the estimated world production of cloth, over 13% of the estimated world production of yarn. Today the industry employs 3 lakhs more men and women than prewar. In 1943-44, cloth available for civilian consumption in India was about 94% of peace-time supply.

The mills which make the cloth then are not responsible for the present shortage in the retail market. No, indeed! The facts and figures given here demonstrate that India is one of the major textile-producing countries of the world, that a 6% reduction in normal peacetime consumption should be sufficient to equate demand with supply.

Who then is responsible? The movement of cloth and yarn after exit from the mills is entirely controlled by Government. Therefore, if you are unable to obtain necessary cloth or yarn you should approach the Textile Controller of your province. The mills **are** making enough cloth for essential civil needs.

One of a series of statements of fact for the information of the public:—

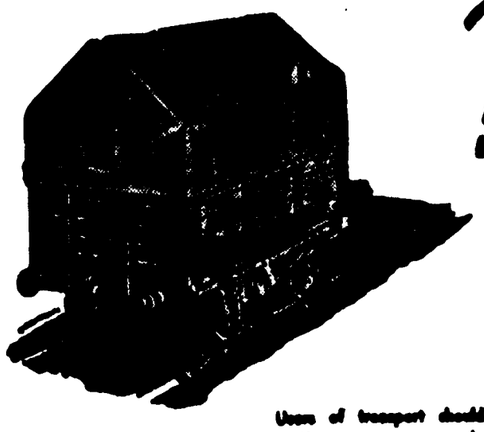


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MONEY MARKET

Gilt-Edged Steady-Bullion Erratic.

BOMBAY, July 1, 1945.

THERE have been no special features in the money market during the week under review. The half-year-end requirements of banks were easily met, without causing any visible change in the plethoric conditions. Some of the Indian banks are reported to have temporarily discontinued making fresh advances with a view to conserving their cash balances. But this did not bring about any increase in the bankers' rate for advances. It is noteworthy that not even the half-year-end resulted in any activity in the inter-bank call money market, the rate remaining unaltered at ¼ per cent. There was no change in short-term deposits either; three months' deposits were offered at ½ per cent. and those of six months ¾ per cent. As usual, somewhat higher rates were being paid by some of the Indian banks.

The Treasury Bill results for the week under review provide a pointer to the extremely easy money conditions. With the amount invited by the Central Government remaining unchanged at Rs. 2 crores, applications swelled to Rs. 5.80 crores, as against Rs. 4.11 crores in the preceding week. The average rate broke the previous low record of As. 4 per cent. per annum to touch As. 3-11 per cent. per annum, which shows that there were bidders even below As. 4 per cent. The Assam Government's invitation for a crore and a half also met with striking response, with bidders being prepared to be satisfied with the same rate as that obtained on the Central Government's bills in the two previous weeks, namely, As. 4 per cent. The significance of this development, apart from being an indicative of the large volume of floating funds, is that, in refreshing contrast with the past, the market has ceased to make any invidious distinction between the bills of the Central Government and those of the Provinces.

Reserve Bank

For the second time in succession, notes in circulation have recorded a fall, this time a little larger than on the previous occasion. Thus, the statement of affairs of the Reserve Bank of India covering the week ended June 22, 1945, shows a drop of Rs. 2.68 crores in notes in circulation as against Rs. 9.57 lakhs in the previous week. The actual fall in total money in circulation is even higher, being as much as Rs. 3.15 crores. This is due to an inflow of Rs. 47.32 lakhs in the Bank's holdings of rupee coins. While the notes in circulation have thus declined, total notes issued have been higher by Rs. 47.32 lakhs, owing to an addition of Rs. 3.16 crores in notes held in the Banking Department. There have been no other changes at all in the Issue Department. In the Banking Department, deposits of both the Central Government and those of other Governments have experienced a substantial increase, in the former Rs. 10 crores and in latter Rs. 3.65 crores. The increase in the Central Government's balances, in spite of a weekly outflow of Rs. 2 crores by way of Treasury Bills maturities alone, mainly reflects the quarterly advance tax payments and the reported heavy sales of its loans on tap. These, perhaps, account in part at least, for the reduction of Rs. 5.32 crores in the balances of Scheduled Banks. Among other features of the statement for the week under review, mention must be made of an increase of Rs. 1.62 crores in balances held abroad which in the previous week had declined by Rs. 2.27 crores, and of a rise of Rs. 25 lakhs in loans and advances to other Governments. The latter suggests that there are still some Provincial Governments which are in need of temporary accommodation.

The Scheduled Banks' statement for the week ended June 22, 1945, shows a small fall of Rs. 7.18 lakhs in demand deposits followed by a substantial rise of Rs. 247.46 lakhs in time deposits. The increase in the latter is probably the result of the higher rates of interest now being offered by quite a good number of Indian banks. There has been a marked rise of Rs. 597.83 lakhs in advances in India which is rather unaccountable in the prevailing conditions of the money market. May be, it has been due to payment of the quarterly instalment of taxes. It is evidently due to this increase that the cash balances of the banks have been down by Rs. 707.71 lakhs.

Gilt-Edged

Steady conditions prevailed in the gilt-edged market during the week under review. There was, however, momentary easiness during mid-week when there was some professional profit-taking in 3½ per cent. G.P. notes. Towards the close, the market once again manifested steadier conditions owing to revival of investment buying.

Three and a half per cent. G.P. notes, which opened at Rs. 101-8, slipped down to Rs. 101-6-6 during mid-week, but recovered to close at Rs. 101-12. Three per cent. G.P. notes, however, ruled throughout the week at Rs. 93-6. Among the dated loans, a considerable amount of 3 per cent. 1966-68 was switched over to 3 per cent. 1970-75 first development loan. Consequently, the former was a shade quiet at Rs. 98-7. Some of the Indian States also are reported to have bought the Development Loan by selling out 3½ per cent. G.P. notes. These switches were perhaps in anticipation of the Reserve Bank of India stepping up its selling rate for the Development Loan. Three per cent. 1951-54 were on offer at Rs. 101-3, as against Rs. 101-4 last week, while 3 per cent. 1949-52 was steady at Rs. 101-12. No change was noticeable either in the First Victory Loan 3 per cent. 1957 which was quoted at Rs. 100-6 and 3 per cent. 1963-65 which stood at Rs. 99-2.

Bullion

Erratic conditions prevailed in the bullion market during the week under review. In the beginning of the week, both gold and silver tended to look up but subsequently followed a sharp downward trend recording the lowest for the week on Thursday. On Friday, a sudden upward trend manifested itself which was well maintained on Saturday—the closing day of the week. Throughout, the market was entirely in the hands of speculators whose whims changed as frequently as the weather in the city. The erratic nature of the market will be evident to some extent from the following table:

	Last week's closing	Highest for the week	Lowest for the week	Closing for the week
	23-6-45	25-6-45	28-6-45	30-6-45
Gold				
Ready	78 2	78 5	76 2	77 7
Forward	78 0	78 2	75 10	77 3
Sovereign	52 12	53 0	51 4	52 8
Silver				
Ready	133 14	134 11	129 0	132 6
Forward	133 10	134 8	128 14	132 4

It will be observed that, during the week there has been a loss of only As. 11 in gold and of about Re. 1-8 in silver, that silver has fluctuated over a wider margin than gold and that, while the premium for ready gold has widened from As. 2 to As. 4—at one time it was as

high as As. 8—such for ready silver has narrowed down from As. 4 to As. 3.

Generally speaking, the slightly upward trend in the beginning of the week was due to the manipulations of bulls on the eve of the weekly settlement. The subsequent fall was the result of heavy bear selling coupled with profit-taking by weak bulls on the prospects of the Simla Conference. If the decline in silver was greater than in gold it was due to the weakness of the bull clique which could not absorb the heavy arrivals from up-country in the form of cut coins and pieces as well as the Reserve Bank's daily offering of about 100 bars in the face of declining offtake by the interior. In the case of gold, however, the offtake actually tended to increase, touching at 35,000 to 40,000 tolas, which was greatly in excess of the Reserve Bank's daily offerings of 20,000 tolas. It was this offtake that was responsible for the widening of the premium to As. 8 at one time during the week. The sudden spurt towards the week-end was the spontaneous reaction of the market to the report that the Simla Conference had been postponed to about mid-July and that the cleavage between the two leading political parties—the Congress and the Muslim League—persisted.

Stock Exchange

The share market presented a dull picture. Trading was mostly professional in character and confined to steel shares and one or two of the popular counters in the textiles section. Investment demand was poor for steels and textiles but continued to be good for bank shares and fixed-yield securities. The turnover, in consequence, was light.

Among steel shares, Tata Deferreds, after improving from Rs. 2,173-8 to Rs. 2,210 early in the week on purchases by speculators, eased off to finish at Rs. 2,181-4. Similarly, Ordinaries, after moving up to Rs. 404-8, closed at Rs. 398. In the textiles section, Bombay Dyeings moved between Rs. 1,852-8 and Rs. 1,878-12. Centuries were unchanged at Rs. 900. Kohinoors closed steady at Rs. 599-8, after declining to Rs. 590 at one time. In the miscellaneous group, Associated Cements were weak and wound up the week at Rs. 205-4, as against Rs. 208 a week ago. Keen interest, however, was evinced in Scindias which spurted from about Rs. 36 to Rs. 38, finishing finally at Rs. 37-8.

Coal Quiet—Jute Strong

CALCUTTA, July 2, 1945.

THE announcement that the Reserve Bank has created a further issue of Rs. 30 crores of First Development Loan 1970/75 to satisfy the demand from institutional investors and the market generally for a longterm investment is perhaps the most encouraging news relating to the gilt-edged market in recent weeks. The securities will be available for sale on Government account by the Reserve Bank of India through the usual procedure for the scale of counterparts and special issues at prices to be ascertained by the Reserve Bank. This means that the authorities have been able to dispose of the whole of Rs. 13 crores of the First Development Loan held on investment account in the market and that they have been succesful in making the loan popular. The suspension of scales of 3 per cent. 1966/68 was perhaps to stimulate interest in this loan further.

It is not clear who have been the buyers in recent weeks as there is no net addition to the investment portfolio of banks and it could not be expected that the whole amount would be on account of insurance companies except it be that there was no replacement buying with selling of 3½ per cent. Paper at the higher levels. That means, private interest has been acquired by the market. This perhaps accounts for the increase in the lending rate against advances on 3½ per cent. paper.

The Calcutta Stock Exchange was rather irregular in the past week and quotations were fluctuating in wide limits earlier in the week. In the latter half of the period definitely steadier conditions have been noticeable and most of the losses regained. The revival of interest in the Coal section and the announcement of an order for jute bags enabled the late rally in prices. Earlier in the week there were fears that the outcome of the Simla Conference will definitely affect the course of prices and that the coming into power of Congress elements would probably prejudice the claims of vested interests.

This was also due to the weakness of the bullion market.

Coal shares were rather quiet in the first two days with Burrakurs being marked lower at Rs. 42-10 and South Karanpura at Rs. 32. But later there has been a complete recovery with Burrakars quoting Rs. 43-8, South Karanpura Rs. 32-10 and Bengal Rs.728. New Beerbhoom were outstanding with a rise to Rs. Rs. 46-10 on rumours of a higher dividend. Equitable also were firm at Rs. 71-7. The working for the half-year ended June in most cases might possibly show better showing as mining equipment might have been received and the labour position also is reported to be easier. Companies in the Karanpura field must be doing well as there has been a strong rise in Ondal during the week to Rs. 40. It will be remembered that the Karanpura Mining Syndicate was formed sometime back and that the Shurulia, Ondal and Sendra Companies have interest in this new company.

It is now clear that the improvement in prices noticeable towards the close of last week was in anticipation of the order for bags. In the last three days jute shares have been definitely better with Anglo-India quoting Rs. 502. There was special buying of Ganges up to Rs. 630. India also were bought up to Rs. 730 ex-dividend. Howrah were quoted Rs. 93 and Presidency Rs. 12-11. The renewal of the Industrial Pool Agreement for another period of six months is also an encouraging factor. It was at first feared that the agreement might be terminated as it was found that owing to the scarcity of coal supplies it was not possible to work the scheme and there was a large deficit at the Pool.

In the Engineering section speculative activity has been conspicuous by its absence, Indian Irons and Steel Corporations being noted at Rs. 41 and Rs. 34 for the whole of the week. The only feature of interest is Marshalls with a rise in the quotation to Rs. 6. Others were unchanged.

Sugar shares were uninteresting while there was a slight broadening of interest in the Tea section.

Among miscellaneous shares, Indian Alumiun shot up to Rs. 340 though there was a reaction to below Rs. 300. Alkali and Chemical remained firm at Rs. 32 and Calcutta Tramways at Rs. 52/8. The lack of interest in Burma shares is not understandable. Titaghur Paper are rather quiet at Rs. 30/4, the reports that the dividend would be maintained at only twelve annas per share being responsible for the lack of interest.

In the jute market business has been restricted though it was reported that there was a slight broadening of interest following the announcement that

an order had been placed with the jute mills for 35 million bags delivery July/October. Mill buying, however, has not been large and sellers are still keen to dispose of old crop. With the favourable prospects for the new crop mills might not perhaps rush to cover all their requirements especially as their present stock position is reported to be satisfactory. In the circumstances the announcement that the Jute Purchasing Panel would be prepared to buy in selected areas at announced rates, in parity with minimum prices in Calcutta, whenever there was a decline in prices to below the minima is to be welcomed. It is hoped that mills will act in conjunction with the Panel and purchase jute especially as the present conditions are very favourable from their point of view, the rates at which these sales are being effected yielding an attractive margin of profit.

In loose jute new crop sellers for Supervised Jat qualities are rather reserved at minimum rates and would perhaps be tempted with four annas more. District qualities were reported at Rs. 14-8 and Rs. 11-8 per maund with Bottoms alone at Rs. 4-12 per maund. In the pucca bales section business was reported in Dundee Daisee, Firsts and Lightnings at minimum prices. There is reported to be more enquiry for old crop from Dundee. Mills were interested only in special marks and cuttings.

In the jute manufactures market steadier conditions have been noticeable. In hessian no large business has been reported though it was said that mills were able to do small business at maximum rates for positions beyond September. Nine Porters ready are quoting in the bazaar at Rs. 28, July-September Rs. 28 and October-December Rs. 27-10. There is a considerable up in the quotation for forward positions.

In the heavy goods section mills are not anxious sellers thanks to the latest orders. In fact some mills seem to be keen on buying back contracts if they could do so as the recent order will in some cases necessitate the extension of deliveries. B Twills ready are quoting Rs. 65-4 ready and October-December Rs. 63-4.



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AAA 150

THE BUSINESS WORLD

RAILWAY RATES POLICY

RAILWAYS are probably the most iimportant public utilitiy service. Consequently the need for state control has long been recognized. But in spite of state control over private railways in India, Indian trade and industry have received a step-motherly treatment from the railway authorities. The strengthened the demand for the nationalisatioin of these services—a demand which has by now been completely fulfilled. The question now is, how to utilise the state railway system to serve the civilian population and the rapidly growing demands of Indian trade and industry. This naturally leads us to the price that he railways are going to charge for their services.

Rate fixation is an intricate problem where the principle of cost of service cannot be rigidly applied. The accepted principle is the value of service, combined with the idea or relative costs. Th interests of the users and the development of trade and industry also figure as determinants in the calculations of rates and fares. This would much more be so now that they are the property of the state.

But when railway construction in Indal was undertaken the pernicious principle of the guarantee system was taken to be the *sin qua non* of development, The motive for economy was very much lacking on account of the guarantee of the high rate of interest on the invested capital. This meant extravagant cost and the burden on the Indian users of the railways heavy indeed. Also the state had the heavy responsibility of bearing the losses incurred by any company while it had no share in the profits made. In regard to the rate fixation the state indeed had the power to prescribe the maxima and minima but that has rarely been used.

Invariably the companies have pursued individualistic policies having no regard to the injurious effects on trade and industry. Even on lines directly managed by the State this tendency has not been lacking. Competition has been rampant on competitive lines and the losses have been made up by excessive rates on other safe lines. Further traffic to and from ports has been generally well served by different agencies resulting in competition and a consequent direct advantage to foreign competition. This neglect of the development of internal trade has been thus very conspicuous. For example, mills at Ahmedabad and Nagpur have had to import cotton through Bombay since utilization of the Punjab American cotton is hardly possible due to the high railway freight per mile.

Internal centres of production and consumption have not been well connected. In a vast country like India the possibilities of developing internal trade are definitely great. In the growing economic nationalism of the days ahead development of this trade should be greatly favoured. The defects have been mainly due to the break of gauge. While the great problem of the reconstruction of the gauges has to be postponed, much benefit could be derived if only it is made possible to quote telescopic rates for long distances despite the difference in gauges. The Industrial Commission of 1918 recommended that "railways should accept the principle which is followed in some other parts of the world that a consignment travelling over more than one line should be charged a single sum based on the total distance, any special claims for extra costs incurred by a particular line in handling short length traffic being met by the grant of suitable allowance or of a suitably large share to the less favoured lines, when dividing the total payment between the railways concerned." While something could have been said against the practicability of this suggestion at the time it was made, it is no longer essential under the present conditions of State management. The recommendation has, however, to this day remained more or less a dead letter, and one has only to look to the future for any active implementation of it. In 1887 it was tried to treat the entire railway system as one but it was a failure. In this connection it has to be realized that railways are not merely purveyors of traffic but are also creators of traffic. It was due to the realization of this principle that the United States of America have a highly developed internal trade.

During the war an opportunity has been created to develop the internal markets on account of the virtual stoppage of imports. But the railways have had their own difficulties of scarcity of wagons, stoppage of locomotive imports, etc. The wartime railway budgets have invariably provided for raising of the rates and fares though the foodgrains have generally been exempted from this. While there was need for restricting transport for the efficient prosecution of the war the importance of the internal trade should have been more fully realised. While several measures have been tried to restrict travel there has been found to be only an increase in travel resulting in grave difficulties of overcrowding and congestion to the travelling public. The scope for reduction in operating costs has been found to be quite little during the war years but the argument that the railways too should share in the general rise in prices by way of raised rates and fares is not quite sound and it only reveals the ineffective methods of control. There has also been a persistent cry that the demand for passenger traffic has reached a level which the railways are unable to meet and this has also been used as an argument for rises in rates. While these are wartime emergency measures, now that the war has almost stopped, the change over to peace should be planned to cater well for the development of trade.

Now that all the railways are under the State management it should be possible to treat the entire railway system as a single system. Mr Cuffe, General Manager of the Bengal and Assam Railway, suggested a few months back the setting up of a central rate fixing authority. In view of the fact that between the two wars several new industries have come into play and in the wake of industrialization the importance of transport fostering industries has to be well realized and for this the suggested central authority will be a move in the right direction. Some of the industries, for example, the sugar industry, owe their development to a degree to the special low rates quoted for the carriage of their products to the internal markets. Another problem that will have to be tackled is the relationship between rates for indigenous products and the rates for imported goods or between the rates for goods moving to ports for export and the rates for the same goods moving to markets in India. As Mr Cuffe himself has suggested the policy is to be settled by the Government and the central rate fixing authority will be charged with

the execution of the same in details assisted by the regional authorities. This is no new suggestion in fact as Section 183 of the Constitution Act as pointed out by Mr Cuffe seems to anticipate a central rate fixing authority. Criticisms of this suggestion that a highly centralized rate fixing authority will not be much beneficial in view of the large size of the country and the need for recognizing the special local interests are to be overcome by making this body give due representation to the provincial and special interests. The change contemplated by Mr. Cuffe is to introduce for almost all varieties of traffic "telescopic rates" so that the charge per mile would decrease as the distance traversed increased. It has to be realized well in this connection that the railways are generally a public utility with a heavy fixed investment and large unused capacity. The principle of continuous mileage will to a great extent obviate the defects in the construction of the Indian railways which are a serious handicap to the development of internal trade.

Regarding classification of goods for rate fixing our railways have revealed a great diversity of schedule and adjusted class rates. The Wedgwood Committee remarked thus in respect of this question: "For while the classification is reasonably uniform for all railways, there are surprising variations in the application of schedules. Cement, for instance, is carried by twelve class I railways on seven different schedules, so that the charge for 300 miles varies from 51 pies per maund to 114 pies per maund. Salt is carried on ten different schedules, and the same is true of grain and pulses." The enormous differences in schedules have got to go and only in few cases should departure from the standard classification be permitted. A central marketing organization for many of the products will greatly facilitate the rate fixation problems. Allied with the question of rates is the problem of marketing of the products.

NOTES

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NEW GOLD PRICE

Recently the price of gold in London has been raised by 4sh. 3d. per five ounce, according to a British Treasury announcement. Now, new price is £8 12sh. 3d. and became effective from the 9th June, 1945. The announcement states: "The Treasury announce that the price at which they will buy gold in London has been altered from 168sh. per fine ounce to 172sh. 3d. effective from June 9. The same price will apply to any gold purchased by the Treasury in any part of the sterling area.

"In the early stages of the war, the Treasury undertook to buy at the fixed price of 168sh. per fine ounce all the gold offered to them in the United Kingdom and all other parts of the sterling area. The price of 168sh. was based on the assumption that the cost of shipping and insurance (including war risks) had to be deducted at war-time rates from the gross proceeds of sale of gold delivered in New York. Now that these costs have been substantially reduced owing to the end of the war in Europe, whilst the gross proceeds remain the same, the net proceeds are naturally higher and calculation needs to be revised accordingly.

This adjustment of price has no bearing on any questions of exchange policy or exchange rates. The system by which the Treasury make a single price for gold delivered at local centres in the sterling area is to be maintained until further notice. Gold will continue to be bought on behalf of the Treasury by authorized dealers in gold as hitherto."

The announcement emphasise the revision of price only due to the end of war-time abnormalities with the V-E Day. It is significant enough that the new price is nearer now to the theoretical parity of the U.S. official price of gold at the national sterling-dollar exchange, which is £8 13sh. 8d. This rate was freed in September 1939 and still continues.

UNSKILLED LABOUR STATISTICS

The Government of Bombay have issued an order calling up employers to furnish monthly returns concerning the employment of unskilled labour. Every employer of more than 100 unskilled workmen is to furnish every month returns showing the number of unskilled workmen employed, divided into men, women and children below 15, the daily average of cash wage paid, the estimated value of concessions given to the workers such as grain, fuel, housing or clothing, and the details of the housing and other amenities provided such as the number of workers for whom housing is provided, transport facilities and medical attention. The purely administrative purpose of the order is brought out by the fact that, according to the order, the employers are to give in the report, estimates of the additional number of workmen needed or likely to be needed in the subsequent three months, and whether they have experienced any difficulty in meeting their requirements of unskilled labour.

Though the order is obviously meant for bringing about the wartime adjustment of unskilled labour supply of different centres of war production, it is significant from the point of view of the possible planning in Labour in the post-war period.. The inadequacy of comprehensive and up-to-date satistical data in this respect of planning is quite a patent one; and these statistics, though an outgrowth of administrative needs, may be of great use in the post-war period, if they are judicially preserved and made available to the public, periodically. It should be emphasized, however, that other provinces also should set up some such machinery which will facilitate not only their immediate problem of adjustments of labour supply but also indirectly their schemes of post-war planning.

THE NEW INDIA ASSCE. CO., LTD.

The experience of the New India Assce. Co., Ltd., provides a sample of the contrast between life and general business. The Company had a setback in fire, accident and marine departments as far as premium incomes went. The shrinkage under fire department was, however, only in respect of the operations in India. The cost of claims met worked out to 36.5 per cent. of the year's premiums against 35.3 per cent. last year. Considering that the Bombay Explosions occurred in the period under review and that the company contributed 12½ per cent. towards the losses of their fire policy holders, the net reduction on the claims ratio must be deemed to be satisfactory. The Fire Department reurned a profit of Rs. 18,54,218, from which a sum of Rs. 2 lakhs has been transferred to reserve while the rest was taken to the P. & L. A/c. Thanks to the cessation of certain business brought on by the war and reductions in premium rates, the premium income in the Accident Department was lower than in 1943. Here too, the claim ratio was lower, being 40.2 per cent. in 1944 against 41.3 per cent. last year. The profit from this department was Rs. 7,11,113/-, the whole of which was transferred to the P. & L. A/c. A fall in premium income was felt by the Marine Department owing to the combined effects of lower rates charged on war risks, a fall in the business written in London and keener competition locally. The provision for claims and losses was 70.6 per cent. of the year's premium as against 78.1 per cent. in 1943. This is indeed satisfactory. The net profit from the department has not been arrived at, as the amount of tax to be paid is still under negotiation. In the Life Department, 17,417 policies worth Rs. 607 lakhs were issued against 11,515 policies worth Rs. 454 lakhs in 1943. Naturally, the average value of a policy fell off, being Rs. 3,487 as against Rs. 3,945 last year, which suggests that life assurance touches a wider public. The premium income of the department including consideration for annuities was Rs. 1,12,66,140 as against Rs. 94,42,218 in 1943. The claims experience was favourable, being only 52.3 per cent. of the acturial expectations. In the result, the Life Fund stands at Rs. 3.9 crores which is nearly Rs. 71¼ lakhs higher over 1943.

Sir Chunilal Mehta in his chairman's statement at the New India meeting referred to a question which is assuming great importance in the insurance world. It is a well-known fact that expenses of management show a rising tendency. This is the result of higher salaries and scales of dearness allowance, but a regrettable aspect is that the younger companies offer uneconomic salaries to the men in the older companies and wean them away with such tempting offers. As a result, the established companies have had to part with many of their experienced and competent personnel. In fact, so serious has the evil become that the Indian Insurance Companies Association has sent a minute round deprecating the practice. In the long run, the tendency to offer uneconomic salaries will certainly be ill-advised, because though the war period may see good business, when normal conditions recur the companies will find themselves unduly burdened by the costs they have now so lavishly incurred. Hence, from the point of view of the stability of institutions and service and from that of the welfare of insurance, the spiriting away of trained staff is regrettable.

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CALCUTTA— 1. 11, Clive St., 2. Burra Bazar.
CAWNPORE— 1. Fahimabad. 2. Generalganj. 3. Kalpi Road. 4. Meston Road. 5. Nayaganj. 6. Aryanagar.
DATIA STATE.
DEHRADUN
DELHI.
DHOLPUR.
GAYA.
GONDA
GORAKHPORE.
HARPALPUR.
JHANSI.
KALPI.
KONCH.
LAHORE— 1. Anarkali. 2. Rangmahal.
LALITPUR.
LUCKNOW— 1. Hazratganj. 2. Aminabad. 3. Chowk.
LUDHIANA.
LYALLPUR.
MAURANIPUR.
MUZAFFARPUR.
NANPARA.
ORAI.
PADRAUNA.
PARTABGARH.
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HC. 3.4

FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENTS

Madras Letter

MADRAS, June 30, 1945.

THE proposal of the decimalization of coinage has had a mixed reception in this Province. Even amongst the mercantile bodies, there is a strong divergence of view, not to speak of individual opinion. The Andhra Chamber of Commerce expresses the opinion that in modern business quick and easy computation is essential and the decimal system has the unique advantage of simplifying accounting. The present time is also opportune for the change, in view of the need for reminting the coins introduced in 1942 as a war-time measure. The Southern India Chamber of Commerce has expressed the view that the proposal should be deferred till a change is brought about in the economic structure of the country and as the standard of living had not shown any rise and as land revenue, cesses, daily wages, railway rates and freights are expressed in terms of pies, the proposed cent would have nearly double the value of pies. This should also be taken note of. The public view as expressed in the columns of the dailies of the Province seems to be against the proposal.

Fruit Growing

Sardar Bahadur Lal Singh, Fruit Development Adviser to the Government of India, has been touring the presidency in the past fortnight visiting important centres of fruit research and production in British India and Indian States. His tour was mainly to see how the Central Government could help in the expansion of fruit industry. According to Mr. Lal Singh, the favourable natural conditions of the Presidency afford ample scope for building up a prosperous fruit industry. The increase in the production of quick-growing fruits was an important objective and South India should take steps to extend the acreage under bananas, pineapples, papayyas, etc. He pleaded that they should raise the efficiency of the orchard cultural practices by providing technical guidance.

Mysore Industries

Mr. Mahomed Imam, Minister for Industries, Mysore, speaking in the Representative Assembly denied that the Mysore Government had any proposal to transfer all the industrial concern started by them to private enterprise. He said that Government had started a number of industries in the State and many of them were prospering owing to war conditions. In the post-war period, many such industries had been planned to be started outside and it was necessary that the Mysore industries should be protected and helped to such an extent as to stand the competition in the post-war period. With this end in view, some of the non-essential industries might be handed over to joint-stock companies. The Government were not, however, prepared to give away basic industries to private enterprise.

In order to train villagers in the method of preparing caustic soda from alkaline earth deposits, the Madras Government have decided, as a temporary measure, to establish a peripatetic demonstration party. The party will constitute one demonstrator and a skilled assistant and will work for a year. Demonstrations will be held in select places and the party will also assist in the survey of unexplored tracts and the laboratory work connected with it.

Stock Exchange

The Stock Exchange maintained a steadier tendency but was inclined to mark time pending the outcome of the Simla political talks. Locally, there has been hectic business in Indian Irons but in the past few days difficulties have been experienced in settling the business. A number of contracts in Indian Irons could not be settled due to the conditions regarding market terms which would be applicable to them. Recently, these shares were noticed in the Bombay official list and since then transactions have been adjusted through the clearing house by the system of budley. As most of the earlier contracts in these shares in the local market have been concluded on Calcutta terms, there were difficulties in applying Bombay terms to these transactions, and claim budley with the result that a sort of deadlock ensued. This has been sought to be resolved by sellers buying the shares from the persons to whom they have sold earlier. And with the fall in the price of this s towards the close of the week, the task has been slightly easier and it is expected that the positions would be gradually liquidated. In the textiles section, there was investment business in Buckinghams at Rs. 332-7 and Cambodias at Rs. 27-12. Mysore Spuns and Mysore Silk Filatures were active at Rs. 24-8 and Rs. 23-1, c.d., respectively. Lakshmi were easier this week. In the Planting section, Pul langodes, on the declaration of a dividend of 15 per cent., were actively bought and the quotation rose to Rs. 3-4. Cochin Malabars were steady at Rs. 17-12. There was good buying of the Pierre Leslie group of shares. The final dividend of Rs. 10 per cent. making 17-1 2 per cent. final by the Highland Produce was disappointing to the market and the shares met with selling at Rs. 30-3. There was good buying in public utilities. South Madras were quoting Rs. 16-6, c.d. The Mysore group was generally active particularly Papers, Lamps and Chemical Fertilizers. The gilt-edged market was dull, 3-1 2 per cent. Paper quoting Rs. 101-8. Amongst Bank shares, Indians were again bought up and the three shares rose to Rs. 325, Rs. 212 and Rs. 157. Bank of Mysore were taken at Rs. 377 and Reserve at Rs. 137-8, c.d.

Bombay Letter

BOMBAY, June 30, 1945.

OF interest to Bombay and to the other Provinces is how the rationing of cloth is functioning in the City. Rationing has been undertaken not as a solution of problem, but only as a palliative. It is, therefore, not likely to be a success in the sense that food rationing is successful which it may be recalled was organized and inaugurated by Mr J. K. Thakore who is now the Provincial Textile Controller. Asked by a newspaperman about the various complaints from the consumers' side, he replied: "We have undertaken rationing in order to ensure an equitable distribution of available quantity and quality of cloth to all persons. We can only give to the public what the mills produce. We have not undertaken to give mercerised cloth to all . . . . " He added, "Considering the stupendous difficulties involved in the evolution of a cloth rationing scheme in a City like Bombay with such a mixed population, I think we have made a very successful beginning." However apart from

specific complaints, the materials produced by the mills have definitely deteriorated in quality as compared with the standard 4 months ago, though the prices remain the same. This is probably due to the absence of proper check or control on the mills. It is found that most of the people demand mercerised qualities of which there is a shortage. There is very little of good coating and stocks of long cloth, shirtings and voiles are inadequate in quantity.

Coarse varieties are evident in plenty—especially the 44" wide grey sarees and dhotis. These, the shopkeepers assert, are not wanted and a customer caustically remarked: "These could have been better sent to Bengal, Bihar, Orissa and U.P. where they are used and not in Bombay where nobody wears them." At some shops, voiles and dhotis which are marked "mercerised" are not of that quality. For instance, it is reported that a dhoti known as "Sansar Lila" produced in April 1945 and marked "mercerised" was not mercerised at all. The correspondent came out with the impression that there was little supervision by the Textile Commissioner and the Textile Control Board. The point is that if mills now deteriorate the quality, they will injure their own home marked when once imports of foreign cloth begin to arrive in volume.

Many people appear to have deferred buying in the hope of getting better cloth later on, but they are likely to be bitterly disappointed. From August onwards "Utility cloth" will come in the market which would be below 80 s counts and it is feared that this will meet with the same fate as did the "Standard Cloth." The failure of the "Standard Cloth" was due to its poor quality and its failure to come up to the public taste. If that happens, the failure of cloth rationing will be complete.

On account of the uncertain stuff available under the cloth rationing scheme, some of the better classes have diverted their attention to artificial silk cloth. These manufacturers had looked to a drop in the prices sometime ago, but now there are queues waiting at the art silk cloth shops.

There is one thing, however, to be said in favour of the cloth rationing scheme and that is that the poor man who simply could not get any cloth at all, is now able to secure some stuff, but here again a pair of dhotis has to last for six months and if the quality deteriorates, these people will be put to hardship.

Luxury Food Industries

It is learnt that orders are now being placed in London by A. Fazalbhoy, an Indian Film and Radio magnate, with British manufacturers for machinery required to establish new edible products industries in India. The scheme is designed to make luxury goods available to the Indian masses at prices they can afford and to absorb the labour displaced by the demobilization of Indian servicemen and the closing down of war factories. The British technicians are asked to design equipment specially for use in India which would enable foodstuffs to be marketed at economical price levels. All electric bakeries which will make not only bread but biscuits, cakes and pastries, fish, fruit and vegetable canneries and confectionary plants will be established. Bakeries will use large quantities of Indian grown sugar and wheat while canneries will take advantage of surpluses of fruit, vegetable and fish which are available in abundance. Canning will provide people throughout India with the best produce of every Province. The first food producing plants are expected to be in operation within the next two years after which similar plants will be set up throughout India.

Third Class Travelling

The Committee of the Indian Merchants' Chamber, Bombay, have in a memorandum to the General Manager of the G.I.P. Railway on the question of amenities for third class passengers in the post-war period, correctly stated that the conditions under which the third class rail passengers have to travel are not only not humane, but are often humiliating to our sense of self-respect. The attitude of the Railway administration towards third class passengers has been one of patronizing condescension, if not total indifference. A change of outlook is, therefore, necessary. Third class coaches should be built to conform with hygeinic and sanitary requirement in relation to climatic conditions. The advisability of introducing corridor type of coaches on Indian Railways may be considered. Sleeping accommodation in long-distance trains should be provided. Better waiting facilities should be made available. Booking offices should be kept open for 24 hours and the number of booking windows should be increased to cope with increased demand.

Housing Societies

Establishment of co-operative societies to provide housing for large sections of the City's industrial workers was urged by Sir Janardan Madan, presiding over the City Co-operative Housing Conference, which was recently held. The Conference passed a Resolution stating that as suitable sites were not available at fair prices, the Government should be requested to make use of the Land Acquisition Act to secure them for co-operative housing societies and to grant priority to them for the purchase of building materials. The Government and the Municipality should assist such Co-operative Societies in the shape of grants and long term acquisition of land. These Housing Societies can solve the urgent problem of more houses for increased industrial population of Bombay and therefore it was recommended that the Provincial Co-operative Institute should set up a Housing Committee to promote and look after Housing Societies.

Cotton

The cotton market has fluctuated within narrow limits, but the tone of the market has been firm and prices have been sustained by the Bull Syndicate's operations. The special Sub-Committee of the textile Control Board is meeting early next week to make recommendations to the Government of India for 'floors' and 'ceilings' that would be fixed for cotton next season. It is rumoured that the 'floors' may be lowered by Rs. 50 and the 'ceilings' kept unchanged. In this case, therefore, the limits will be Rs. 300 for 'floor' of the Indian Cotton Contract Jarilla 3|4" and the 'ceiling' will be Rs. 550. It is certain that the growers' interests will protest against the lowering of the 'floors' for which there is little justification except that the Government wish to see lower prices for cotton. In addition, however, to the 'floors' and 'ceilings' for the basic variety, what is more important is the differences for other varieties which constitute nearly five-sixths of the Indian crop. These were fixed at a very low level this season and the move now should be to increase these differences. These varieties other than Jarilla, represent some of the best cotton that India grows, cotton which is very much wanted by the Indian mills. Encouragement should be given to these varieties.

Bengal Letter

CALCUTTA, July 1, 1945.

THE latest approach to the solution of the problem of cloth distribution in Bengal is indicated in the proposal for setting up a cloth syndicate in the province. A scheme has been drawn up in this connection which is now under discussion between Government and representatives of textile trade. The proposed syndicate is intended to solve the difficulties in cloth distribution that have cropped up since handling agents were appointed in April last to assume a heavy burden of responsibility for cloth distribution in the province. The importers and dealers were all directed to deliver their goods to the handling agents who were thereafter to arrange for the distribution of the goods through selected shops. The handling agents, however, made a complete mess of the whole job. The biggest problem for piecegoods merchants and quota holders that was created by the handling agents was that the latter began to take possession of goods without paying for them. The merchants have to procure goods in the manufacturing centres in or outside Bengal against payment and even quota-holders have to make advance payment to mills at least two months before the goods are actually delivered. Even importers to whom Government issued permits have to pay cash against delivery. But the handling agents began to take over goods without making any payment at all and in some cases the value of goods acquired by the handling agents far exceeded their financial strength. The fact that the handling agents had no previous experience in trade added to the difficulties of the situation.

The proposed cloth syndicate which would take over the functions of the handling agents would endeavour to assure procurement and distribution of cloth in a systematic and orderly manner. The syndicate would be formed with a capital of Rs. 3 crores. The financial problem of procurement which has become so patent since the appointment of handling agents would be solved satisfactorily by the syndicate since it would have adequate funds at its disposal. The shareholders of the Syndicate will be traders who have been actually in the cloth business and who would be in a position to buy shares of a prescribed value. The syndicate will have a Board of Directors. With its financial resources the syndicate will be able to acquire command over goods adequate to meet the needs of the province for four or five months. In other words, the syndicate could be able to assure supply over a fairly long period which would help towards the introduction of a cloth rationing scheme.

Increase In Sales Tax

The rate of the sales tax in Bengal has been increased. When the sales tax was introduced in 1941 the rate was fixed at quarter-anna in the rupee. In 1944, the rate was increased to half-anna in the rupee. Now it has been raised to three quarters of an anna. The increase in the sales tax has evoked opposition from various quarters. At a time when prices are still ruling high the increase in the sales tax is calculated to inflict additional hardships upon the people. The Government's case for increase in sales tax is that the Budget for 1945-46 foreshadows a deficit of Rs. 8-1/2 crores, which is partly to be made up by the proposed enhancement of the Sales Tax. This move is, however, criticized on the ground that it would not make any appreciable difference to the revenues of the Government which it would penalize the public heavily. The total yield from sales tax for the year 1945-46 is estimated at Rs. 2 crores. The increased rate may bring in an additional revenue of one crore of rupees. Evidently, from the point of view of covering the deficit in the budget the increase in the sales tax would not by itself be an adequate measure. Other sources of revenue would have to be tapped. Possibly, however, there is no scope for further mobilization of provincial resources for expansion of revenues. A large measure of financial assistance from the centre will have to be solicited.

Chemical Industry

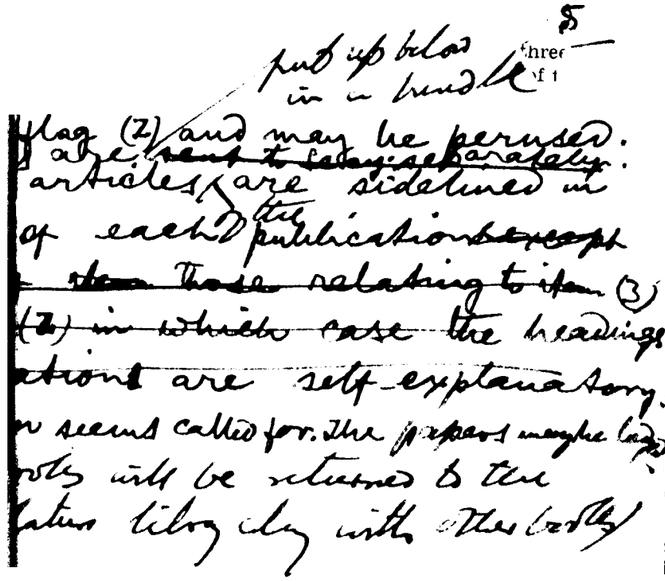
At the conference of chemical and pharmaceutical manufacturers held in Calcutta on June 30 Mr. B. Mitra, the President, explained many of the difficulties experienced by different units of the industry. He pointed out that the Indian chemical industry has been working under serious handicaps due to war conditions and the restrictions imposed by the Government. It was hoped that with the cessation of hostilities in Europe and the re-occupation of Burma many of the war-time difficulties would be solved, but such hopes have not been fulfilled. The main difficulty which confronts the industry is the lack of adequate transport facilities, especially in the matter of transport of raw materials. Mr. Mitra also pointed out that with the termination of the war in the West there has been a relaxation of import control of finished products. It is feared that chemicals and medicines will be imported on a much larger scale in future. Mr Mitra went on to observe: "The Indian chemical industry is still in the state of infancy and, therefore, cannot meet the competition of organized and experienced manufacturers from abroad without adequate and timely assistance from the State."

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AGRICULTURE

Agricultural Tenancy

THE problem of tenancy is perhaps the most intricate in the rural economy of India. But the relation of the actual tiller of the soil to rights of ownership is much complicated. The land system, as it is, has made possible the existence of an army of middlemen between the cultivator and the title-holder so that the former has not that much of interest in the land as is necessary for its optimum utilization. Thus in Bengal there are cases where no less than 50 middlemen exist between the land-owner at the top and the cultivator at the bottom. This process of sub-infundation is not peculiar to the zamindari areas only. It is increasingly becoming prevalent in the ryotwari areas also. And these middlemen take a heavy toll. It is estimated that almost 50 to 60 per cent. of the gross produce on an average is paid by the cultivator as rent. So that Indian agriculture is not even at the level of subsistence farming. Consequently, the cultivator has no savings which he can invest in the land. Even if he can manage to put in something, there is no incentive for he has no clear



tenants at will who work on a crop-sharing basis. On an average, the share of the landowner is half the produce. Thus in the Punjab 7.3 per cent. of the cultivated area is farmed by occupancy tenants and about 48.0 per cent. by tenants at will.

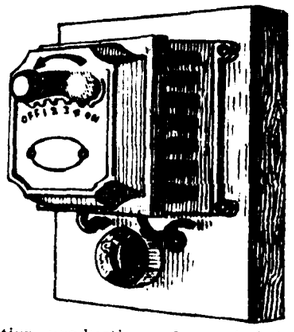
The Bengal Land Revenue Commission recommended the grant of limited occupancy rights to these crop-sharers and suggested that the share payable to the lessor should be reduced from one-half to one-third. Even if this is made possible, as Dr. Gyan Chand has stated in his paper on "Share Tenancies" read at the fourth conference of the Indian Society of Agricultural Economics, the rent payable would amount to five and a half times as much as is payable by the ryot and two and three-fourths times that payable by the under-ryot.

So then the real problem under the existing conditions becomes the problem of the amelioration of these tenants at will who by far outnumber the other types of tenants. These have been brought into existence owing to several factors. Most of these people were peasant proprietors originally and have now lost their possession on account of indebtedness, etc. While there are others who owning little pieces of land have to rent more land to make out enough for the subsistence of family. Consequently, there is keen competition tenancy and the rent is hence very high. The unal distribution of land has everywhere meant orce of ownership from cultivation and the tenancy blem is only made more difficult. Often in addition he large share given to the lessor, the tenant has erform several odd services. In fact, as it has been arked, the distinction between the servant and the ant is very thin indeed. In the Punjab, where 60 per t of the land is owned by 15 per cent. of the popula-, the landlord is able to get as much as 70 per cent. the produce on account of the keen competition to land on lease. This is the case even now. In Punjab, as elsewhere, land is concentrated in a few ds so that the large landowners have to let out land lease and the holders of uneconomic or tiny holdings e to rent lands. This seems to be the crux of the blem and the only solution that may be suggested, ugh it is drastic, is that the State should buy out the e landowners and distribute in blocks of economic s to the actual cultivators and thereby make for the ation and expansion of peasant proprietorship ich is universally recognized to be the best method exploitation of the resources of land.

But this is the final solution which needs a Governnt based on the popular will of the masses and ening full sovereign rights. Pending the establishment such a National Government, only such reforms uld be suggested as may be carried out even now. England, the land of large landowners, the share of lessor is only 30 per cent. of which a third is spent the land itself towards improvement, etc. The ant gets a large share of 70 per cent. and is vitally erested in the improvement of the land in which he elped by the landlord. The tenant is well secured inst eviction for he has the right to a previous ice of 12 months before quitting. Further, the leases generally long-term. While the possibility of get- the large landowner interested in the cultivation improvement of land is remote, it should be possito reduce the share that goes to him whose only cit in the whole operation is that he is the owner of land. The share should be at least halved. The ses should be made long term of five years so that tenant may be in a position not only to harvest the it of his labour but also eat it. The 12 months' notice should also be legalized and the tenant should be compensated by the landlord for whatever permanent improvement he has made. But even these reforms, by themselves alone, will not offer an adequate solution of the rural problem. Agriculture is beset with too many ills to be satisfactorily dealt with by piecemeal effort.

Stop

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CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT
(Rs. in lakhs)

	22-6-45	15-6-45	23-6-44	1-9-39	22-6-45 compared with 1-8-39
Notes held in the Banking Dept. ..	12,75	9.59	13,23	35,04	— 22,29
In circulation ..	1133,83	1136,52	925,18	182,13	+ 95,170
Total Notes ..	1146,58	1146,11	936,40	217,18	+ 92,940
A. Gold Coin and bullion ..	44,41	44,41	44,41	44,41	nil
Sterling Securities ..	1029,33	1029,33	822,84	103,92	+ 969,83
Total of A ..	1073,74	1073,74	867,25	75,87	+ 969,82
B. Rupee Coin ..	14,00	14,53	12,82	37,39	— 60,87
Rupee Securities ..	57,84	..	56,33	..	..
Silver bullion under coinage ..					
% of Reserve to Liabilities ..	93.647	93.686	92.418	63.149	+ 30.490

IMPERIAL BANK
(Rs. in lakhs)

	22-6-45	15-6-45	23-6-45	1-9-39	22-6-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and oth Accounts ..	237,54	237,16	221,65	87,26	+ 150,28
Govt. Securities ..	138,64	239,87	122,15	51,03	+ 87,61
Other Investments ..	4,54	4,39	3,07	96	+ 3,58
Loans	14,69	14,14	14,58	7,66	+ 7,03
Cash Credit Overdrafts	47,29	46,25	45,58	19,76	+ 27,53
Bills discounted ..	3,88	3,87	6,46	2,95	+ 93
Cash in hand, with R.B.I. and other Banks	39,75	39,82	41,64	14,69	+ 25,06

BANK OF ENGLAND
(£ '000)

	27-6-45	20-6-45	28-6-44	30-8-39	22-6-45 compared with 30-8-39
Total Bullion ..	1,505	1,499	1,140	263,700	—262,195
Public Deposits ..	12,700	10,100	12,500	31,000	— 18,400
Other Deposits ..	313,900	262,300	273,300	129,100	+184,800
Of which Bankers Deposits ..	262,300	217,700	262,300		217,700
Govt. Securities ..	300,800	249,000	255,300	113,100	+187,700
Other Securities ..	23,400	13,300	27,000	31,000	— 7,600
Of which Discounts and Advances ..	3,800	3,900	1,200	6,400	— 2,600
Notes and Coins ..	16,200	24,400	20,300	34,200	— 8,000
Notes in circulation	1,285,200	1,277,500	1,130,900	529,500	+755,700
% of Reserve to Liabilities ..	5.0	8.8	7.09	21,38	+ 16.38

TREASURY BILLS SALES
(3 Months' Tenure)
(Rs. in lakhs)

Date of Issue	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
1945					
March 12	14,77	4,00	0 5 6	..	4,06
„ 20, „ ..	12,91	4,00	0 5 0	..	3,72
„ 27, „ ..	12,83	4,00	0 5 0	..	3,13
April 3, „ ..	6,01	4 00	0 5 7	..	3,37
„ 10, „ ..	9,05	4,00	0 5 7	..	42
„ 17, „ ..	6,20	4,00	0 5 9	..	89,25
„ 24, „ ..	5,15	4,00	0 6 9	..	1,01
May 1, „ ..	7,67	4,00	0 6 11	..	67,50
„ 8, „ ..	5,75	4,00	0 7 11	..	1,82
„ 15, „ ..	5,71	2,00	0 7 5	..	2,10
„ 22, „ ..	5,42	2,00	0 7 0	..	2,31
„ 29, „ ..	7,38	2,00	0 6 0	..	2,45
June 5, „ ..	8,86	2,00	0 4 11	..	4,50
„ 12, „ ..	..	2,00	0 4 0	..	8,11
„ 19, „ ..	4,11	2,00	0 4 0	..	..

CLEARING HOUSE RETURNS
(Rs. in lakhs)

	1943-44	1941-45	March 1943-44	April 1944-45	June 15, May	June 15, Apr.	June 22, May	June 22, Apr.
Bombay	20,42,31	22,36,97	2,07,63	182,59	48,45			..
Calcutta	17,40,12	23,51,59	1,95,29	198,85	48,2			..
Cawnpore	1,02,41	1,12,95	9,48	8.01	3,03			1,40
Delhi	1,02,41	1,29,94	11,98	10,77	..			2,56
Karachi	102,84	1,24,54	11,22	12,37	2,67			2,60
Lahore	78,82	74	7,60	7,47	2,06			2 54
Madras	2,00,02	1,27,37	20,53	20,49	4,30			..

NON-SCHEDULED BANKS
(Rs. in lakhs)

Date	Liabilities Demand	Liabilities Time	Liabilities Total	Cash Balances	% of Cash Balances to Liabilities
31-12-1943 (530) ..	17,52	17,27	34,79	4,88	14.0
30-6-1944 (572) ..	21,06	23,37	44,43	5,29	11.9
28-7-1944 (572) ..	20,81	15,56	43,42	4,85	11.1
25-8-1944 (579) ..	22,12	23,81	45,93	5,15	11.2
29-9-1944 (579) ..	22,27	23,24	45,51	5,07	11.1
27-10-1944 (585) ..	22,18	25,78	47,96	5,30	11.1
24-11-1944 (588) ..	22,33	24,46	46,80	5,61	11.9

Number of banks submitting their returns within brackets.

BANKING DEPARTMENT
(Rs. in lakhs)

	22-6-45	15-6-45	23-6-45	1-9-39	22-6-45 compared with 1-9-39
Cash	12,93	9,75	13,51	35,15	— 22,22
Balances held abroad*	388,42	386,44	177,33	10,08	+378,34
Investments ..	21,77	21,76	11,03	6,81	+ 14,96
Bills discounted—					
(a) Internal and External ..	..	..	..	..	..
(b) Treasury Bills	63	93	2,40	1,16	— 53
Loans and Advances to Government ..	73	48	70	31	+ 42
Deposits—					
(a) All Govts. ..	293,07	279,39	78,06	14,89	+278,18
Of which G. of I.	271,84	261,78	..	14,89	+256,95
(b) Banks ..	186,50	91,82	101,26	26,91	+ 59,59
(c) Others ..	76,93	26,68	3,73	1,24	+ 17,69

*Including Cash and Short-term Securities.

SCHEDULED BANKS
(Rs. in lakhs)

	22-6-45	15-6-45	23-6-45	1-9-39	22-6-45 compared with 1-9-39
Demand Liabilities in India	624,17	624,25	554,63	134,36	+489,81
Time Liabilities in India	236,94	234,49	180,96	102,24	+134,70
Cash in India ..	31,97	31,59	26,22	6,70	+ 25,27
Balances with Reserve Bank ..	84,76	92,21	93,78	23,17	+ 61,59
Advances in India ..	282,58	276,60	214,28	101,52	+181,06
Bills discounted in India	13,42	13,43	8,85	3,57	+ 9,85

U.S. FEDERAL RESERVE BOARD
(Million dollars)

	28-6-45	21-6-45	29-6-44	31-8-39	28-6-45 compared with 31-8-39
Resources:—					
Total Reserves ..	18,107	18,108	19,312	14,601	+ 3,506
Total Bills Discounted ..	202	307	51	6	+ 196
Bills bought in open market ..	..	..	(555,000)		—(550,000)
Total U.S. Govt. Securities ..	21,693	21,507	15,080	2,426	+19,267
Liabilities:—					
F.R. Notes in actual circulation	22,943	22,873	18,832	4,609	+18,334
Reserve Account ..	14,760	15,354	13,081	10,951	+ 3,809
Total Reserve to Deposit and F.R. Liabilities ..	45.1%	45.0%	56.12%	86.9%	—41.8%

Figures in brackets are the actual ones.

TREASURY BILLS MATURITIES
(3 Months' Tenure)
(Rs. in lakhs)

Date of maturity*	Amount	Date of maturity*	Amount
May 20, 1945	2,00	„ 23, „	4,00
„ 28 „	2,00	„ 31, „	4,00
June 4, „	4,00	Aug. 7, „	4,00
„ 11, „	4,00	„ 15, „	4,00
„ 18, „	4,00	„ 22, „	2,00
„ 25, „	4,00	„ 29, „	2,00
July 2, „	4,00	Sept. 5, „	2,00
„ 9, „	4,00	„ 12, „	2,00
July 16, 1945	4,00	„ 19, „	2,00
		„ 26, „	2,00

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	Apr. 1945	Mar. 1945	Apr. 1944	Mar. 1944
Amount (£ in '000) ..	105,310	91,806	936	5,220	8,783	1,388

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	June 29, 1945	June 22, 1945.
Bombay on London (s.)	1-5 31/32	1-5 31/32
Bombay on New York (Rs.)	332¾	332¾
London on Bombay (s.)	1-6	1-6
London on New York ($)	4.02½—4.03½	4.02½—4.03½
New York on London ($)	4.03	4.03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	28th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	3%	2%
U.S.A.—New York Fed. Res. ..	29th Oct. 1942	1%	½%
	27th Oct. 1942	1½%	1%

CASH POSITION
(Rs. in lakhs)
CASH POSITION

	22-6-45	15-6-45	23-6-44	1-8-39	22-6-45 compared with 1-9-39
Reserve Bank of India	12,93	9,75	13,51	35,13	— 22,22
Scheduled Banks ..	116,73	123,60	120,00	31,87	+ 84,86

B—General

GOLD AND SILVER PRICES

	Spot Highest 1	Spot Highest 2	Spot Lowest 3	Lowest 4	Average* 5	Settlement Average* 6
A GOLD (per tola)	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1941-42	48 8 0	40 2 6	42 6 0	48 8 0	40 2 6	42 8 3
1941-42	57 12 0	41 9 6	44 7 11	56 12 0	41 10 0	44 9 10
1942-43	72 0 0	44 12 0	57 10 10	71 15 0	45 0 0	56 14 5
1943-44	96 4 0	65 4 0	76 11 6	95 0 0	62 10 0	76 10 0
1944-45	78 12 0	61 2 0	71 7 4	77 12 0	59 8 0	71 2 4
April 1945	77 11 0	72 3 0	74 8 0	78 0 0	71 6 0	74 1 7
May ,,	76 10 0	71 12 0	74 12 2	132 12 0	69 6 0	74 2 1
B. SILVER (per 100 tolas)						
1940-41	64 13 0	54 10 0	62 8 0	65 2 0	54 13 0	62 0 5
1941-42	97 6 0	61 12 0	66 11 0	91 6 0	61 12 6	65 0 0
1942-43	116 8 0	75 4 0	94 2 6	112 14 0	72 4 0	90 4 6
1943-44	141 8 0	101 8 0	120 7 11	137 0 0	98 4 0	120 2 5
1944-45	143 4 0	113 10 0	128 10 0	141 4 0	111 12 0	127 2 7
April, 1945	135 15 0	129 4 0	131 14 7	135 2 0	127 0 0	130 6 4
May, 1945 at Bombay	76 10 6	124 0 0	129 10 7	132 10 0	119 9 6	129 1 11

Average of closing quotations for workingdays

CROP FORECASTS (ALL-INDIA)

(1) Fourth Cotton Forecast, 1944-45

	1944-45 ('000 acres)	1944-45 ('000 bales)	1943-44 (Revised) ('000 acres)	1943-44 (Revised) ('000 bales)
(1)	(2)	(3)	(4)	(5)
All-India	14,744	3,468	20,405	5,003
Trade Descriptions				
Bengals	1,608	334	1,897	623
Americans	3,233	1,198	3,530	1,502
Oomras	3,496	554	5,659	1,044
Broach	520	129	669	194
Surti	323	64	482	126
Dholleras	820	139	1,382	284
Others	4,744	850	6,786	1,230

*Bales of 400 lbs.

(2) General Memorandum on the Castor Seed Crop (1944-45)

	1943-44 ('000 acres)	1943-44 ('000 tons)	1944-45 ('000 acres)	1944-45 ('000 tons)
Provinces and States				
Madras ...	263	24	279	25
Bombay (including Indian States) ..	147	21	130	21
Bihar	33	4	37	5
C.P. and Berar ..	38	6	34	5
Orissa	22	2	22	2
U.P. (Unmixed Crop)	19	4	13	3
Sind	2	(a)	2	(a)
Hyderabad	747	51	832	65
Mysore	100	7	101	7
Baroda	82	8	85	7
Total	1,453	130	1,543	140

(a) only 300 tons

Stocks of Gold and Silver at Bombay*

	Gold Tolas	Silver Bars
1940-41	1,71,635	5,481
1941-42	1,90,444	6,471
1942-43	83,558	4,313
1943-44	1,36,415	1,1000
1944-45	2,01,058	1,029
April '45	32,500	3,375
May	45,000	1,500

Average of weekend stocks

(Base: Last week of August 1939=100)

Week ending		Increase or decrease
Average for February 1945	231.4	—2.3
Average for March 1945	234.9	+3.5
Average for April 1945	233.7	—1.2
Average for May 1945	234.2	+0.5
5th May	234.1	—0.6
12th	234.7	+0.6
19th	233.7	—1.0
26th	233.2	—0.5
2nd June	234.2	+1.0
9th	234.1	—0.1
16th	234.2	+0.1
23rd	231.4	+0.3

†Issued by the Office of the Economic Adviser to the Government of India.

THE PUNJAB NATIONAL BANK LTD.,

ESTABLISHED 1895

MONUMENT OF STRENGTH, STABILITY AND SOLIDARITY OFFERS MAXIMUM SECURITY AND EFFICIENT SERVICE.

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AGENCIES:
London and New York.

Working capital now exceeds Rs. 50 Crores.

184 Offices all over India

YODH RAJ,
CHAIRMAN AND GENERAL MANAGER

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Grade & quality	Market	Unit	This week Rs. a. p.	Last week Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	8 10 0	8 8 0
	Superior	,,	,,	8 14 0	8 12 0
	Ready	Lyallpur	,,	...	...
	Red	Hapur	,,	...	...
	Dara	Cawnpore	,,	...	...
	..	Calcutta	,,	...	...
2. *Rice	Punjab Basmati New	Amritsar	,,	23 0 0	22 8 0
	Punjab Basmati Old	,,	,,	24 0 0	22 8 0
	Punjab Basmati Sela	,,	,,	22 8 0	22 0 0
	Parmal	,,	,,	19 4 0	19 0 0
	Sone	,,	,,	16 0 0	16 0 0
	Begami	,,	,,	14 8 0	14 8 0
	Jhone	,,	,,	...	13 10 0
	Common Rice	Cawnpore	,,	..	..
	Medium Grade	Calcutta	,,	..	..
3. *Linseed	Ready Bold	Bombay	,,	...	...
	,, Small	,,	,,	13 2 10	...
	,, Bold	Cawnpore	,,	12 15 10	...
	,, Small	,,	,,	8 0 0	8 0 0
	,, ,,	Calcutta	,,	8 0 0	8 0 0
4. *Mustard	Yellow	Cawnpore	,,	13 0 0	14 0 0
	Black	,,	,,	12 0 0	12 0 0
5. *Groundnuts	Karnel (Coromandal)	Madras	,,	10 0 0	10 0 0
	Karnels	Bombay	,,	9 4 10	...
6. *Potatoes	Desi	Cawnpore	,,	10 7 6	...
	Pahari (Haldwani)	,,	,,	12 0 0	11 3 0
†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	13 4 0	...
7. †Cotton (yarn)	No. 10½s.	,,	per lb.	...	...
	No. 20s.	,,	,,	419 0 0	416 0 0
9. †Cotton (piece-goods)	Long cloth (std. quality)	,,	,,	0 12 10	0 12 10
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 lbs.)	...	...
	Lightnings (Mills)	,,	(400 lbs.)	1 1 0	1 1 0
11. †Jute (bags)	B. Twills (2¼ lbs.	,,	per 100 bags	79 0 0	79 0 0
12. †Jute (cloth)	Hessian cloth 8os.	,,	per 100 yds.	74 0 0	74 0 0
	Hessian cloth 10½ oz.	,,	,,	64 8 0	64 10 0
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 82 lbs.)	22 2 0	22 2 0
				29 0 0	29 0 0
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	82 0 0	82 0 0
	Goat skins (good quality)	,,		170 0 0 to 190 0 0	170 0 0 190 0 0
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	...	1 0 0
	Goat skins	,,		...	1 14 8
				2 12 9 to	2 12 9
16. †Shellac	T.N.	Calcutta	cr md.	3 3 9	3 3 9
17. †Kerosene Oil	Superior	,,	per tin of 4 gallons	71 0 0	71 0 0
18. †Coal	Selected Jharia A	,,	per ton f.o.r.	5 1 9	5 1 9
19. †Cement	Indian	,,	full wagon load of 16½ to 23 tons	13 5 0	13 5 0
				68 12 0	68 12 0
20. †Coffee	Plantation A	Mangalore	per cwt.	136 0 0 to 137 0 0	136 0 0 137 0 0
21. †Tea	Indian market	Calcutta	per lb.	13 7 0	0 13 7
22. †Sugar	First Crystals	Cawnpore	per md. (ex-factory)	16 1 6 to 16 12 6	16 1 6 16 12 6
23. ‡Oils—Linseed	Ready	Bombay	per quarter	12 8 0	12 4 0
Castor	,,	,,	,,	11 0 0	10 12 0
Copra	,,	,,	,,	10 6 0	10 6 0
Groundnut	,,	,,	,,	9 8 0	9 9 0

*Marketing Adviser's Report (weekly). June 30, 1945.
†The Times of India, July 2, 1945.

COTTON STATISTICS

A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)	June 28, 1945	June 21, 1945
Futures: July 1945	421½	417½
Sept. ..	432¼	428½
Spot: Jarilla F.G.	408	405

NEW YORK (Cents per lb.)	June 28, 1945	June 21, 1945
Futures: July 1945	22.73	22.93
Oct. ..	22.77	22.76
Dec. ..	22.75	22.69
Jan. 1946	22.72	22.66
March ..	22.68	22.60
Spot	23.22	23.39

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

	Week ending June 16, 1945	Season 1944-45	This season 1943-1944	Last season 1943-1944
Receipts at Bombay	42,368	59,234	1,752,927	1,563,135
Receipts at Karachi	12,623	15,149	1,017,295	875,811
Total bales ..				
Exports from Bombay	54,991	74,383	2,770,232	2,438,946
Exports from Karachi	155	9,152	132,364	137,474
Total bales ..	10,000	25,000	841,000	760,000
	10155	34,153	973,364	897,474

Indian Trade Journal, June 28, 1945.

SUGAR POSITION—SEASON 1944-45

(Figures in tons)

Producing Areas.	Production up to 22-6-45.	Despatches during the period 1-6-45 to 22-6-45.	Progressive total of despatches up to 22-6-45.	Percentage of progressive despatches to production.	Balance stock as at close of 22-6-45.
U.P.	5,21,986	14,193	2,79,385	82.5	2,82,601
Bihar	1,70,424	3,797	71,787	46.0	98,727
Bombay ..	74,882	1,422	44,793	59.8	30,090
Madras	49,128	980	30,125	61.5	18,913
Punjab	8,243	464	5,168	62.6	3,085
Bengal	11,986	399	8,545	71.3	3,441
N.-W.F.P. ..	4,127	121	2,657	64.4	1,470
Orissa	2,556	67	1,343	52.5	1,213
Indian States ..	1,14,715	2,678	74,537	64.8	40,178
Total	9,68,093	20,941	5,18,196	52.5	4,49,898

Note:—Balance stock of 1942-43 and 1943-44 season's sugar as at close of 28-6-43 was 3,626 tons.

(2) Production returns have not been received from 9 factories.

D—Prices

INDIAN STOCKS AND SHARES

	3-7-45 Rs. a. p.	26-6-45 Rs. a. p.
GOVT SECURITIES:		
3¾ (1948-52) (98)	..	100 0 0
3% (1945) (100) ..	..	100 8 0
3% (1952-54) (98½)	..	101 2 0
3% (1960-68) ...	..	98 9 0
3½% G. P. Notes	..	101 8 0
4% (1960-70) ..	..	
4½% (1955-60)	..	117 2 0
5% (1945-50)	..	101 8 0
Calcutta		
3% Loan (1945-52)	..	..
3% Loan (1953-55)	..	101 14 0
3½% G.P. Notes	..	101 7 0
3% Vic. (1957)	..	100 7 0
4½% (1955-60)	..	..
5% Loan (1955-60)	..	..
TEXTILES: Bombay		
Ahmedabad	400 0 0	
Bom. Dyeing (250)	1883 0 0	1862 8 0
Central (10)	370 0 0	
Century (100)	900 0 0	
Coloba (10)	215 0 0	
Ind. Bleaching (10)	162 0 0	
Kohinoor (100)	528 0 0	595 0 0
Phoenix	620 0 0	...
Sholapur (1000)	6975 0 0	
Simplex (50	283 0 0	283 8 0
Swadeshi (100)	523 0 0	520 0 0
Vishnu (50)	463 0 0	
Finlay (100)		...
Swan (100)		...
Morarji (100)		
New Great (100)		375 0 0
Appollo		3 14 0
Sassoon Ordy.		...
Sassoon Defd.		...
Poddar		...
Calcutta		
Calcutta (10)		...
Ben. Nav. (10)		...
Cawn. Tex. (2-1/2)		12 8 0
Dunbar (100)		325 0 0
Kesoram (2-1/2)	...	...
Elgin Mills (10		...
Muir Mills (50)		
New Victoria (2-1/2)		7 10 0
Basant		...
Madras		
B. & C. Ordy. (100)		
Bang. Wool (100)		
Pankaja (100)		
Cambodia (100)		26 12 0
Coim. Spng. (50)		...
Sitaram Spng. (50)	...	...
Vasantha (100)		
Madura (15)		69 12 0
Lakshmi (Old 50)	190 0 0	
harda (100)		
Lahore		
Ajudhia		
Cawn. Tex. (2-1/2)		
New Vic. Ord. (2-1/2)		7 7 0
New Vic. Pref.		...
Raza Textiles (10)		71 4 0
JUTE: Calcutta		
Alliance (100)	688 0 0	
Anglo-India (100)		
Barnagore (£)	253 0 0	
Birla (10)		
India (375)		718 0 0
Champdany (100)		277 0 0
Ganges (300)		612 0 0
Bally (100)		381 0 0
Budge Budge (100)		536 0 0
Cheviot (100)		362 0
Howrah (10)		92 10 0
Kamarhatty (100) ..		732 0 0
Kankinarrah (100) ..		629 0 0
National (10)		35 4 0
Orient (100)		280 0 0
Presidency (5)		12 8 0
Nuddea (50)		133 0 0
TATA SHARES: Bombay		
Chemical (10)		20 0 0

	3-7-45 Rs. a. p.	26-6-45 Rs. a. p.
Oil (25)	... ...	68 12 0
Power (1000)	1830 0 0	1825 0 0
Hydro (100)	204 0 0	...
Steel Ordy. (75)	402 8 0	...
Steel Pref. I (150)	223 12 0	...
Steel Pref. II (100)	165 8 0	...
STEEL ENG.: Calcutta		
Br. In. Elec. Con.		...
Braithwaite (10)		...
National Iron (10		...
Steel Cor. Ord. (10)		34 7 0
Steel Corp. Pref. (10)		...
Jessops Ordy. (10)	...	25 8 0
Kumardhubi (10)	...	11 7 0
Bhartia Elec.		...
Ind. Iron		...
COAL: Calcutta		
Amalgamated (10		57 8 0
S. Karanpura		33 5 0
Bengal (100)		732 0 0
Bhalgola (10)		20 12 0
Burrakur (10)		43 14 0
East India (£)		43 4 0
N. Damuda (1/2)		16 11 0
Equitable		71 14 0
Standard (10)		
Ghusak and Mulia		
Kuardi		20 0 0
New Beerbhoom		45 15 0
Ranegunge		63 0 0
Dhemo Main		
SUGAR: Calcutta		
Buland		
Balrampur (10)		17 8 0
Samastipur (10)		20 2 0
Belsund (7-1/2)		15 5 0
Carew (10)		28 9 0
Murree Brewery (5)		
New Savan (10)		
Ram Cane Ord.		17 4 0
Lahore		
Pun. Sug. 100)		
Gokulnagar Ordy.		68 0 0
Murree Brewery (5)		
Jagjit		
Jaswant		
Madras		
Mysore (10)		
Deccan (10)		
Deccan (25)		
Travan. Sugar (7)		
South India (10)		
PLANTINGS: Madras		
Cochin Malabar (3)		17 10 0
Chembra Peaks (2)	9 14 6	9 14 0
Woodlands (10)		
Thirumbadi (1)		
Travan. Rubber	21 8 0	
TEA: Calcutta		
Bishnauth (10)		
Cen. Cachar (100)		
Tezpore (10)		
Eastern Cachar		12 0 0
East India		
BANKS & INS.: Bombay		
Central (25)	81 12 0	
Imperial P.P. (500)	2005 0 0	
Imperial P.P. (125)	510 0 0	
Reserve (100)	140 0 0	
India (50)	190 0 0	
New Ind. In. (15)	31 12 0	
Lahore		
United Com. (50)		
Hind. Com. (50)		
Pun. Na. P.P. (50)		
Pun. Na. F.P (100)		
Bharat Bank Pref.		
New Bank A		
New Bank B		
New Bank of La. B		
Oriental		
MISC.: Bombay		
Ajmer (10)	14 14 0	

	3-7-45 Rs. a. p.	26-6-45 Rs. a. p.
Assct. Cement	208 8 0	207 8 0
Bom. Sub. (100)	207 4 0	
B.I.C.		...
Alcock	396 4 0	...
Belapur Sugar (150	220 0 0	...
Bom. Burmah (125)	507 8 0	...
Bom. Bur. N. (50)	188 12 0	...
Bom. Steam (250)	560 0 0	...
Bom. Tram	142 8 0	...
Bom. Petrol		...
Scindia Steam	38 0 0	36 12 0
Shivarajpur (50)	49 8 0	...
And. Val. (1000)	1772 8 0	...
Indian Iron (10)	41 2 0	...
Indian Copper (2s.)	3 2 0	...
Prem. Const. (30)	220 8 0	...
Burma Corpn.	5 9 0	5 6 0
Assot. Cement	208 8 0	207 8 0
Calcutta		
Benga: Paper (25)		...
I.P.P. (100)		228 0 0
Shree Gopal (10)		...
Star (10)		16 8 0
Orient (10)		...
Titaghur		30 8 0
Ind. Cop. (2s.)		3 4 0
Cons. Tin		3 10 0
Burma Corp. (2-1/2)		...
Ass.-Ben. Cem. Ord.		...
Aluminium Corp.		17 4 0
Rohtas Industries		16 3 0
Br. Bur. Petroleum		5 15 0
Midna Zamindari		188 0 0
Gen. Navigation		...
Dalmia		...
Lahore		
Indian Iron		41 13 0
Dharangdhara		470 0 0
Rampur Maize		14 14 0
National Salpetre		2 14 0
Nrth India Oil		...
Shree Gopal (10)		...
Star (10)		...
Kayee Glass		...
Kayee Industries		84 0 0
Jagjit Distillery		...
Hind. Motors		4 4 0
Delhi		
Rampur Maize	43 8 0	43 8 0
Rampur Dist.	16 0 0	14 12 0
Un. Com. (50)	72 0 0	72 0 0
Dharangdhara x-d	467 0 0	466 0 0
Bharat Bank Ord	101 8 0	102 0 0
Gwalior Brewery	17 0 0	16 12 0
Raza Tex. (10)	71 4 0	71 4 0
Cawn Tex. (2-1/2)	12 6 0	12 10 0
Hind Com. Ba (50)	54 0 0	54 0 0
Delhi Flour	16 0 0	16 0 0
Amrit Ordy.		12 8 0
Amrit Pref. I		12 14 0
Amrit Pref. II		12 8 0
Delhi Cloth Mills	124 0 0	123 0 0
Buland Sugar	43 0 0	42 0 0
Raza Sugar	43 8 0	43 4 0
Central Dist.	18 0 0	17 12 0
Hyderabad		
Hy. Bank (O.S 50)		
Azamjahi (O.S. 100)		
Hy. Spg. and Wg. (B.G. 7000)		
Osmanashi (B.G. (100)		
Nizam Sugar Ord (O.S. 25)		
Chc. & Fer. (O.S. Pref. (O.S. 25) (50)		
Hy. Com. O.S. (100		
Hy. Iron & Steel (O.S. 10)		
Singareni (B.G. 10		

COMPANY DIVIDENDS: JUTE

Names of Companies	Amount per Share	Date of Meeting or Payable on
Adamjee Jute Mills, Ltd. (Ord. ..	.. As. 8	29-6-4
Adamjee Jute Mills, Ltd. (Pref.) ..	.. Rs. 3-12	29-6-45
Auckland Jute Co., Ltd. (Ord.) ..	.. Rs. 5	30-6-45
Auckland Jute Co., Ltd. (Pref.) ..	.. Rs. 3-8	30-6-45
Barnagore Jute Factory Co., Ltd. (Ord).	.. 2s. 6d. (1)	18-7-45
Barnagore Jute Factory Co., Ltd. (Pref.)	.. 12s. 6d.(1)	18-7-45
Craig Jute Mills Ltd. (Ord.)	.. 1 Anna	13-7-45
Craig Jute Mills Ltd. (Pref.) ..	.. Rs. 3-12	13-7-45
Dalhousie Jute Co. Ltd. (Pref.)	Rs. 3-8	30-6-45
Dalhousie Jute Co. Ltd. (ord.)	Rs. 5	30-6-45
Kinnison Jute Mills Co., Ltd. (Ord.)	.. Rs. 5	30-6-45
Kinnison Jute Mills Co., Ltd. (Pref.)	.. Rs. 3-8	30-6-45
Lansdowne Jute Co., Ltd. (Ord. and Pref.) ..	Nil	30-6-45
Lawrence Jute Co., Ltd. (Ord.)	Rs. 2	30-6-45
Lawrence Jute Co., Ltd. (Pref.)	Rs. 3-8	30-6-45
Naihati Jute Mills Co., Ltd. (Ord.) ..	As. 6	30-645
Naihati Jute Mills Co., Ltd. (Pref.) ..	Rs. 3-8	30-6-45
Northbrook Jute Co., Ltd. (Ordy.) ..	Rs. 4	30-6-45
Northbrook Jute Co., Ltd. (Pref.) ..	Rs. 3	30-6-45
Standard Jute Co., Ltd. (Ord.) ..	Rs. 7-8	30-6-45
Stanndard Jute Co., Ltd. (Pref.) ..	Rs. 3-8	30-6-45
Union Jute Co., Ltd. (Ord.)	As. 2	13-7-45
Union Jute Co., Ltd. (Pref.) ..	Rs. 3-12	13-7-45
Waverley Jute Mills Co., Ltd. (Ord.) ..	Rs. 2	13-7-45
Waverley Jute Mills Co., Ltd. (Pref.) ..	Rs. 3-12	13-7-45

COMMODITY MARKETS

MADRAS, June 30, 1945.

Piecegoods

The market quota of goods for April last purchased from Bombay, Sholapur and Ahmedabad amounting to about 2,900 bales have begun to arrive in Madras. Most of the goods from Bombay and Sholapur have been received and those from Ahmedabad are expected in a few days. Dhoties and sarees constitute only 3 per cent. and 2 per cent., respectively of the total goods purchased. Of the stocks received so far, the goods intended for Madras City have been distributed to the retailers and those intended for the Districts have been held up for want of transport facilities. With the arrival of some cloth, retail shops in the city have been lined up with long queues and it is some hours before one is able to get his turn. Retailers say that "professional buyers" buy in retail and sell at a profit to the consumers who are unable to wait for long hours. A scheme for the distribution of Mettur Mill products has been brought into force in the city with the co-operation of the trade associations and the Distribution Committee. Though the scheme has been framed with laudable objects, certain defects in it have led to interested people buying up part of the stocks and real consumers have again been the sufferers. There has been no change in the handloom piecegoods section. Prices continue to rule high. Rumours are current in the market that price control measures will be adopted for handloom goods also in the near future.

Groundnuts

The groundnuts market remained very steady during the week under report. Millers were good buyers but sellers were scarce. The quotation has improved to Rs. 60-8. Drought conditions have prevailed in the upcountry producing centres and this has affected the standing crop as also has delayed the sowing of the main crop. Calcutta market has been easy and hence there have been no important purchases on that account. The oil market was steady with the quotation for ready around Rs. 135. Transport authorities being unwilling to allow railway facilities for the movement of oil to Calcutta, some exporters are using the facilities at Cuddalore. Representations have been made to the Government by the trade to allow the export of oil to Rangoon. It may be mentioned here that Burma was importing large quantities of oil in the first two years of the war and according to estimates made by the trade the exports from the East coast in 1941-42 amounted to about 18,500 tons. Conditions in the cake market were slack and there was no important demand.

HAPUR, July 4, 1945.

Prices of all grains and pulses showed quiet feeling with fluctuations confined to narrow ranges. The foodgrains position continues to improve steadily. The daily wheat arrivals are on a satisfactory scale.

Wheat arrivals and purchases in the Meerut Food Region this year have been excellent. The U.P. Government had fixed a target for this region at 22 lakh maunds of wheat to be purchased during this year, of which 11 lakh maunds were to be completed by the end of June, 1945. The latter figure was completed on 28th June, 1945, with some more in hand. Despatches of wheat are now going in from the Meerut Region to the Rationed Towns all over the province, meanwhile, wheat purchases are continuing. The Government purchasing monopoly has been further tightened up by taking over Roller Flour Mills and by the continuing policy of bringing Total Rationing to more and more towns, thus making it unnecessary for the town people to purchase wheat in the country side. Wheat grower is now obliged to sell all his marketable surplus to Government, and, to make it easier for him to do so, there has been a considerable extension of the net work of Government Purchasing Centres of which there are now 65 in the Meerut Region. Slight showers were received here during the week which proved beneficial to the operations of Sawni crop sowings, but more rains are urgently needed.

Gur

Market remained firm and active on good trade demand. The Gur lying in local godowns has begun to melt away on account of the approach of the rainy season. It is reported that one prominent local firm has got a permit for the exports of 100 tons of Gur to Iran.

Guwar

An optimistic feeling has been noticeable in the local Guwar market during the week reviewed, as a consequence of which prices also recorded an advancement. Price changes were rather active and played an important roll throughout. The upward bulge in prices was attributable to dry weather conditions and higher spot values. But at the closing time somewhat favourable weather forecast over the Northern India Belt induced long liquidations under which prices slightly broke down and the markets closed nervous and in an unsettled state with neither bulls nor bears confident as to the next move of the market.

The following are the latest quotations and stock figures of various local commodities against those of last week's in brackets:—

Wheat: Rs. 10-4 (Rs. 10-4) Stock 57 **Khattis** (53 Khattis). Gram: Rs. 8-14 (Rs. 8-14). Peas: Rs. 7-4-3 (Rs. 7-43) Stock 115 Khattis (116 Khattis). Arhar: Rs. 7-4 (Rs. 7-2) Stock 89 Khattis (89 Khattis). Guwar: Rs. 6-12-6 (Rs. 6-7).

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MADRAS GOVERNMENT

THE
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India, Britain and the U.S.A.

IT is becoming increasingly clear that rapid economic development in this country can only be made possible by a tripartite agreement between India, Britain and the United States. Britain comes in, because she controls our sterling resources, with which alone we can buy abroad the requisite quantity of capital goods and technical assistance. But it is not a purely economic problem. Politics is the governing factor. Had we been a self-governing country, we certainly could have used political and/or economic sanctions to recover both directly and indirectly what is due to us from Britain. We would have, at the least, got out of the sterling bloc and linked the rupee to the dollar, as Canada has done to her great profit and advantage. Imperial preference would have been abandoned. We could have effectively insisted on A-I priority on Britain's productive capacity, for has she not enjoyed, in fact enforced, for the last six years, the first claim on our resources in absolute preference to even the most elementary needs of the nationals of this country? Yet by a tragic anomaly, it looks unrealistic to demand from Britain that she should first devote her resources to satisfy the capital requirements of this country in preference to her own reconstruction and rehabilitation. But it does exasperate us, when we are told that we cannot even be second on the list, that Britain's export capacity is heavily booked for Russia and Europe. We may apply for a third position, which will be duly considered, provided we agree to the *blackmail* price, which the British industrialists are determined to demand for their supply of capital goods and technical assistance to this country. This attitude is hardly distinguishable from that of a highway robber, who orders an innocent wayfarer to stand and deliver. There is nothing surprising about this attitude with which we are for long familiar. The fun of it is that it is the attitude of a debtor to a creditor in respect of credits forcibly exacted.

Britain's attitude to our sterling resources has naturally infuriated us, but this does not carry us far. We may threaten dire consequences, but it is impolitic at this time, apart from being bad strategy, to threaten an adversary with an unloaded revolver. Let us talk business. Britain cannot supply us the goods we want, but she holds our money. It is commonsense that by some arrangement, it should be made possible for us to buy somewhere else against our money resources with the Bank of England. Now that the post-war is upon us, it is incumbent on the Government of India to institute immediately tripartite talks to enable us to commence buying in America against sterling balances.

This does not mean that the Government of India should not immediately put in its claim for a high priority in the allocation of British demobilized resources. But to expect much from what Sir John Anderson described as "a gravely distorted economy"

is to *bank on the bankrupt*. Britain has to build four million houses in the very near future. The labour situation is so tight that the London *Economist* is afraid that even the cloth coupon may not be honoured. We may, therefore, expect little till late 1946 or even 1947 by which time deflation may supersede development.

We must, therefore, look elsewhere for our capital requirements, particularly in the United States. Of late, the chances in this respect appear to be particularly bright. Mr Wayne Taylor, the head of the U.S. Government Import and Export Bank, is reported to have expressed the Bank's anxiety "to help and promote vigorous commercial relations between the two countries." The Bank is at present limited by restrictions imposed by the Johnson Act, which is likely to be repealed. When that is done, "we will certainly consider," so said Wayne Taylor, "the possibility of granting certain loans to India for purchase of American capital goods." But American politics is a highly intriguing affair; and, even if the repeal takes place, it is not certain that we shall get a direct loan.

However that may happen, it is a happy sign that Americans have begun taking intimate interest in Indo-American economic relations. Emmanuel Cellar has already warned his countrymen that if they do not take the opportunity, they will be missing "glorious trade." Since 1940 we have exported to the United States substantial quantities of jute, mica, manganese and other materials, and the net credit on this account is, according to Cellar, in the neighbourhood of 500 million dollars uptodate. All that has gone to swell the Empire Dollar Pool—that mean and cramping device by which Britain acquires and utilizes resources not her own. This apart, the wartime trade between India and America can be greatly expanded and developed to mutual advantage. America can only maintain conditions of full employment by large-scale manufacture and export of capital goods; and this is precisely what we want. Our post-war requirements can, therefore, be absolutely dovetailed into each other, but there is just one snag and that is always Britain.

Large-scale imports of capital goods from America can only be financed in the short period by large-scale credits available there. The U.S. Government must insist that Britain should immediately disgorge to us all the Indian dollar exchange and dollar securities requisitioned during the war, for these, in a very relevant and important sense, constitute *their resources* with which they can sell to us. It is to their interest to have for immediate exploitation a large market, which is hungering for capital goods.

Assuming that Britain will not adopt a dog-in-the-manger policy, which can only mean a net all-round ruinous reduction in the quantum of international trade, what should she do enable us to effect immediate large-scale purchases of capital goods from America. The Empire Dollar Pool remains a secret—'a military secret' as described, at Bretton Woods, by that economist turned diplomat—Lord Keynes. But Britain, it is now authoritatively revealed, has enormous dollar resources in the U.S. How she gathered them is a mystery, for not many years ago, her representatives were begging them with hat in hand, posing as paupers. The U.S. Assistant Secretary of the Treasury, Dr Harry White, is reported to have told the Senate Banking Committee that Britain now holds in "gold and securities on deposit in the U.S. a sum of not less than 875 million sterling. This is a little less than what she owes us; and there is no reason why it should not be paid as a first instalment towards the settlement of our credits against her. When she posed as poor and asked for time, we were inclined to be generous. Now that her hidden resources have been revealed, we must insist on our rights. We are not asking for a pound of flesh but for a pound of money, which she has and must give us. She has impoverished us. She has expropriated all our external credits. She showed us no mercy, while we were starving. We are in need and she has our money. She has money elsewhere too and this must be exchanged to enable us to buy what she cannot give. This is just ordinary business dealing and if she avoids it, it can only foretell ill for a nation of shopkeepers.

There is another way out. She can raise a loan in the United States, as she probably proposes to. The position in this respect is highly intriguing. Sir John Anderson has characterized these rumours as "quite unfounded." Against Sir John's denial, then is a very significant statement, which Dr Harry White is reported to have made to a closed session of the Senate Banking Committee: 'No *actual* commitments to give Britain post-war aid had been made by the U.S. Government.' It does not need much logic to infer from this that Britain has made an approach for a loan (unless we assume that a loan is being forced on her) and that the U.S. Government, though not actually committed, is favourably inclined and is in fact on the way to an actual committal. Britain's external debts amount to a little less than 3 billion sterling, but she is reported to have asked for a credit of approximately half the amount.

If such a loan materializes, it will liberalize and expand trade between sterling and dollar areas—a wish recently expressed by Sir John Anderson—provided a substantial part of the credit is allocated to India which is the largest single creditor of Great Britain. It would be to the interest of all parties if the U.S. Government made a loan to the U.K. only on the condition that a dollar credit to at least the extent of our sterling balances should be immediately placed to our account. A suggestion on these lines was made by Mr G. D. Birla in an address at New York on July 7 at a luncheon organized by the National Association of manufacturers in honour of our industrialists. In the U.S., too, there seems to be a strong feeling that the loan should be made conditional. Senator Robert Taft is reported to have said: "Nothing should be given to Britain until she agrees to lift trade restrictions so that we can see to India or Egypt for instance on the same basis as the British Empire." Obviously blocked sterling balances constitute the most formidable trade restrictions, which must be removed in the common interest.

It is, therefore, time that the Government of India made an immediate move for tripartite talks on the lines suggested above. The feeling in respect of sterling balances is getting so strong in this country as to greatly embitter political feeling. It is so strong that one of the oldest economists in this country has recently gone to the length of suggesting that Britain should pay us by the removal of industrial plants from Germany to India. That this mild and incredible suggestion should have been made by so eminent an economist as "K.T.S." is an index to the strengthening of feeling in this country. If the British attempt by continued blocking of sterling balances to canalize our trade into the rather dry channels of imperial commerce, it will not only cripple our economic development, but will also clog the whole of international trade. This will merely rebound on a country like Britain, which depends for its very livelihood on international trade. Larger the international trade, larger is bound to be Britain's share of it. But the temptation to prevent political power for private gain is in the short period so strong as to cloud the vision of states-

men; and British politicians are not reputed for revision. It is not only India's but the world's misfortune that an insolent group of pettifogging traders should be in possession of a large empire.

Termination of War Contracts

INCREASING evidence is accumulating from day to day of the careless and almost chaotic manner in which Government have set about terminating war contracts with scant regard for its repercussions on industry. Recently we referred to a circular addressed to war contractors by the Director-General of Munitions Production in which he has issued a warning against any expectation of continued war contracts. The Supply Department has also taken drastic steps towards the termination of the contracts. It is now well-known that as a result of the Hydari Mission no orders are to be placed on Indian industry for the year 1946 which can be met by British firms and that such orders as have already been placed on Indian industry for 1945 are to be rigorously scaled down. Strict instructions have been given to the purchase sections that all the existing contracts be reviewed at once and action be taken to reduce the orders or even cancel them where stocks in hand and dues in are considered adequate to meet the estimated future requirements. Where the position is fairly easy, steps to taper off production, it is said, will not even wait a change in the war situation. Serious notice will be taken of failure to effect these reductions in orders and even those contracts which are not to be interfered with are to be sent up for revalidation at high levels. Wherever possible, the period of notice in the 'Break Clause' of the contract should be reduced to the minimum.

It is commonsense that with the cessation of war in Europe and the progress of the Far Eastern war, there will be a gradual decline in the demands for the Defence services and the Government should take care that 'unwanted' military articles do not continue to be produced which will be found to be a waste of labour and materials when the war suddenly ends. But equally it is commonsense that the criteria of "unwanted" goods should be sensibly defined from the standpoint of peacetime requirements and facilities given either for continued production or reconversion as the case may be. It is our contention that while the Government, in their urgent scramble for war supplies, framed an elaborate code of conditions of contract for the most expeditious execution of the contracts without any loss to or commitments by themselves, they are not paying adequate attention to the orderly liquidation of the contracts. Their attitude is very much like saying to industry, "We wanted your help very badly for some time. We no longer need it. Now you had better shift for yourself."

How else can we explain this unseemly and precipitate haste to end contracts, this anxiety to enforce the "Break Clause" and curtail production, without even considering the deflationary consequences of such liquidation? If the present situation calls for one rule of policy to which there will be almost universal support, it is that precipitate termination of contracts should be stayed, pending the determination of the right principles of termination.

Broadly speaking there are three categories of contracts which affect production and for each of them varying considerations apply. In the first place there are the contracts for the consumer requirements of the defence services personnel, for such goods as textiles, woollen and a host of others, taken over from Indian production, with terrible consequences to earlier consumption. Secondly, there are contracts, typified by the fabrication contracts, which have almost wholly absorbed the capacities in such fields of production as iron and steel, engineering, etc., and thereby denied the use of those capacities and materials for civilian needs. Thirdly, there are contracts for arms and ammunitions, directly usable in war, which, though largely manufactured in the Government's own factories, have nevertheless absorbed raw materials in such quantities that very little of them was left over for civilian industry. All non-agricultural raw materials, chemicals and oils come both under the second and third categories.

Taking first the category of arms and ammunitions, contract liquidation should proceed in the light of the amount of those articles which can be obtained from abroad for use against Japan. It might happen that a good part of them might come from Britain. In that case, it is for the Government of India to consider what part of munitions production should be maintained even after the war and turn over the rest as expeditiously as possible to reconversion for peace industry. Valuable raw materials so far unavailable must become available to civilian industry to expand, not to mention plants and machinery which must also be available for disposal to private parties.

The policy in regard to contracts absorbing iron, steel and engineering capacities, chemicals and oils should also be determined in the light of how far foreign supplies can meet war requirements. Here again it is a question of release of materials and reconvesion which have to be planned.

In respect of the contracts on Indian industry for the consumption requirements of the army, which have been so important and in respect of which mainly the Hydari Mission claims to have brought great relief, there can be a question, of course, of contract liquidation, but *never*, one of production curtailment. Indeed, in the Indian context, of none of the three categories discussed above, except ammunitions partly, can it be said that the liquidation of contracts entails a curtailment of production. It is a question of *reconversion and increased production* over the greater part of the economy. This situation in India certainly stands contrasted to that in Britain where so large a proportion of resources has been devoted to direct arms production that reconversion means first curtailment of arms production and then, peace production.

The Government of India are pledged to a policy of maintaining and increasing the production of the industries built up during the war. Sir Akbar Hydari gave the definite assurance that the industries which no longer are asked to supply the needs of Government are relieved of that obligation only in order that they might cater to civilian needs and they would be enabled to do so. The recent declaration of industrial policy by Government recognizes the urgency of affording relief to wartime industries during the transition and also proposes to set up without delay machinery for investigating the claims. The Commerce Secretary reiterated this assurance last week. We are

not aware that the step has yet been taken, but meanwhile the contracts which give the industries their sustenance are being terminated without a thought being given either to those industries themselves or to the consumer in whose name the contracts are ended. The protection of industries such as chemicals, textile stores, etc., which produce raw materials, is also part of the promise of Government. Surely precipitate termination of contracts, unaccompanied by measures of assistance, is not the way of fulfilling the promise.

Not that the orders should not be terminated. But a positive policy of maintaining and increasing production simultaneously is needed. The Supply and other Purchase Departments are at present concerned only with placing the contracts or cancelling them. While purchasing, they secure for the producers such facilities as materials, advance payments, railway and other priorities. While terminating the contracts, they are concerned solely with doing it with quickness, and with securing that the Government's materials are got back safe or sold at fair prices and that no loss is incurred. It is no part of the responsibility of the Purchase agencies of Government to care what happens to the industries thereafter. It will be most unfortunate if a declared aim of Government should be defeated just at this crucial time by an administrative vacuum, which the Government fail to fill. The provision of facilities to those industries by way of raw materials, technical assistance, railway priorities and any other priorities they may require is part of the policy of orderly liquidation of war contracts. This must be explicitly recognized by the Government. The Purchase agencies of the Government have been in constant touch with the industries and must be in a position to state at a moment's notice what those facilities are. The machinery for providing them might well be a committee composed of the representatives of the Supply, Industries and Planning and Development Departments. Inter-departmental co-ordination to this end is urgently called for, if the present phase of contract cancellation is not to inflict grave harm on the economy.

The Balkan Complex

SOUTH Eastern Europe has been politically and strategically one of the crucial regions in the world. Here continents meet and powers clash. It has been said that geography is the mother of policy. The political set-up has changed greatly during the last two centuries but there appears to be a sort of unifomity in the basic, political and strategical structure which points to a sort of inevitability. The Austo-Hungarian Empire has vanished; the Ottoman Empire has disappeared; the Czarist empire has given place to the Soviet regime. But the basic structure of economic and political struggle centred on this crucial region, does not appear to have altered sensibly. The Soviet Government has almost irresistably been driven to adopt a policy which appears to bear the indistinguishable lineage of the old Czarist policy. With the fall of German power, the old fear of the Germanic Drang has disappeared but in its place has appeared again the Soviet search for an outlet to the sea with the British power barring the way in the same old fashion. British intervention in Greece is of a piece with Crrimea and Gallipoli. With Russia again casting its shadows over Dardenelles and the Balkans, the strategic importance of this area has again come to the forefont. The political and economic settlement of the Balkan complex would be one of the most difficult tasks facing the peace makers. In fact, the Balkans has constituted politically and economically, the *fault* area in Europe in which the initial landslide commences its tragic career. Naturally, this region of the "lands of overlap" calls for most strenuous constructive economic and political efforts, for no peace can be durable which ignores the proper settlement of this vital region.

Recently a number of economic and political studies of the countries in South-East Europe have appeared. One of the latest, in this regard is the publication by Political and Economic Planning on *Economic Development in South-East Europe*. It has come to be realized that the economic development of this region, among certain other equally vital regions in the world, is most essential not only for the benefit of the region itself, but also for the economic and political health of the world as a whole. Germany, during the recent period of her domination, had secured complete and effective economic and political control of the countries in South-East Europe. In fact, the economies of these countries during the war years became finally integrated with the German war economy. Agriculture and industry in these countries were re-oriented to suit the requirements of the German economy which became a sort of the "industrial heart" of the entire continent. Even before Germany had overrun these countries militarily, Germany's economic policy had been formed to effect steady economic penetration into these countries and to hold them tightly in the grip of the German economy. This was done through a host of devices of which Schachtian bilateralism was only one. Today German power has collapsed and a sort of economic vacuum has appeared. Economics like nature abhors vacuum. Consequently, if nothing is done constructively to rehabilitate these regions and integrate them with the world economy, it would mean that either these countries would be isolated from the world economy in a tangle of economic autarchy or that some other great economic power would get them under its effective grip. In the circumstances that power could only be the Soviet Union which is already hovering over this region. It is for this reason that constructive minds have envisaged a large-scale and internationally planned economic development of these countries in question. The economic development of these countries would not only tend to fill up economic vacuum caused by the disappearance of German power but it would also have equilibrating strategic potentialities. It has been said that modern war is a war of steel. The countries which have greater steel-making capacity and in general heavy industries will pull the greater weight in modern mechanized warfare. Statistics pooled and supported by an independent survey by the American Iron and Steel Institute show that at the peak of his power, Hitler controlled an annual steel production of 60 million tons in Germany and conquered and occupied countries. In contrast France in her best pre-war years produced barely 8 million tons and Great Britain 13 million tons. The fortune of the war tilted only with the intervention of the United States with the pre-war steel production capacity of 60 million tons which was further stepped up rapidly within a few years of war. Strategical and political cartographers, therefore, envisage that the military balance of power in the continent of Europe could only be restored through very rapid economic development of the countries situated in South-East Europe and between Germany and Soviet Russia. In fact with two highly industrialized countries like Germany and Soviet Russia on their flanks, these comparatively backward countries form a dangerously economic low pressure area and consequently a strategic storm centre. The rapid economic development of these countries is, therefore, given a high priority in international political and economic reconstruction. In these tasks the Balkans complex proper must be seen together with the Danube Basin and Poland and Czechoslovakia because their problems are essentially the same differing only in degree.

What are the essential economic problems of this Balkan complex and are they capable of being solved autonomously by the countries concerned themselves? If at the Peace Conference frontiers of these countries are shifted without reference to basic economic realities, will the task of economic reconstuction of this region be rendered much more difficult than they need to be? What is the order of magnitude of the economic task in this region and what priority can it claim on the world's surplus resources. Recently, certain particular calculations have been made about the economic requirements of these countries. If these calculations cannot be accorded any great value as to detailed accuracy, they at least show us the order of magnitudes involved Professor Rosenstein-Rodan discusses the amount of capital that would be needed to make effective use, through development of industries, of the agrarian ecxess population in Eastern and South-Eastern Europe which he estimates at 20 to 25 million people out of a total population of 100 to 110 million. The total investment is estimated on the basis of an average figure of £300 to £350 per head required (including housing, communication and public utilities) to employ one worker in industries of "light" category combined with a few industries of the "heavier" variety. This, assuming 12 million workers to be employed, indicates a net investment of £3,000 million or including maintenance, gross investment of £4,800 million. Agriculture would also require the investment of nearly another £1,200 million but it will be provided mostly internally. It is assumed that this would require the investment of foreign capital in the area amounting to nearly 725 million dollars annually on the average over a decade. This gives some idea of the scale on which international economic assistance has to be planned in order to raise the economic level of this area sufficiently to redress the economic and strategic unbalance of this region.

Of course, the various countries included in this Balkan Complex and its adjunct are in various stages of development and their problems necessarily differ in degree if not in kind. In point of fact according to Colin Clark the real income per head of working population in terms of international units varied from 243 in Rumania and 284 in Bulgaria; 359 in Hungary, 330 in Yugoslavia, 352 in Poland and 397 in Greece; to 455 in Czechoslovakia and 572 in Austria. Thus Czechoslovakia and Austria, much nearer the German industrial heart are much more industrialized than the rest. But the problem differing in degree is essentially the same in all these countries, namely, industrial development and absorption of a mounting surplus of an agrarian population. In fact, it has been estimated that whereas the yearly intake into mining and manufacturing industry during 1935 to 1937 has been only 30,000 in Yugoslavia and Rumania, the yearly increase in employable population has been 1,35,000 and 1,40,000, respectively. This shows the steadily aggravating population pressure. On the contrary, in Austria and Czechoslovakia, as against a yearly intake of 60,000 and 90,000, respectively the yearly increase in employable population has been barely half of the respective figures. On the other hand, the study of the P.E.P. to which we have referred above, shows the enormous potentialities in economic development which still remain to be tapped. It has been calculated that the potential hydraulic power at medium flow in the countries under reference would be 26.8 million of which barely 1.5 has been tapped. The resources in raw materials and manpower, are ample for an ambitious blueprint and indeed several such draft blueprints have been made. The question still remains of the proper agency and auspices for such development and of financial and economic mobilization. There can be no doubt that some sort of international agency with super-sovereign powers will be necessary to carry out any really effective economic plan. If this region is politically fragmented and charged with uneconomic administrative and military overheads, the chances of a proper and rapid development would recede. Both Britain and America have a great part to play in the economic reconstruction of these areas. The part which Germany could be made to play would also be considerable. But we must not also forget that in this region, the Soviet Union has also a very natural role assigned to her. As Prof. Mitrany has recently remarked, there is a natural affinity between the social-economic set-up in this region and in Soviet Russia, and that it is not official Russia but her revolutionary movement, above all the agrarian populist movement o the *narodniki* which has exerted most influence on the Balkan Complex and its adjunct. Every revolutionary outbreak in Russia like that of 1905 caused sympathetic reverberations throughout the eastern peasant belt. But the western countries have shown little understanding of these deep-lying aspects of social and economic problems in this region. Prof. Mitrany has also pointed out how land reforms in Soviet Russia had almost immediately natural repercussions throughout these countries without any overt political pressure. Thus all of them, with the exception of Hungary, hastened to carry through sweeping land reforms which in general, if with local variations almost overnight changed a region of *latifundia* into one of peasant proprietors and that with little or no compensation to the former owners. Prof. Mitrany continues that "there was in that spontaneous legislative ignition a telling proof of the social oneness of Eastern Europe." Russia must and inevitably play a vital role in the economic and political reconstruction of these countries. Britain and America must aslo play their roles constructively. If these Balkan countries are made into the battle-gound of either contending ideologies or clashing imperialist ambitions, it would be tragic both for these countries and for the economic and political stability of the world as a whole. On the contrary if the problem is tackled on the plan of international co-operation, the throny problem which has been discretely known to historians as the "eastern question" and which has for long bedevilled political and economic stability in this crucial region, can be solved once and for all.

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The Week's Notes

AMERICA MOVES RIGHT

Of late, there are distinct indications that American domestic and foreign policies are undergoing a new reorientation. Obviously, the death of President Roosevelt marks the limit of the leftward swing of the U.S. Administration. One by one President Truman is doing away with the old guards of the New Deal. Biddle, Wickard, Walker, Perkins, Stettinus, and last but not the least, Morgenthau have gone and Trumen have replaced them. Four Roosevelt appointees yet remain—Ickes, Forrestal, Stimson and Wallace. They are all apparently "marked" men and will go out in due course. One may feel sorry that this remarkable band of men, which Roosevelt gathered around himself, will no longer be available for the service of the State in an administration, which commands world-wide influence. The tragedy does not end there. The real danger lies in the reversal of Roosevelt's economic and political policies, which is signified by a wholesale change in the Administration. It is true that the world war has absolutely killed isolationism, but anti-Sovietism is not dead, but quite alive and kicking. The State Department may deny any change in foreign policy adverse to the Soviet Government. This is usual diplomatic etiquette. Facts do point out to the incipient formation of an Anglo-American anti-Soviet bloc. Even in domestic economic policy, a reversal is evident. Some of the organizations set up by Roosevelt are being starved out of existence without being straightway abolished. This is just the thin end of the wedge. Two things are clear: (1) The personal equation between the President and the Congress has definitely shifted in favour of the legislature. (2) The present President is as much to the right of centre as his predecessor was to the left.

PUBLIC THE ABETTOR

Mr. M. P. Gandhi, the author of an annual publication on the Indian Textile Industry, says in his latest survey that "the onus of implementing the objective behind (cloth) control is now upon the civilian whose duty it is to resist at all costs the temptation to purchase cloth from the market, whatever might be the privation he has to undergo thereby." "The tragedy is that the public itself is the abettor in the crime against society and no amount of invective against the authorities can explain it away." One can understand the complexity of the cloth distribution problem; one can understand the honest effort of Government; one can easily see the wholehearted co-operation given by the industry. But one will be scandalized to be told that the common consumer is the abettor in the crime which fleeces him and enriches the enemies of society. Does Mr Gandhi seriously suggest that the public comprising the mass of men is itching with a surfeit of money to spend on cloth whatever the price? Perhaps he needs to be reminded that the cloth control itself was introduced only because cloth became a commodity beyond the reach of the public. If a small section of it—the richer—buys at black market rates, the vast mass of indigent consumers is hardly to blame. It is easy to preach to the public high principles of abstinence and privation regardless of cost. The public must and will resent being so preached at. The persons who badly stand in need of not the preaching only, but stern enforcement of the ethical canons with the help of the law, are among the class of traders who have placed private profit above almost every thing else. Mr Gandhi's incursion into the ethics of business is rather unfortunate.

MORE WHEAT IMPORTS

In the early months of this year certain parts in Nothern India were subjected to a serious shortage of wheat which was due mainly to unsatisfactory local procurement measures. The deficit was met to a large extent by the prompt movement of wheat from the stocks held in reserve in the Karachi Depot. The production of wheat in India this year has been estimated at 10.3 million tons. Reports, however, show that the actual yield will exceed the forecast. The prospects of wheat crop in the Punjab are very bright. Yet another sign of optimism is the regular supply of imported wheat from abroad. In a recent Press communique the Government of India state that H.M.G. have undertaken to load shipments of wheat to India from July to December 1945 at the rate of 100,000 tons per month. These supplies will be made available from North America instead of from Australia where there has been a failure of the harvest. The Canadian Government had offered a free gift of 100,000 tons of wheat in 1943 for relief to famine-stricken Bengal. These supplies, which were held over owing to transport difficulties, will be dispatched now along with shipments from North America. Government propose to distribute this Canadian supply in the deficit areas, thereby reducing the price of wheat. The outlook on the whole appears to be hopeful. India has contributed generously to the war effort, both in human and material resources, and it is only legitimate that she should get a fair share in the allocation of world surpluses by the Combined Food Board at Washington.

GODAVARY VALLEY SCHEME

The Nizam's Government has recently sanctioned a scheme of industrial and agricultural development of the Godavary valley. A combined hydro-electric and irrigation project on the Tennessee Valley model has been formulated. The region is within easy reach of coal and iron fields; and such raw materials as limestone, soap-stone, fire-clay, timber and cotton are available within the region or its neighbourhood. They propose building an industrial city as a pivot with a number of industries located near about it. Two new railway lines will link this industrial city with Bombay on the west coast and Vizagapatam on the east coast. The entire scheme is expected to cost about Rs. 24 crores and is expected to irrigate some 8 lakh acres, besides making available about 75,000 k.w. of cheap electric power for industrial development. Some very important persons have been placed in charge of it, and if they have the necessary organizing ability, the scheme will succeed.

I.L.O.'S INDUSTRIAL COMMITTEES

In pursuance of the decision, taken at the Philadelphia Conference last May, to set up industrial committees to study the problems of particular industries on a proposal made by the British Government in December 1943, the Governing Body of the I.L.O. has now decided to take action in the matter. Tripartite Committees, for which members will be nominated by the Governments of the participating countries in agreement with Labour and employer's organizations "with a substantial membership" will be set up, as part of the structure of the I.L.O. for seven of the world's major industries, namely, Building, Civil Engineering and Public Works, Coal Mining, Inland Transport, Iron and Steel Production, Metal Trades, Petroleum production and refining and Textiles. It has been decided that the primary function of these Committees at least in the initial stages would be to

facilitate the exchange of views between labour, management and Government on the problems of these industries. But as their work progressed they would reach decisions that might be implemented in various ways. In this connection, if any of these decisions recommended action by the I.L.O., the matter would be referred to the Governing Body. The coming together of representatives of labour and management interested in these industries which, incidentally, will affect millions will obviously be a great boon to backward countries like India in their endeavour to carry on rapid industrialization programmes as it would place at their disposal valuable information, technical and economic, about the structure and problems and the prospects of the various industries which might otherwise be difficult or costly to procure. Besides it is expected that the Committee's work will materially assist in the improvement of social conditions of the millions of workers engaged therein. In this connection, the agenda for the first meeting of the Committees would include a discussion of the question of social conditions in the period of transition from war to peace and also the way how international co-operation concerning social policy and its economic foundations in the industry in the future might be ensured. The Government of India have now invited the views of Employers' and Workers' organizations as to the number of members for each group whose expenses would be paid by the I.L.O. when the time for final nomination of members comes, it is earnestly to be hoped, political considerations such as the desire to boost up subsidized labour organizations will not have the upper hand. Meanwhile it is to be hoped that the I.L.O. will also set up national committees to assist the work of the international committees as that would provide a helpful background about the conditions in the various countries. For the time being the I.L.O has deferred decision on the subject.

MARKETS IN THE ORIENT

A correspondent of the London *Economist* asserts that the U.S. business men have plans in hand to dominate the markets in the Orient. American industries which sprung up in the Pacific coast to meet war-time needs look forward to capturing the vast consuming areas in the Far East which would, it is expected, provide them with enough demand for their goods to continue their operations and it has been reported that there have been substantial developments of industrial production in the Western States and Pearl Harbour and these manufacturers do not propose to wind up their business after Japan has been brought to her knees. Plans are, it is believed, being laid to dominate the markets of China, Manchuria, Siberia, Korea, Indo-China, Philippines, Malaya, Thailand, Burma and India. It is clear command over the Orient with half of the world's population will suffice to keep Western American manufacturers busy and American manufacturers believe that China alone will become a huge market for American goods ranging from railway equipment to fruits and foodstuffs. These plans, it is frightening to learn, envisage that payment for these manufactured goods which America will furnish to the Chinese and other oriental nations will be made in the form of exports of raw materials such as *kapok*, palm oil and precious mineral reserves such as tin, and oil and rubber, etc. Is the intention, then, to keep Asia at the present distressing levels of economic backwardness and low standards of living by preventing her own economic regeneration through vast and rapid industrialization. While it is true that expanding world trade will have advantages to confer on the backward Asiatic communities but Heaven help Asia if America turns its back against their objective of rapid economic development. There can be no question that with her immense productive capacity and great political power, the U.S. can, if it wills, destroy all chances of the emergences of a prosperous Asia, at any rate for quite a time. True, that would cost the world another bloody war.

POST-WAR BOOM

Will there be a slump or boom after the war? It is now generally recognized that in many countries purchasing power held in check during the war will cause a post-war boom. The situation likely to develop in Britain is forecast by the *Sunday Dispatch* on the basis of interviews with leading British industrialists. This time there is no likelihood of a short hectic expansion being followed by a disastrous slump as happened after the last war, but there will be more jobs to do than men will be asking for. The reconstruction and re-equipment plans must effectively banish unemployment. Secondly, the elimination of Japan and Germany, the most formidable competitors, from the field which is assumed to be both desirable and necessary, is expected to assure Britain trade prosperity. Of the domestic plans, housing which will have the first priority is alone likely to give work for 1.25 million men for at least twelve years, while the development of gas and electricity services will in all absorb a million workers, quite apart from other demands.

A boom in Britain will surely have an expansionist repercussion on India through, say, an increased demand or some of our raw materials. But the crux of the question is that India's expansionism should be determined by her own planning needs and not merely be the result of the secondary repercussions of development elsewhere. A further consideration is whether the boom in Britain will enable her to export to India capital goods. If Britain's export recovery is likely to be halted by priority to social services and housing, a boom in Britain might, far from helping the liquidation of sterling assets by the export of capital goods, tend to add to those balances by a bigger export surplus to Britain.

NEGRO EMPLOYMENT IN U.S.

A Fair Employment Practices Committee was instituted by the late President Roosevelt to guard against discrimination in employment on grounds of race, colour or creed, mainly as regards the Negroes. It is learnt that the committee is today totally without funds. More regrettable is, however, the attitude of the Southern Members of the Senate, who, determined to prevent any money going to the committee blocked action on a Bill, financing a score of civilian war agencies including the United States' Office of War Information. The House then approved a Bill authorizing the Office of War Information and all other agencies except the Fair Employment Practices Committee, to spend money in anticipation of funds to be voted later. The committee has now the slimmest possibility of getting any funds. While the senate has accepted a compromise by allowing the committee $250,000 for the fiscal year the House of Representatives refused to concur. Unless the committee's supporters can get the deadlocked measure back before the House for vote which is considered doubtful or obtain acceptance by the House of Representatives which is equally doubtful, it seems that the committee will die.

ORGANIZATION OF INDIAN CRAFT

While it is admitted on all hands that the Indian Craftsman is clever and skilful, the cottage industries of the country have always remained in a depressed condition, chiefly on account of lack of organization', remarked Mr E. W. Perry, Development Commissioner and Secretary for Post-War Reconstruction, Government of Bombay, while declaring open the New Arts and Crafts Emporium at Poona. In addition to the one already successful for six years, this new emporium, purports to explicit objects of Indian Art and products of the cottage industries of the province. It is also intended to serve as a link between the consuming poblic and the indigenous producer. In their report, the Bombay Industrial and Economic Enquiry Committee, had emphasized the necessity of creating permanent museums for popularizing cottage products. This move on the part of the Lord Reay Maharashtra Industrial Museum is to be appreciated in view of the fact that it will not only popularize cottage products among the consuming public, but it will also go a long way towards organizing and bringing together the producers of the cottage products. The success of cottage industrialism in India is partly a function of the extent of organization among the workers belonging to each craft. Such organization is at present largely absent. The need for such organization will also help standardization of products. Indian crafts had lately found a ready market in Australia but the complaint generally made through the Indian Agent in Sydney was that the articles were not always of the same specification as that of the samples. It is therefore, high time that Indian craftsmen got organized and made the best of the opportunity.

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OFFICE OF THE CHIEF CONTROLLER OF IMPORTS, NEW DELHI.
PUBLIC NOTICE

Importers are hereby informed that

(a) Quota licensing for the July-December, 1945, period will be terminated on the 31st August, 1945, and that quota-holders should, therefore, apply to the Import Trade Controllers for their quota licences in good time, and in any case not later than the 15th August, 1945. Applications received after the 15th August, 1945, will not be considered.

(b) Indiscriminate applications for consideration against surplus should not be made. A public notice will be issued towards the end of August, 1945, specifying the items in respect of which surplus is expected and laying down the procedure for submission of applications for licences against that surplus. Applications for surplus should be made to the Import Trade Controllers only and in accordance with that procedure. Applications sent direct to the Chief Controller of Imports or otherwise than in accordance with that procedure will not be entertained.

(c) In the distribution of surplus preference will be given to -

(i) firms who used regularly to import the goods concerned from Japan or other sources which are now cut off; and

(ii) firms who imported the goods concerned from the particular area concerned but have no quota owing to their having no imports at their credit in the basic year.

2. It may be noted that there will be no distribution of surplus in the current half-year in respect of goods to be imported from the United Kingdom, since applications for licences for consumer goods from the United Kingdom will be entertained at any time when accompanied by evidence of availability.

Sd. D. H. ELWIN,
Chief Controller of Imports.

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NOTIFICATION.

IT IS hereby notified that the eleventh Annual General Meeting of the Bank will be held on Monday, the 6th August, 1945, at Delhi in the Meeting Room of the Delhi Municipality in the Town Hall Building, opposite the Clock Tower, Chandni Chowk, at 3-30 p.m. (New Standard Time) The following business will be transacted:

(a) The balance sheet as on the 30th June, 1945, and the Profit and Loss Account of the Bank for the year together with the Auditors' Report will be read and considered.

(b) The Auditors will be elected and their remuneration fixed.

C. D. DESHMUKH, Governor.

OFFICE OF THE CHIEF CONTROLLER OF IMPORTS
PUBLIC NOTICE

Special quotas for import from North America of the goods specified below have been reserved for evacuee firms from Burma and elsewhere who normally imported the goods concerned from any country.

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156, 157, 158, 159, 160	Paper of all sorts.
220	Second-hand clothing
272	Metal lamps.
275	Miscellaneous Hardware.
278	Cutlery.

2. Evacuee firms should submit applications for licences for these goods direct to the Chief Controller of Imports, New Delhi, in the form in which applications are usually sent to that Officer, so as to reach him not later than the 15th August, 1945.

Sd. D. H. ELWIN,
Chief Controller of Imports.

SPECIAL ARTICLE

Stabilization of Agricultural Prices

(Contributed)

ONE of the main planks in the agricultural plan, the Government of India has prepared will be stabilization of prices of agricultural commodities. The main object of the agricultural plan is to increase the productivity of agriculture. By increasing the productivity Government expect to benefit the cultivator and agricultural labour. In fact, any agricultural plan would be meaningless unless its execution leads to a definite improvement in the standard of life of the mass of people engaged in agriculture. Many of the schemes in the agricultural plan aim at an increase in the production of agricultural commodities in the country. But such an increase in production will not lead to an improvement in the standard of life of the producers if prices of agricultural commodities fluctuate. It is, therefore, essential that any agricultural plan should contain a definite scheme to stabilize agricultural prices.

With this object in view, the Government of India have appointed a special sub-committee presided over by Sir V. T. Krishnamachari to consider the principles on which prices of agricultural commodities should be fixed and the means by which such prices as are fixed can be made effective and an assured market provided to cultivators. This committee will in the course of the next few months report to the Government of India the steps to be taken to secure remunerative prices and an assured market for agricultural produce. While everyone is anxious to secure a fair deal for the cultivator we must admit that the problem is a very complicated one. One difficulty is to find the mean between a remunerative price to the producer and the purchasing capacity of the consumer. It is obvious that if the price fixed by Government is beyond the purchasing power of the people it will not be effective. And it is equally obvious that if the price fixed by Government is below the cost of production there is no use in having any plan to improve agriculture. The only way out of this difficulty seems to be that the agricultural producer must get a rate of profit on his labour and capital which is more or less equal to the rate of profit obtained in other avocations involving an equal outlay on capital and labour. And at the same time the plans of the Government in other spheres should aim at raising the purchasing power of the people in general to such a level that they would be able to buy their food at prices which are remunerative to the producers of the food. This problem will show more than anything else the interdependence of improvement in the various spheres of production. We hear too often the cry that more attention is paid to industries than to agriculture. But people who raise this cry do not realize that if industries flourish the purchasing power of large masses of people who buy food products for cash will be high and prices of agricultural products can then alone be kept at a remunerative level.

The next question is whether the prices fixed by Government should be uniform throughout India or should be different for different regions. A uniform price for the whole country is impossible. If the object of fixing the price is to assure a reasonable rate of profit to the agricultural producer, a uniform price for the whole of India would mean giving a small profit to the producers in those regions where the cost of production is fairly high or large profit to producers in areas where the cost of production is low. On the other hand, fixing of different prices in different regions would mean the draining of food-stuffs from those tracts where prices are low to those tracts where the prices are high. This may be controlled by a system of control on transport but in the post-war period we must aim at reducing controls to the smallest possible dimensions. Perhaps a way can be found between these two extremes if we fix a uniform price for the whole of India with adjustments for the different regions. In deficit provinces, for example, the fair price should be the basic price plus the cost on transporting the commodity from the nearest surplus Province. This slightly higher price in the deficit area may encourage production of more food-stuffs in that area.

The cost of production will have to be the main factor in determining a fair price for agricultural commodities. But it is very difficult to determine the cost of production. The cost may differ in different areas and it may even vary from year to year. Therefore, surveys will have to be undertaken in every revenue district at fixed intervals to determine cost of production. It is also a controversial question as to what items should enter the cost of production. It is easy to include all cash expenses for cultivation and assessment for land. It will be necessary to include all the value of labour of the cultivator and his family, the cost of maintaining the bullocks and interest on value of land and bullocks and dead-stock. It is, however, difficult to make a correct valuation of the last three items. Another difficulty will be whether the survey should aim at obtaining the cost of production of the marginal producer or the average producer. Perhaps the survey can calculate both and cost of production of the marginal producer will be the determining factor in fixing the price if any commodity is in short supply, while cost of production of the average producer will be the basis for fixing the price if there is a plentiful supply of the commodity. Cost of production will have to be calculated at fixed intervals so as to take note of any increase or decrease in the cost.

In the case of agricultural commodities which are raw materials for industries it will not be possible to take cost of production as the main factor in fixing the price. If there is unrestricted import of raw materials or if the Government wish to export the industrial products manufactured from these raw materials then the industry will pay only thr competitive world prices for the raw materials. Even where India holds a monopoly in production of raw materials and foreign imports of such raw materials are rare, it will be necessary to control the maximum price of the raw materials in order to make industrial products available to the country at a cheap rate.

Price fixation involves automatically regulation of production. Such regulation of production in the case of agricultural commodities will mean fixation of target areas for each district. If Government guarantees a fixed price for agricultural commodities they will have to buy the commodity in the market when the rates go below the fixed price. It will be neither desirable nor possible for the State to buy commodities in the market at a fixed price when there is persistent over-production. Regulation of production by fixing targets of production for each district in itself raises many difficult questions which however cannot be dealt with here.

THE WORLD ABROAD

U. S. Air Lines to Fly Over India

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, July 9, 1945. (By Cable).

MESSRS. Birla, Sarker and Lokanathan came here on July 8, to confer with United States' officials concerning their itinerary and would soon return to New York preparatory to beginning their tour of the country. Here they saw officials of the State Department and the Commerce Department and President Wayne C. Taylor of the Export Import Bank. Discussions with the latter are regarded significant inasmuch as it is known that India will face the greatest difficulties in obtaining dollars to purchase in the United States materials or manufacturers which might not be available within the Sterling area. Consequently the prospect of obtaining credit from the Export Import Bank are being investigated most closely.

Dr. P. S. Lokanathan who accompanies the Industrialists' Mission as its Secretary and Adviser told me of his feeling that American industrialists were so pre-occupied with war contracts that they were not willing to give any thought to a discussion of the United States' future peace-time export trade. Reluctance of the United States' industrialists to discuss trade plans now is however entirely understandable, Dr. Lokanathan admitted, but he did not disguise his feeling that in the long run such diffidence may work out to the disadvantage of the United States exporters. Dr. Lokanathan made the point that he found the British much more 'export minded' than the Americans and readier to talk in specific terms. He acknowledged of course that this was not only due to the historic British position but has been made all the more essential at the present time because of the Britain's financial situation. Dr. Lokanathan said he found Americans feel they were unable to discuss 'concrete terms' in respect of exports and hence some of them question the value of any discussion at all. However as Dr. Lokanathan has noted. Americans should realize that sales abroad are not merely a question of when the seller is prepared to negotiate. They also involve the question as to when the purchaser is ready to buy. Indians are in a mood to make rather firm commitments, one judges. and if Americans display unwillingness now they may later find that the chance has been lost altogether.

The Civil Aeronautics Board with President Truman's approval announced last week the U.S.A.'s policy in respect of post-war air-routes across the Atlantic through Europe, and the Near East to India. The Board's announcement has established competition among American air carriers for worldwide routes because as the C.A.B. said 'no effective substitute for healthy competition as a stimulus to progress and efficiency can be found in monopoly'. Regarding foreign relations, the Board has noted that landing rights in many countries involved in the route mentioned in the announcement have yet to be obtained through diplomatic negotiations. The Board opined now that other nations know which carriers the U.S. hopes will fly which routes, negotiations for reciprocal rights will be facilitated. As far as could he ascertained, an agreement with India is only in the earliest stages of formulation, if negotiations have been started at all but officials in both countries are optimistic that the matter will work itself out easily and to both countries' mutual advantage.

Predicting 'sharply expanding' international air commerce. the C.A.B. has granted certificates for these routes to India: Firstly, the Pan-American to fly to Britain, Belgium, Germany. south of fiftieth parallel. Czechoslovakia. Austria, Hungary, Yugoslavia. Rumania, Bulgaria, Turkey. Lebanon, Iraq, Iran. Afghanistan and points within that portion in India which lies north of twentieth parallel; secondly. the Trans-Continental and Western Air to fly to Newfoundland, Eire, France. Switzerland, Italy, Greece. Egypt, Palestine, Transjordan, Iraq, Saudi Arabia. Yemen. Oman and points within Ceylon and India, south of twentieth parallel. The Board has suggested specific cities in these areas but left carriers free to develop traffic at intermediate and terminal points which work out as most profitable and which are approved by the countries involved. Terminals in India would be Calcutta for the Pan-American and Bombay for the Trans-continental. One of the five-members of the Board dissented from that portion of the decision which granted certificates to two carriers to India because he said the 'historical flow of traffic between the U.S. and India has never been extensive' and is unlikely to support two lines. However the majority seemed to feel that the future entails wide expansion of air commerce between the U.S. and India and that two competing American carriers may cause a more rapid generation of this trade. Commenting on air transportation in general the Board has said that a 'great reduction in time required to deliver mail. critical materials, and personnel to and from distant lands has caused a reorientation in the thinking of the entire world. We believe that our country and the world as a whole will benefit immensely by a widespread and rapid growth of international air transportation.

London Letter

Bank Deposits

LONDON, July 10, 1945 (By Cable).

IN an article on "Bank Deposits in Wartime" the *Economist* analyses the position of banks in relation to Government's war expenditure. The journal comes to the conclusion that there is no evidence that the large increase in bank deposits must be attributed to inflation. Bank deposits increased since August, 1939, when they were 2,177 million pounds to 4.483 millions an increase by 2,306 millions. Bills and advances decreased by 395 millions whilst cash and loans in the money market increased by 298 millions and in treasury deposit receipts by 1,881 millions. Thus banks financed Government expenditure to the tune of 2.298 millions. The article points out that banks only financed part of Governments deficit, that large proportion of Government bonds and treasury bills were taken up by the Central and commercial banks of the countries selling to Britain goods in excess of British exports and thus accrued their sterling balances in London. Another important buyer of Government securities was the British public including industrial companies and institutions with temporarily surplus funds on hand. Only residual Government issues are financed by the banks who are forced to invest funds deposited with them by depositors. The depositors consisting of the general public and industrial and commercial concerns are restricted in the use of their funds by rationing and other restrictions; thus funds which otherwise would have remained in porduction and distribution circuits

became unusable for owners and the latter, unless they resort to hoarding, can only buy either Government securities or else deposit their funds with banks and let the banks buy Government securities at their own risk.

By depositing the money with banks they retain liquidity of their funds and may be able to use them for other purposes as soon as supply restrictions allow, but they pay for this privilege by losing interest which they would get if they bought securities themselves. The conclusion of the writer of the article is that if the physical controls had been insufficient or ineffective. so that substantial inflation had occurred, the Government would have to pay largely increased prices for its physical resources and would have been forced to issue more and more securities while the public; on the other hand would have become more reluctant to buy securities and in an extreme case would have even tried to sell those already in their hands. They would either keep cash hoarded or deposit it with banks and thus would force the banks to take up all new Government issues. Thus bank deposits would have increased to a much larger extent than they did.

To some extent. of course, there has been inflation caused by the fact that Government's policy of cheap money was possible only by the provision of ample currency supply on the one hand and by the insufficiency of supply of unrationed goods, both for immediate consumption and for general use such as houses and furniture. The danger of the position is however not so much immediate as potential, since the increase of current media, as is shown by further increase in the fiduciary issue, will have to continue until the war in the East is fought to an end. The resulting surplus of liquid funds would definitely result in a very great degree of inflation, if rationing and supply controls were not to be continued long beyond the end of the war in the East.

The interest which is centred on the forthcoming Big Three conference at Potsdam is not only concerned with the possible outcome at the conference on matters of politiss but also refers to economic problems involved. The absence so far of any statement of policy on the degree to which Gemany's industrial rehabilitation will be allowed by the occupying powers is one of the obstacles to an over-all estimate of industrial requirements elsewhere. The U.S.A. authorities have announced that the I. G. Farben industry, the German Dyestuffs Trust. is being placed under U.S.' military control. The question is being asked, will the British authorities do the same with Krupps and Ruhr Steel Industry? Unilateral action on the part of the occuyping powers, unrelated to each other's policy. would certainly lead to a difficult position. For instance, the British occupied territory contains the largest concentration of German steel and coal industry and any policy affecting the steel industry in Ruhr will have its repercussions on British steel industry at home. Again. if manufacturing industries in American occupied zone are to be kept at greatly reduced scale in relation to the pre-war period. is the deficit to be made good by American industries? There is considerable difference of opinion between the British and American views on the matter and the Russian view is practically unknown, except that all appear to be agreed that nothing like full industrial rehabilitation will be allowed in Germany. In addition, the question of reparations and costs of occupation increases difficulties, because, if Germany's industrial activity is kept at a reduced scale, Germany's capacity to pay reparatioons either in kind or money must also be on a low scale. It is reported that President Truman is carrying a plan with him to the conference though nothing is known as to what the plan contains. It is. however. to be expected that the plan will also refer to the economic problems involved.

The Bretton Woods scheme now before the American Congress and the report of the Senate Committee recommeding in principle acceptance of the plan with certain amendments are also discussed again in the Press here, though there are few new points advanced either for or against the scheme. The matter was discussed from all angles by long drawn out arguments in th Press some months ago. The points made by the Federation of British Industries in its second report on Bretton Woods seem, however, to find favour generally. The main points made by the Federation of British Industries are that unliquidated sterling balances should be made "an integral element of the establishment of the equilibrium of the United Kingdom's balance of payments contemplated under the provisions of the final act." They further propose that the criterion for changes in the rate of exchange after the initial fixation of rates must be "the practical one of trial and error" and that the revision of rates found necessary in the transitional period should be additional to those provided for under Article 6(5). The Federation of British Industries report considers the sterling area policy well within the provisions of Bretton Woods provided that after the transitional period currencies of members of sterling area are freely convertible in accordance with Article 8(2), but they do not consider the sterling area preferable to Bretton Woods Fund. Only if an agreement on a more universal system is unobtainable, would they favour the consolidation of the sterling area be made a dominant objective of the United Kingdom's external monetary policy.

Australian Letter

Australians Re-Establishment Plans

SYDNEY, June 27, 1945 (By Airmail).

ON 23rd March, the Minister for Post-War Reconstruction introduced into the Australian Parliament the Re-establishment and Employment Bill. It is now (27th June) under discussion in the Senate. According to the Minister: "Although the bill has been framed primarily to deal with the problem of re-establishing servicemen and servicewomen in civil life the provisions have been so drafted as to be capable of being applied to assist in re-establishing some non-service groups, attached to the services, and also civilians, in cases where it is reasonable and economical to utilize for non-service groups and civilians, the facilities to be provided in the bill."

In Australia, much has been made in the Press and elsewhere of the principle of preference to returned service personnel and the Government agreed to endorse this principle and to give practical expression to it. However, the electorate—judging by Press reports and letters to editors—is by no means unanimous in its approval and the Government has, therefore, attempted to steer a middle course between the two extremes of absolute preference, on the one hand, and non-preference, on the other. The former attitude is naturally commonest amongst servicemen's organizations and they are supported by a certain section of the public. Non-preference seems to be advocated mainly by the trade unions. The trade union point of view, it might be explained, is based on their demand for "full employment." They fear that preference may mean the Government's admission, despite its White Paper on the subject, that full employment cannot be

guaranteed. The trades unions hold further that a complete plan of rehabilitation should also provide for workers who may not have been permitted to enlist but who will be forced to find other employments on the termination of war contracts. The real basis for preference in employment, however, is to compensate to some extent for the lessened ability of the servicemen to compete with civilians who have been able to maintain their occupational skills. Obviously, preference can be only part of a plan to reinstate enlisted men in civil life. It will in no way assist the returned man to overcome the handicaps of loss of skill, or his lack of opportunity to learn a trade, handicaps which have been imposed by his withdrawal from civilian occupations for a long period. That problem can only be met by adequate training and refresher courses. Indeed, an effective rehabilitation scheme would obviate the need for continuing preference indefinitely. Otherwise, the serviceman is given little incentive to build up his occupational efficiency to accepted civilian standards and, in addition, there is in effect a discrimination against the post-war generation. Thus, preference with a time-limit and an effective rehabilitation scheme have become basic to Government policy. Service personnel are to get automatic preference in employment, with a time limit of seven years, and other persons "having regard to the service performed by (them) in relation to the war" may have their claims considered. "The Government proposes that preference shall apply to employment generally, whether by the Crown or by private employers. . . . Unless he can show reasonable and substantial cause for not doing so, an employer is to engage a person entitled to preference. In deciding whether reasonable cause exists for not engaging an entitled person, the employer is required to consider the length, locality and nature of the service of the persons entitled, and their qualifications as compared with other applicants." Provision is, of course, to be made for appeals, the appropriate authority being the Commonwealth Court of Conciliation and Arbitration, the decision of which shall be final and conclusive.

As an additional protection to the serviceman, any person who has completed a period of war service may apply to his former employer for reinstatement in employment and wherever possible employment is to be made available in the applicant's former occupation, under conditions not less favourable to him than would have obtained had he not enlisted. In effect, the provisions of the National Security (Re-instatement in Civil Employment) Regulations, which would otherwise lapse six months after the end of the war, are to be continued by legislation. In a similar way, provision is to be made for the revival of suspended contracts of apprenticeship.

So much for the negative aspects of the Government's demobilization plans. Obviously, the Government cannot leave it at that. One of the first duties of any Government is to prepare the ex-serviceman for his return to civil life. He may, for example, require treatment for war neurosis, or some other disability. Unless he is going back to his old job and has no desire to change, he will certainly require vocational guidance before he takes a new one and, whether he goes back to his old job or not, he will need training or refresher courses. Placement in suitable employment is the next task and, finally, it would seem some after-care organization is required to offer him such further assistance as he may need.

Under Part IV of the Re-establishment and Employment Bill, provision is made for the registration of disabled persons and for their special treatment, so that they might become "fit to undertake training, to obtain employment and to maintain themselves in employment or to work on their own account." Both physical and mental sickness is covered and allowances will be paid and books, equipment and tools of trade, artificial replacements and so on may be provided for the purposes of rehabilitation. Vocational guidance will be provided by an employment service. Vocational training, on the other hand, will be made available under the Commonwealth Reconstruction Training Scheme, not only to discharged members of the fighting services, to assist in the re-establishment of civilians who have been engaged in war work, to provide the means whereby disabled persons may obtain employment, to afford occupational advice, vocational guidance and other services, and to provide the means whereby persons in receipt of unemployment benefit, or a re-employment allowance, may obtain employment. In this comprehensive organization, therefore, are to be concentrated vocational guidance clinics, a system of labour exchanges and the after-care service, which servicemen may require from time to time. It is hoped, too, that this scheme may become part of the long-term plan for "full employment" in the post-war years, by providing the information and means for effecting transfers of labour in response to changes in the demand for it and thus helping to overcome its notorious immobility, a factor which has contributed to high levels of unemployment in the past.

Provision may be made, too, for loans to eligible persons (which may include the widow of a serviceman) in need of financial assistance to enable them to establish or to re-establish themselves satisfactorily in civil life. Ordinary loans are not to exceed A£250. Where the purpose of the loan is to enable a person to engage in or resume an agricultural occupation, the limit is A£1,000 and for re-establishment in business or practice, the amount is A£500. The loans will be available for a re-establishment period only (in general, five years after demobilization). On the other hand, if in the opinion of the authorities the income derived by the person concerned from his business or practice is inadequate, he may receive assistance by way of a business re-establishment allowance. This allowance may be paid for a period of up to six months (or to a person engaged in an agricultural occupation, twelve months).

On the whole, the Government's plans for demobilizing manpower have been well laid. The attempt has been made both to strengthen the competitive position of all groups who may have suffered loss of occupational skill and to assist the re-establishment in old callings, or the transfer to new, of all persons displaced by the demands of war.

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A DELHI DIARY

THE Simla talks for a political settlement have now reached a crucial stage. They have now more or less turned into a trial of strength between Lord Wavell and Mr. Jinnah. The position as it has now emerged is that as the Viceroy declined to give certain assurances demanded by Mr. Jinnah, the latter has refused to submit a panel of names on behalf of the Muslim League for forming a new Government at the Centre. Mr. Jinnah's demands were, broadly speaking, three in number. He wanted on behalf of the League the exclusive right to nominate the Muslim members of the Viceroy's Council. Secondly, he wanted advance information about the quantum of representation given to minorities and the proposed allocation of portfolios. And lastly, he desired an undertaking from the Viceroy that he would veto if the Council took any decisions adversely affecting the Muslim community or the League's demand for Pakistan. It would appear that the Viceroy went as far as he could reassure Mr. Jinnah that nothing was intended in the interim arrangements to prejudice the League's position. The Viceroy is reported to have told Mr. Jinnah that it was his duty as Viceroy to prevent any measure unfair to any minority, Muslim or any other minority. So far as minority representation was concerned, he could not commit himself in advance—nor could he say anything at this stage about the allocation of portfolios which was a matter for consideration after the composition of the Council. As regards the League's demand that it should be given the right to nominate all Muslim Councillors, the Viceroy took a firm stand and refused to give any such undertaking beforehand. It was this last issue that led to the final break between the Viceroy and Mr. Jinnh.

It now rests with the Viceroy to take the next step. The next few days will show whether his statesmanship will triumph against Mr. Jinnah's obstinacy and unreasonableness. If he takes the view that without the participation both of the Congress and the League it will be a concession of a defeat—one may even say, in the circumstances, a cruel anti-climax which after all that has happened, the public will regard as a betrayal of national interests. If, on the contrary, the Viceroy recognizes that all parties, Congress and non-Congress—with the exception of the League—represented in the conference have accepted the plan and submitted their lists of names, that there is no constitutional nor moral justification for the demand put forward by Mr. Jinnah and that if this demand of Mr. Jinnah is conceded, it will not only be an act of unfairness to the Mulsim community but reduce the Viceroy himself to a tool in the hands of the League for victimizing the entire body of non-League Muslims, the only course for the Viceroy is to go forward with his plan and refuse to be bullied by those who prefer to be unreasonable. That is the issue as it has now emerged.

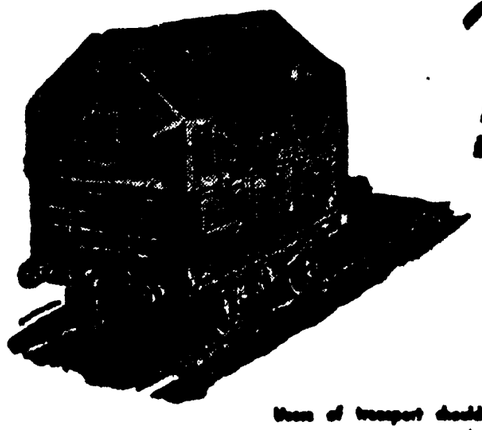
The three-week discussions in Simla have brought three facts prominently to world attention. The first is that the real cause of the Indian deadlock is the unreasonableness of Mr. Jinnah and his dictatorial attitude—supported by the British Government who have hitherto used it as an excuse for doing nothing. The second is the obvious unwillingness of Mr. Jinnah to come to any settlement at the present time. It has been clearly seen in Simla that while the Congress and other groups have entered into discussions in a give and take spirit and shown real anxiety to come to a settlement, Mr. Jinnah came determined to prevent any settlement if he can and has only tried to use the occasion for artificially bolstering up his own party position. And the third is the challenge which Mr. Jinnah's attitude constitutes to the British Government themselves. If the Viceroy either accepts Mr Jinnah's demands or tries to hold up his own plan on the ground that Mr. Jinnah has put forward certain unacceptable demands, there could be no greater show-down of British policy in India. The issue is not easy of solution, but if the Viceroy shows courage, determination and what is more, a due sense of what is right and fair to this country, all will be well.

It is a pity that there is such great delay in the issue of ordinary Departmental figures by the Government of India. Only this week the Finance Department has been able to publish the statements of receipts and disbursements for April. As its the first month of the current financial year, the figures disclosed are of some interest. April cannot be considered a boom month for revenue purposes, but it gives a fairly clear idea of what one may expect as a result of the new tax changes and other measures announced by the Finance Member in his last Budget statement. The big leap in customs receipts is the most striking feature of the statement. In April they came up to nearly Rs. 8-1|2 crores—double the figure for April last year. And when it is remembered that the revised figure for the whole year, 1944-45, was only Rs. 40 crores and the Budget figure for 1945-46, only Rs. 55.25 crores, the effect on the budget of the rapid increase in imports can be easily understood. The total revenue collection in April under the major heads is nearly Rs. 20 crores—as against only Rs. 13 crores in April 1st year. There is slight improvement under excise duties while there is substantial increase in corporation tax and income tax collections—actually over five crores during the month as against 3-1|4 crores in the corresponding month last year. The expenditure figures do not show any startling changes except under the head of Defence Services (net). Defence expenditure has now approached the figure of Rs. 30 crores—an increase of nearly Rs. 7 crores as compared with last year. The cost of the civil administration is now approaching the figure of five crores a month. The total expenditure for the month, under this statement, comes to about Rs. 37-1|2 crores a month as against a revenue collection of just over Rs. 19 crores. This means that despite the big increase in revenue owing to increased customs and increased income tax collections the expenditure figure is now double that of income.

The new Finance Member has, I understand, been very carefully studying the Budgetary position. And when the Public Accounts Committee meets next month, he will have an opportunity to take it also into consultation on some of the problems which he is now considering. There is a limit to tax collections—even to savings receipts. But as the time has come to think of switching back to peace economy and at the same time provide large funds for development plans, the finances have to be carefully adjusted. The new Finance Member appears to be favourably inclined to the proposals for setting up retrenchment and economy committees as soon as possible for reducing the present scale of Government expenditure and exercising greater control over expenditure. The question of post-war expenditure is partly bound up with the constitutional question, but useful work can now be done in examining the organization and expenditure of the Central Government and showing how the cost of the administration can be reduced to the minimum and how waste and extravagance in public expenditure can be eliminated. As any new Government is bound to take up the question as one of its first duties, any lead given by Sir Archbald Rowlands will be welcome.

ARGUS.

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COMPANY MEETINGS

The Indian Insurance Companies Association

CHAIRMAN'S SPEECH

"LOOKING to the premium income written by Indian insurance offices from business effected in and out of India, it is very necessary that we must look for fresh and profitable fields abroad. At present our operations are confined to the neighbouring countries; but conditions are going to change so rapidly in the post-war period that we must pay increased attention to foreign business."

Thus observed Mr J. C. Setalvad presiding over the 17th annual general meeting of the Indian Insurance Companies' Association, Bombay, on Thursday. He was of the view that the only method by which the companies could go to foreign fields was by setting up a joint office of a group of companies associating together, since that would lead to efficiency and economy and would also make it possible for the Indian companies to handle large volume of business. Moreover, it would also eliminate fruitless competition *inter se*.

The business of insurance, continued the Chairman, occupied a very important place in the export trade of a country. But the premium written by Indian companies from business effected outside India was, according to the latest Insurance Year Book, only Rs. 69 lakhs which compared miserably with some of the advanced countries of the world. The British insurance companies were getting in an invisible export of nearly £20 millions every year by this means. By paying increased attention to this aspect of insurance business, Indian insurers would not only be able to increase their portfolio, but would also assist the country in husbanding its resources and in exploiting an extra source of foreign exchange.

Limitation of Expenses

Another intricate question, was in respect of the cost of running insurance business. According to him, there was no subject deserving more serious and united consideration than the problem of arresting the upward trend of expenses. Any extravagance in that direction would only open the doors to competitors. We, therefore, urged every one of the insurers to whole-heartedly support the recommendations of the Select Committee on the Bill to amend the Insurance Act on the provisions seeking to limit the over-all expenses of insurance, both life and non-life.

Mr Setalvad recalled the fact that the work of the Indian offices had been quite uneconomic during 1930-38, while in the following four years, they had shown an underwriting profit of 14.6 per cent. of which a good portion could be attributed to a substantial reduction in the claims experience. The latter period coincided with the enforcement of the provision regarding the statutory limitation of commission. From this it was clear that Indian insurance business was being written even now on an unscientific basis.

The two main problems facing general insurance business related to the method of reducing the cost of insurance business and of conducting the business on a basis ensuring a reasonable margin of profit. That could be achieved by limitation the commission of chief agents and of licensed agents and the total working costs.

The Select Committee recently realized that in the absence of limitation of over-all cost, it was possible for an insurer to spend more than the prescribed limit by debiting the cost to some other account and the only way to make sections 40 and 41 fully effective was to put statutory limitation on the over-all cost. The proposals embodied in the new sections 40-A and 40-B would, therefore, be in the right direction.

Realizing fully the difficulties of the newly started insurance companies in such an eventuality, the Association, informed the Chairman, had recommended to the Government of India that such companies should be allowed to spend by way of expenses of management only an amount not exceeding five per cent. over and above the fixed percentages during the first years of their business. He was, therefore, confident that the recommendations of the Select Committee would, after the proposed adjustments, meet the requirements of every Indian office and appealed to every one present at the meeting to adjust himself to the new conditions that would be created.

"Our Indian insurance business," Mr Setalvad proceeded, "is still in infancy and the strength and solidarity of the Indian insurance market depends on the lines on which the business is developed in future. What is required, therefore, is the development of mutual confidence, loyalty and co-operation which will make it possible to carry into the proposals regarding the limitation of expenses and secure for many years to come the welfare of Indian insurance which is at the heart of every insurance man."

While on this subject, he referred to the recent tendency in favour of nationalization of insurance in India. In his opinion, the advocates of that view were not conversant with the intricacies of insurance business and their contentions were not based on facts. He did not believe that the Government of the country would seriously interfere with the insurance business if it were able to master the problem cost of administration. Moreover, the field of insurance entertained no idea of monopoly. On the contrary, sane competition was its life blood and would be the surest pledge of its advance in the future.

Taxation of Meagre Reserves

The Chairman reminded the members that all the underwriting surpluses arising from wartime conditions had not helped the insurers to strengthen their financial position only because of the heavy taxation. The attention of the Central Board of Revenue was drawn in the past to the fact that the reserves together with the capital formed the backbone of a general insurance company and the reserves could be built up only out of the annual surpluses of premiums over claims and expenses. Such reserves were necessary to meet the unforeseen risks of an exceptional nature.

In that connection, he referred to the damage amounting to about Rs. 10 crores as the result of the explosion in Bombay on April 14, 1944, and said that if that risk had been covered by the companies, the reserves of Indian companies would have been completely crippled. Even the 12-1|2 per cent. contribution made by the companies towards the war effort resulted in seriously impairing the reserves of the majority of Indian companies.

The Central Board of Revenue was convinced that there were relatively greater hazards in fire and accident policies in India and the reserves for exceptional losses were the reserves meant to bear the impact of heavy claims occasioned by a major disaster and also to ensure financial stability of a company. If that were the considered view of the Central Board, he did not see any reason why it should insist that the amount transferred to additional reserves could not be regarded as an allowable expenditure in the scheme of taxation of insurance offices. He was confident that the Central Board would review its decision and allow general insurers in this country to carry, free of tax, 10 per cent. of the premium income of the expiring year to additional reserves over and above the usual reserv-

es of 50 per cent. of the unexpired risks until the total reserves in any year reached cent per cent. of the unexpired risks until the total reserves in any year reached cent. per cent. of the premium income in that year.

In connection with the inquiry conducted by a committee appointed by the Government of India under the chairmanship of Sir Cowasji Jehangir in connection with certain trends and undesirable features in the management of insurance companies, Mr Setalvad submitted that these were the wartime phenomena and the 50 years preceding the war could produce no such transactions. He was, therefore, of the view that no hasty action aimed at stopping those undesirable practices should be taken because the supposed remedy might adversely hit the Indian insurance companies. If necessary, Government might assume discretionary powers to restrict transfer of shares and to debar the banks from holding more than a certain percentage of the total shares of an insurance company.

It was reported in certain quarters that Government might compel the insurance companies to invest larger percentage of their funds in Government securities with a view to preventing speculative investments of funds. In that connection, Mr Setalvad pointed out that the return on investments in Government securities had been downward in recent years and such a step would be most retrograde in checking the growth of Indian insurance companies.

The speaker drew attention of the members to the observations of the Chairman of the Bombay Fire Insurance Association in regard to the tariff situation and observed that the remedy for improving the tariff situation lay in immediately correcting the loopholes which might have been noticed. Instead, he regretted, the Committee of the Bombay Underwriters' Association had put forward certain proposals including the one for suspending the tariffs. That proposal was, in the opinion of the speaker, wrong and would retard the progress of the marine insurance market in Bombay which had stabilized itself in recent years. He, therefore, appealed to Indian companies to adhere loyally to the tariff obligations.

Before concluding, Mr Setalvad sounded a note of warning to the new entrants in the field of general insurance business against the recent tendency to write as much premium as possible at any cost. He plainly told them that the success of a general insurance company depended not upon the piling up of premiums but on limiting the loss and expense to a reasonable amount which could be considered scientific from the viewpoint of underwriting. He, therefore, advocated collective action through the machinery of the Association in order to check unhealthy practices.

Vulcan Insurance Company Limited

Speech delivered by Sir Chimanlal H. Setalvad, K.C.I.E., Chairman, at the 25th Annual General Meeting of the Vulcan Insurance Company, Ltd., on July 4, 1945.

Gentlemen,

The Directors' Report has already been circulated and with your permission I will take it as read.

This year we are meeting under more cheerful circumstances than last year. The war in Europe is over and there is a sense of general relief all round. No doubt the war in the East is still to be won, but there is no doubt as to the ultimate result. The general public is bearing the strain in good spirit in the hopeful atmosphere of post-war planning of rapid industrialization of the country. They have hopes of the establishment of new industries and improvement of trade and commerce in the country, which will raise the economic standard of the general public and will result in greater demand for insurance all round. However, for the present, as already mentioned in the Directors' Report, there is a tendency of decrease in the values of commodities owing to various factors such as fixation of prices and rationing of essential goods such as grain and cloth. This must result in all-round shrinkage of premium. Further, there is a large number of newly formed companies which are sharing a considerable portion of the business which was on the books of older Indian companies. While all of us realize that these new companies must get their portion of business, it must, however, be recognized by the recently established general insurance companies that it takes a number of years to build up a good portfolio of business. It is felt that the management of some of these companies in their anxiety to build up substantial portfolio of business in a short time are trying to secure it at a cost which could hardly be considered economic. Joint efforts should be made to check these tendencies. Otherwise, I am afraid companies, old and new, will, in the near future, find themselves in a position that they are writing business which would not leave them any margin of underwriting profit.

Fortunately the normal claims experience is good for the last five years. However, this should not make us forget that cycle of good experience cannot last long and with shrinkage of premium and increase in establishment charges due to dearness allowance and increase in the salaries of the staff and other expenses all round, the burden on companies will be very much greater. I appeal to the directors and management of companies with all the emphasis at my command to give their earnest consideration to this aspect and find out ways and means to improve the situation. I welcome the move on the part of Government to introduce the Insurance (Second Amendment) Bill of 1944 in the next Assembly session by which it is their intention to limit "over-all" expenses of companies. I am sure this will have the wholehearted support of all people in the business, even though it might cause some inconvenience. It will not only compel the insurance companies to conduct their business on proper and healthy lines but protect the interest of insuring public, especially of life-policy-holders a vast majority of whom have put their life savings as provision for their oldage and for their dependents.

Gentlemen, in my speech at the last annual general meeting, I laid stress on the question of insurance companies building up substantial additional reserves. This is absolutely necessary to enable them to meet catastrophic losses. This was amply borne out by the last Bombay explosion where companies were requierd to provide for large amounts as their contribution to the Government. I regret to observe that the Government have not accepted the suggestions made by the Indian Insurance Companies' Association to allow them to carry a certain percentage of the premia as additional reserve as an item of expenditure. I sincerely hope that in view of the recent example Government will accept the suggestion and thereby enable insurance companies to build up substantial reserves. After all, Indian insurance is in its infancy and Government can well afford to forego a trifling amount of revenue if that will assist Indian insurance to grow into a healthy organization which will be a real backbone to trade and industry of the country in years to come.

Gentlemen, it is found that some of the non-Indian banks operating here are still reluctant in accepting Indian insurance companies' policies. While nobody can object to their taking proper care in safeguarding the interest of their banks, in certain cases it is felt that their attitude results in unnecessarily hampering the progress and expansion of Indian companies who have stood the test of time for over 25 years. I earnestly appeal to them to adopt a more reasonable attitude, otherwise it will result in great dissatisfaction in Indian commercial community whose members are their best clients. If these difficulties are not removed, the Indian companies will be reluctantly compelled to approach the Central Government to do the needful in the matter.

The details of the accounts are dealt with fully in the Directors' Report and I do not think there remains much for me to say except for a few observations.

In the Fire Department, as already intimated, there is a fall in the premium income for which we must be prepared in view of the gradual decline in values and other factors. There is a slight increase in the acquisition cost, but in view of the present market situation, it could not be avoided. You will observe that we have contributed a substantial sum of Rs. 2,93,504 towards explosion claims without affecting our additional reserves, which, I am sure, will be considered quite satisfactory.

As regards Marine Accounts, the premium income is maintained mainly owing to the high rates which the company obtained due to war. However, it must be realized that there is bound to be an all round shrinkage of premium income. There is substantial reduction in war risk rates owing to stoppage of hostilities in Europe and this must adversely affect Marine business of all companies. It is hoped that with the release of steamers for civilian cargo in near future, your company will be able to get its share of marine business. We have been able to carry over a substantial amount to Profit and Loss Account after making full provision for all expenses and maintaining our reserves at 100 per cent.

In the miscellaneous and accident business, the premium income has shown considerable increase. You will have seen that unexpired reserve is maintained at 50 per cent. instead of at 40 per cent. in the past. The total funds in the Department are Rs. 3,19,902 against Rs. 2,37,000 last year.

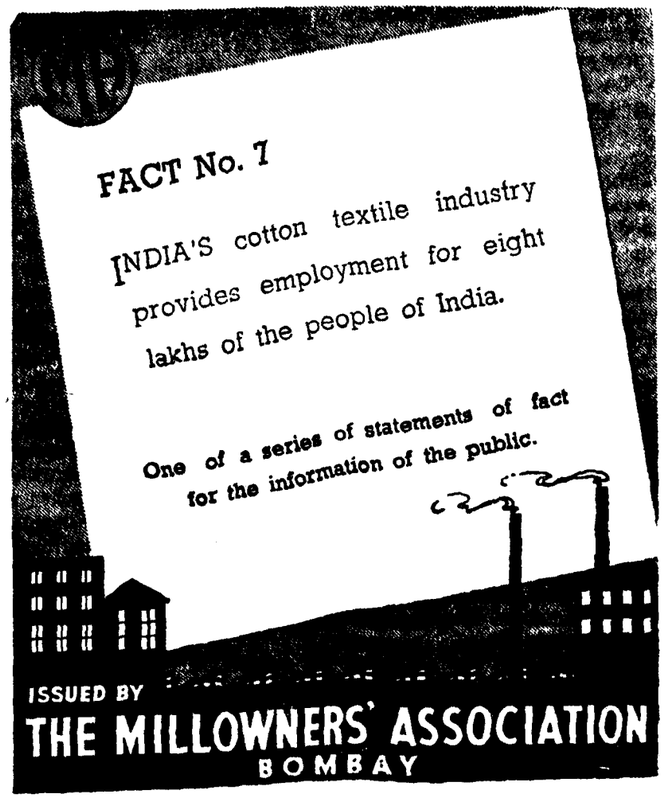
The total premium income in all departments is Rs. 18,76,896 against Rs. 20,49,461 in the previous year.

The total funds in all departments are Rs. 15,74,794 against Rs. 16,29,070 in the previous year.

The question of further expansion of the company's business is always engaging the attention of your directors. Recently a new Branch was established in Karachi in addition to Agencies through which the company received business. This will result in better service to the insuring public and additional premium income. With the opening of the European market, it is very likely that your company will be able to revive contracts with some of the old connections for reciprocal exchange of business which will also result in additional net premium income.

In conclusion, I take this opportunity of thanking our clients, patrons, agents and brokers for their support and I appeal to them to give us their wholehearted support.

I also thank the Head Office and Branch Offices Staff for carrying out their work loyally in these times of stress and strain.



The Industrial & Prudential Assurance Co., Ltd.

CHAIRMAN'S SPEECH

Gentlemen,

I welcome you today to the 31th Annual General Meeting of our Company.

This year we are meeting under more cheerful circumstances than those under which we met last year. The War in Europe has been won and there seems to be a sense of general relief all round. No doubt the War in the East is still raging but the optimism that has been created by the Victory in the West makes people bear this burden of the Eastern War cheerfully and everywhere confidence to win is quite apparent. Thus in Business circles, as well as in the general public there is great expectation for a bright future, which stimulates Business activities in the country.

As anticipated in my speech last year the New Business written by our Company in 1944 is much more than that written in 1943. New Business written by our Company in the year 1944 amounted to Rs. 2,05,67,000 as against Rs. 1,35,34,000 in the previous year. I am sure that during the year 1945 progress will be maintained that if things go on as at present we will be able to show better results for the current year.

You must have observed from the Revenue Account that our premium income for the year under report is Rs. 52,65,000 in round figures as against Rs. 46,12,000 of the previous year. Our income from Interest, Dividends and Rents also shows a substantial increase being Rs. 8,31,626 against Rs. 7,47,965 of the previous year. Our claim ratio continues to be satisfactory and is well within the provision made in our rates. Our Expense Ratio shows a little increase this year due to the substantial increase in the New Business and the dearness prevailing all round. Even with this increased expense ratio our Company would continue to be considered as one of the most economically managed.

As regards lapses, I assure you that the Management is keeping a watchful eye. The experience of last year in this matter is not unfavourable and with the continuance of good times, the position in this respect will continue to improve.

Our Funds continue to show a considerable increase over the previous year. The Insurance Fund at the close of the last year was Rs. 2,04,39,000. It has now increased to Rs. 2,35,42,000. The total assets of the Company increased from Rs. 220 lakhs to Rs. 253 lakhs.

Your Board is very cautious about Investments. They are being distributed very fairly which you will find from the Balance Sheet as well as the Form AA.

During the year under report our Funds were invested in the following manner: -

Government and Approved Securities	Rs.	1,91,72,893
Ordinary and Railway Shares ..	Rs.	20,21,007
Preference Shares and Debentures ..	Rs.	5,48,535
House Property and Mortgages ..	Rs.	10,42,578
Loan on Policies	Rs.	14,57,314
Miscellaneous	Rs.	4,74,406

The present restrictions on the Investment of Assets of Life Insurance Companies necessarily result in a lower yield. The Insurance Interests are requesting the Government to give them further scope to invest these Funds more profitably than at present.

In the United Kingdom, as well as in Canada there is no requirement of compulsory Investments in Government securities. In addition to these difficulties about investment, I last year discussed the problem of Income-tax payable by the Life Insurance Companies. As I then mentioned the ceiling of Income-Tax for Life Insurance companies is fixed at 63 pies in a Rupee. This ceiling is considered very high by the Insurance Interests and they have requested Government to reduce it. They have, however, not met with any success so far. It is in the interests of the general public to support the claim of Life Insurance Companies to get this ceiling reduced.

There are two events which intimately concern Insurance Companies in particular.

One is the Insurance Amendment Bill introduced by Government, in the Assembly on which opinions have been invited from the public.

The main point in this Bill which has attracted the attention of the public, and which is much criticized, is the proposed limitation of over-all expenses of insurers and the reduction in the commission of licensed agents. I feel that in order to curtail undesirable competition amongst the companies, it is necessary to have a limitation of over-all expenses. Careful Insurers do keep their expenses within proper limits, but there are others who overstep the mark. These Insurers are bound indirectly to affect the economic working of the careful ones. It is, therefore, proper that some steps should be taken to limit the expense ratio.

Another provision in the Bill refers to reduction in the commissions and licensed agents. I am aware that very influential interests have put forward a case against a further reduction of commissions paid to licensed agents. I, however, believe that if the overall limitation of expenses of Insurers is to be limited it is impossible not to reduce in particular the commissions paid to licensed agents. At present, the licensed agents under the Act can be paid on life insurance business 40 per cent. of the First Year's premium and 5 per cent. of the Renewals. Let me at once say that the renewals allowable to the licensed agents under the present Act should not in my opinion be reduced. As is well known, many licensed agents continue to take interest in their work because of this renewal income. The case, however, about the first year's commission is quite different. The 40 per cent was thought of in the year 1937, when the average amount insured under all policies was according to the Blue-Book only Rs. 1,485 as against Rs. 2,227 in 1943 and the total insurance written by all Insurance Companies amounted to Rs. 48 crores and odd only as against Rs. 72 crores and odd in 1943. Thus the times have changed and Life Insurance is becoming more and more popular. An individual agent can now book more cases than he used to do before. The increase in the average also leave him more time to canvass more cases. If, therefore, a slight reduction is effected in the percentage of First year's commission allowable to the licensed agent, it should not work as a hardship to him, what it would be of great benefit to the insurers and policyholders.

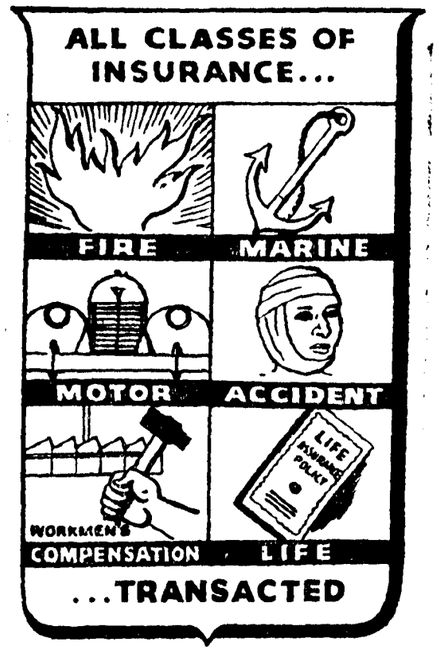
Another matter that is engaging the attention of the Insurance World is the subject matter of inquiry by what is popularly known as "Sir Cowasji Committee." Certain recent instances of cornering of the Shares of some Insurance Companies at fabulous prices have drawn the attention of Government resulting in the appointment of this Committee. Is such cornering is done for motives which could not be justified morally, it should certainly be the concern of Government to examine the whole matter, and if the evil requires to be checked, even Legislative measures may be thought of. In doing so, however, I would request the Government to keep in mind that there should be no undue interference in the normal working of Companies. Then again, with a view to remove one of the motives of acquiring control of Life Insurance Companies, *viz.*, the investment of Funds, Government should not further restrict the Investments of Life Companies. The Insurers have already much perturbed over the present low yield and it should not be further lowered by more restrictions.

In order to prevent frequent transfer of control of Life Insurance Companies, the Government would however, be justified to assume some discretionary powers in the matter of transfer of shares or for instituting inquiries in specific instances.

I congratulate the Field force as well as the Head Office staff for the efficient manner in which they are performing their duties. We all know that the times are hard, living has become very costly, and there are various other disturbing factors. In spite of all difficulties the members of our Staff have loyally stuck to their posts and have performed their duties efficiently.

The Indian public also deserves to be congratulated for their greater appreciation of the desirability of investing in Life Cover for themselves and securing protection for their old age as well as security for their dependents.

I now move the resolution for the adoption of Audited Balance Sheet and Revenue Account for the Year ending 31st December, 1944.



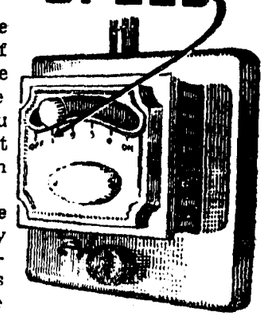
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THE BUSINESS WORLD

CONTROLS IN REVERSE GEAR

THE end of European war has rendered it easier to estimate the length of war in the East, and with it, it is not only opportune but imperative to revise and rationalize war-time controls. Throughout the period of war, economic controls have been accepted as a temporary device—to facilitate war production and to rectify social and economic injustices of inflation and scarcity. Immediately after the war, the pressure to cast off price or quantitative and production or distribution controls altogether, will be strong indeed. Such pressure will arise not only from special interest groups, but also from a general weariness of controls and restrictions upon business firms, income recipients and consumers—the last group having suffered as many headaches through controls as it suffered heartaches when there were no controls during the war.

Hence it would be wisdom if the opportunity afforded by the end of the European war is utilized to put controls in a reverse gear so as to subserve, firstly, the transition from war to peace economy and, secondly, to utilize the machinery of controls to lay a foundation on which the planning of economic development of the country must rest.

The most crucial factor in reversing the gear of controls and restrictions would be whether the dangers of inflation after the war or in the present near-end war period are as great as they were before. In India, this question is vitiated because there has been no monetary policy in order to check inflation and even now there is no likelihood of such a policy either. As a result, we shall have no yard-stick to measure the anti-inflationary effects of controls in reverse gear, as we have none today when the controls are operating in full swing.

But then, let us examine the economic background of the imposition of war-time controls. That would clarify why and how and when controls were imposed. It would also clarify why, how and when controls can be reversed. Inflation in this country was not typically a creeping advance in all prices at a uniform rate. Rise in particular prices during the war has been quite uneven. In part, this unevenness was due to the fact that war needs and expenditure were initially concentrated directly and indirectly upon a few commodities. In part, it was also a consequence of initial controls having been imposed upon different commodities at different points in time. It will be recalled that Government imposed controls in the beginning and even up to 1942 only on those commodities which they and the Allied Governments urgently needed, *e.g.*, iron and steel, metals, jute, tea and other export commodities. Price-ceilings were not imposed on all commodities at once because Government strongly held till March 1943 that there was no general inflation in the country and hence not all prices were approaching the "inflationary" stage at the same rate. In fact, some rise in prices of a number of commodities, was deemed necessary to increase output or to rectify previous depression-hardships. Blanket price-controls were imposed only after March 1943 through the Hoarding and Anti-profiteering Ordinance accompanied by a series of other measures to control capital issues and disbursement of money-incomes of business. Similarly, quantitative production and distribution controls were imposed at different times, but were not so much based upon the realities of situation as on the needs of Indian and Allied Governments.

In India, in spite of an overwhelming inflationary pressure during the war, inflationary pressure centred on certain prices before it enveloped the whole price system. With the recession of war, inflationary pressure is also likely to be reduced sectionally. The present policy of Government—notoriously the import policy—is operating to that effect also. And if deflationary factors eventually begin to emerge after the war, they will also affect, firstly, certain prices before the price system as a whole is subjected to downward pressure.

It is, therefore, essential, not only for achieving a more reasonable parity between various groups of prices, but also in reversing the pattern of war-time controls, that the present haphazard blanket controls particularly price-controls, should be replaced by selective controls. The factors which caused introduction of controls on selected commodities in the initial stage and the main factor behind the over-all controls imposed after March 1943 have partly changed even today and, as the war nears its end, will either not exist at all or will exist only in a less aggravated form. Apart from such negative considerations, there are positive considerations which also suggest that a beginning should be made to rationalize the existing controls so as to make them selective and also helpful to our post-war economic objectives. Controls in the reverse gear, should primarily assist reconversion. It is easier today to judge which specific resources should shift to civilian production right now.

It would appear not at all unreasonable that much of this shift may have to be most effectively accomplished through the medium of the price mechanism, that is, by the re-establishment of the system of relative prices. The economic transition from war to peace was, in fact, achieved partly by prices changes and partly by direct controls such as priorities, prohibitions, etc. For the reverse shift, we will have to rely more on the price system for the simple reason that there will be no singleness of purpose comparable with that during the war, by which an optimum or even an acceptable distribution of resources can be defined. In fact, the only solution to such chaos in price relationship in many liberated areas was to "free" prices for a time and then subsequently impose new price regulations as appeared to be indispensable. An ancillary point to consider in this respect is that if general price control is continued in the post-war period, its effect upon initiative and enterprise is likely to be seriously adverse. Many of the technological developments of war have yet to be translated into concrete realities in terms of non-war production. Many of the new industries that came into being during the war have yet to be tested in the background of peace-time market conditions. All these considerations lead to the desirability of establishing an appropriate system of relative prices through a revision of present controls and a substitution of selective controls for the present arbitrary blanket controls.

In reversing the gear of controls, many evils which had crept through the administration of controls need immediately uprooting. Controls, particularly in regard to exports and imports, through the enforcement of licensing and quota system, have given rise to monopolistic and semi-monopolistic conditions. Not rarely have these been in the hands of non-Indian interest. It is promised that the activities of the U.K.C.C. in India will be terminated. But there are many minor U.K.C.C.s amidst us in the form of non-Indian firms enjoying, because of controls, all the privileges of inordinarily large share in export and import trade of the country. Then there are British Government and Allied Government agencies operating in India to the exclusion of Indian share in the trade, *e.g.*, the British Ministry of Food buying in bulk our oilseeds, tea, etc., allocating quotas to various countries and thereby depriving Indian traders of their business contacts. In the liberalization of controls, therefore, almost a bias in favour of Indian interest might be necessary in order to rectify previous injustices born out of the administration of controls. In many cases also, there is a need for outright withdrawal of controls—for example, in case of exports of those commodities in which India enjoys a surplus. The fear that such commodities might pass into enemy hands is now almost non-existent. Similarly, the criteria for priority allocations require to be altered with a view to help increase in industrial production and eliminate pockets of monopolistic control, particularly those which have favoured non-Indian interests.

Even in cases where some degree of control is found absolutely necessary, it should not be enforced as stringently as hitherto. The most appropriate method of control, from now till the end of the war, would be of the selective and flexible kind. The most pressing need of the moment is that at least the limbs of the body economy must have freedom of movement, if not the body itself. Otherwise, there is a serious danger that controls might be used for unsuitable purposes or be too long continued, with the result that the limbs of our body economy will be cramped and rendered unserviceable.

NOTES

THE WORLD PAPER POSITION

It is reported that the world paper position will continue to deteriorate for some time in spite of the end of the war in Europe. W. G. Chandler, president of the American Newspaper Publishers' Association, stated after a recent survey that the release of Sweden and Norway from the Nazi blockade "will not result in an immediate and material improvement in the newsprint supply. There is little or no definite information about prospective pulp and paper supplies from war-devastated Norway and Finland. Sweden is prepared to ship 625,000 tons of pulpwood when shipping is available, but more than half will go to Great Britain and liberated countries which were former customers of Sweden. In the U.S.A., the position is described as "grave." The shortage of railroad vans is a serious bottleneck in the movement of logs to the mills. This shortage is likely to increase with the expanded westward movement of war supplies to the Pacific coast.

The post-war period was expected to usher in an era of unheard of prosperity. Surprisingly the recent forecasts envisage famines in many essential commodities. We have been recently told that there will be a cloth famine and a food famine in the post-war period. Now we are told that there will be a paper famine. It is highly desirable in the public interest that there be an immediate international inquiry into the factual position of essential commodities, for there is a reasonable suspicion that interested parties are deliberately circulating alarming news to keep up prices.

FUTURE OF OIL SEEDS

The cultivator of oilseeds is not having a square deal. Now that the war in Europe is over, and Continental countries are slowly increasing their import trade, it is only fair that every facility should be provided for the orderly marketing of oilseeds. . . It is common knowledge that the futures markets in these commodities have been closed since 1943 when the anti-inflationary drive started. There is no longer any justification for banning futures trading in oilseeds. After all, it is over a year since Government permitted the reopening of the cotton futures market; and what is good for cotton is good for oilseeds, at least in the present circumstances. A striking feature of these markets is that prices are far from stable and sudden firmness is followed by long intervals of dullness. The Ministry of Food periodically enters the market for purchase on behalf of itself as well as of others and the market remains steady. At other times, the market steers a dull course. On top of this, the oil crushing industry is expanding rapidly and consuming quite a good part of oilseeds which were formerly exported. Yet, prices have been uneven, and nothing can be more unfavourable to the primary producer than an uncertain market like the one portrayed above. The resumption of futures trading is, therefore, essential, and the developments in the past week reinforce such a conclusion. The Food Ministry purchased a substantial amount of groundnut (above 10,000 tons), it is reported, after an interval of many months. The Bombay market firmed up and it remains to be seen whether the prices will hold in the coming weeks. The U.K. is said to have bought on behalf of the Dominions also. It is one of the conundrums of policy here why the purchasing country does not make its purchases directly from the seller and why the U.K. Ministry should have such a large say both in regard to the timings of the purchases as well as the price paid. It is high time that this state of affairs were ended. What is worse, the benefit of the temporary improvements in price goes almost entirely to the middle-men and not to the cultivator. The existence of a futures market would be a safeguard as a form of price insurance. One cannot help feeling that conditions are deliberately created to favour the importer abroad at the expense of the grower. Now that trade is being slowly developed, it is legitimate to ask that what was done in an exigency shall be repealed. For instance, in the linseed market, Australia was said to have purchased 5,000 tons while plenty of enquiries from France, Belgium and other countries were also reported. In fact, while the British Ministry of Food paid only £34-10 sometime ago, exporters are buying in the market at £37 per tin. There is increasing evidence that the export trade is fast reviving. It is hoped that the authorities will see their way to grant permission for the revival of the futures market in all the oilseeds. Not to do so would need a lot of explaining.

INDUSTRIAL PRUDENTIAL CO.

The experience of the Industrial and Prudential Assce. Co., Ltd. for the calender year 1944, reinforces the general conclusion that companies doing life business are well off, while the position as regards general business is not quite so satisfactory. The Industrial and Prudential was able to double the amount of new business written in, which was Rs. 2,05,67,000 as against Rs. 1,35,34,000 in 1943. The corresponding premium incomes are Rs. 52,65,000 and Rs. 46,12,000. The life fund has increased from Rs. 2,04,39,000 to Rs. 2,35,42,000. While the claims ratio seems to have been well within the provision made in the rates charged by the Company, the expense ratio has increased slightly. In the annual meeting, Sir Chimanlal Setalvad stressed the burden of taxation borne by insurance companies at the present rate of 63 pies in a rupee. Coupled with the restriction on investments (which is absent in a country like the U.K. or Canada) insurance companies have to operate under heavy handicaps. Sir Chimanlal gave his support for the move to limit the over-all expenses of insurance companies, particularly as the increase in competition in the field is tending towards higher expense ratios. He was against any reduction in renewal commission but he argued the case for reduction in the first year's commission very plausibly. The 40 per cent commission was thought of in 1937 when the average amount insured under all polices was Rs. 1485/- as against Rs. 2,227/- in 1943 and probably higher in 1944. The total insurance business written in by all insur-

ance companies amounted to Rs. 48 crores in 1937 as against over Rs. 72 crores in 1943 and more in 1944. According to Sir Chimanlal, these figures show that life insurance is more popular and that an agent has more scope now-a-days. He argues therefore that a slight reduction in the percentage of first year commission will not affect an agent's earnings, whereas to the insurer and the policyholder it would be of great benefit. Moreover, the increase in the average value of a policy as compared with 1937 also leaves more time to the canvasser and he can book more business. A dividend of As. 12 per share free of income-tax was sanctioned.

THE VULCAN INSURANCE COMPANY LTD.

The last year's working of the Vulcan Insurance Company has seen a reduction in the premium income. This is to a large extent explained by the gradual decline in values and other factors. The Company has contributed nearly Rs. 3 lakhs towards the Bombay explosion claims which has however not affected its Additional Reserves. With regard to marine insurance the company has been able to maintain the premium income mainly because of the high rates prevailing on account of the war. Considerable progress has however been shown in the premium income regarding the Miscellaneous and Accident business. The total funds in the Department show an amount well over 3 lakhs whereas the figure for the last year was Rs. 2,37,000. There is, however, a net reduction of about Rs. 2 lakhs in the total premium income from Rs. 20,49,461 to Rs. 18,76,896. The total funds also show a decline from Rs. 16,29,070 to Rs. 15,74,794. The company has in the current year opened a new branch at Karachi through which much business has been transacted.

The company expects to have a fair share in the marine insurance business that will develop with the release of steamers for civilian cargo in near future.

COTTON FLOORS

It was a definitely retrograde move on the part of the Government to have suggested at the meeting of the Cotton Committee of the Textile Control Board held on July 3 that the minimum prices of cotton of all varieties should be further reduced. Naturally, the proposal was opposed tooth and nail by the members of the Committee. After all, the cost of living, and, therefore, the cost of production, of the cotton cultivator has not gone down. The Government reduced the cotton acreage and forced a short crop in the interests of the food campaign. They conveniently forget that the average price realized this season is below the average price of the last. They fixed minima at levels which are a patent injustice to the cotton cultivator and which make a farce of the official support given to the market when it is grounded at the floors. Yet, they could without any compunction suggest a lowering of the floors. Fortunately, consideration of the question has been put off pending the outcome of the Simla Conference. It is, however, significant that the Committee has taken up the question of finding out the relation that exists between the profits of the mills and the price paid by them for the raw material. Mr Krishnaraj M. D. Thackersey has agreed to provide the figures of average profits made by the mills per pound of cloth and yarn. Judging from the inflated profits made by the mills, it is only fair to recognize that the cultivator has had a raw deal and any proposal or formula by which the prices of raw cotton are linked with the price of piecegoods and yarn will certainly be invested with a greater justification. It is by no means easy to equate the two prices, in view of the number of other indeterminates which must enter into the equation. However, the present move has the merit of being rational. Giving effect to it is a matter which will hinge on the willingness of the mill industry to recognize its obligations.

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LETTER TO THE EDITOR

THE IMPERIAL BANK

Sir,—The article in the issue of your journal dated the 29th June, 1945 on the terms of the agency agreement between the Reserve Bank of India and the Imperial Bank of India, as set out in the Press note recently issued by the Reserve Bank of India, contains two statements which require correction, as they are not in accordance with facts.

2. It is stated in the article that the agreement between the Reserve Bank of India and the Imperial Bank of India concluded in terms of Section 45 of the Reserve Bank of India Act has been revised. This is not so as, in terms of the above-mentioned provision, that agreement is to remain in force for a period of 15 years and thereafter until terminated after 5 years' notice on either side. The revision made applies only to the terms of the remuneration payable to the Imperial Bank in respect of the receipts and disbursements on Government account for the quinquennium commencing the 1st April 1945. As indicated in the Press note referred to above, the revision has been made in terms of Clause 2 of the third schedule to the Reserve Bank of India Act.

3. It is also stated in the article that the agreement between the Reserve Bank and the Imperial Bank has been extended by a period of 5 years to the year 1960. This again, is incorrect, as under Section 45 of the abovementioned Act, the agreement will remain in force until the 31st day of March 1955 and thereafter unless and until determined at, or at any time after, that date by five years notice by either of the parties of its desire to determine the agreement. That is, it can be terminated on the 31st day of March 1955 by either of the parties if notice has been given five years earlier.

4. I shall be glad if you will be good enough to arrange to publish this correction or make suitable reference to it in your Journal.

Yours faithfully,
R. NATH
Secretary.

Reserve Bank of India,
BOMBAY,
July 5, 1945.

(This does not affect the substance of the argument.—Ed.)

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ISSUED BY THE FINANCE DEPARTMENT GOVERNMENT OF INDIA

FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT

Madras Letter

MADRAS, July 7, 1945.

THE Government of India have accorded sanction for the establishment of seven factories for the production of vegetable ghee—*vanaspati*—in this Province. The factories are to be situated one each in Madras City and in the districts of North Arcot, South Arcot, Chittoor, Bellary, Guntur and Vizagapatam. It will be noticed that the factories are to be started in the groundnut producing districts of the Presidency. The promoters of the factory to be started in Madras will be a European firm producing large quantities of groundnut oil. The firm is of Danish origin but, after the war, was incorporated in India. The promoters of the other six factories are Indian firms. Each factory will, in the first instance, produce 3,000 tons of vegetable ghee per annum. The organizers of one or two factories are already ready with their capital. One company has also ordered for the machinery in America and it is expected that the first factory will start production early next year. A conference of the promoters of these factories was held recently, presided over by Sir S. V. Ramamurthy, Adviser to the Governor of Madras. It is understood that questions like the advisability of bringing in foreign experts to advise on the production of vegetable ghee, the location of the factories and the Government taking a portion of the capital, say ten per cent., were discussed at the conference but no decisions have been reached. It is stated that nearly Rs. 15 lakhs would be issued by way of capital for each factory and therefore the Government may not be willing to lock up much of the tax-payers' money in these factories. Possibly, they might consider the question of investing a token sum.

Technical Education

Sir M. Visvesvarayya presiding over the eighth annual meeting of the Court of the Indian Institute of Science, Bangalore, pleaded for the establishment of some 5,000 technical and professional schools in the country. He said that engineering industries were of far greater importance because the work of the engineer was indispensable both for productive and fighting services. "To guide its industrial and business activities, the country wants men of directing ability—scientists, inventors, engineers; also leaders in professions connected with industries, communications, ship-building, forestry, mining and other services" said Sir Visvesvarayya.

Irrigation Projects

The week was marked by two important and large irrigation-cum-hydro-electric power schemes being pushed through, one in the State of Travancore and another in the State of Hyderabad. The Perunchani Reservoir Scheme of Travancore for which Sir C. P. Ramaswamy Iyer, the Dewan, laid the foundation stone the other day would cost about Rs. 75 lakhs and 55,000 acres would be provided with irrigation facilities. Apart from its irrigational aspect, the scheme has been designed to provide hydro-electric power for which the possibilities appeared to be great. The Dewan stated that the new scheme would open out the immense possibilities for growing sugar-cane, tobacco, mulberry and paddy. The Godavari Valley Development Scheme of Hyderabad costing Rs. 24 crores is expected to bring eight acres of land under cultivation. Besides, it would be making available about 75,000 k.w. of cheap electric power enabling the establishment of a number of industries in the Godavari Valley area especially chosen for its proximity to coal and iron fields as well as a number of raw materials. The scheme has been sanctioned just now and work is expected to commence shortly.

A Silk Factory

An artificial silk factory with a capital of Rs. One and a half crores is being started near Alwaye. The Government of Travancore is expected to take shares in the concern to the tune of Rs. 30 lakhs. The preliminary work on the erection of the factory will be started very shortly, and the machinery and other equipment for the factory are being ordered.

Congestion In Colleges

The educational progress of this Province has been considerably hampered by the situation that has arisen due to the increased pressure on the admission of students in the Colleges and schools, including professional, in Madras City and the districts. The University of Madras anticipated an increase in the number of admissions and relaxed the rules so as to admit over 2,600 new admissions. But as a result of the heavy rush, a further review was made so as to admit a further 1,250 students. There have been two additional arts colleges, one agricultural college and one engineering college this year. But still, several thousands have been unable to get facilities for higher general education or technical education. The Vice-Chancellor of the Madras University is of the view that the only rational method of meeting the demand would be by opening more colleges or by instituting Polytechnics and such other institutions for higher studies. But the immediate distress has hardly been alleviated.

Stock Exchange

The Stock Exchange was moderately active. There was good investment support for select shares in the textiles plantings and Mysore industrial shares. There was also some buying by Bombay interests. In the textiles section, Buckinghams and Maduras were features rising to Rs. 338 and Rs. 72-4 respectively on good investment support. Mysore spuns were very active and were absorbed by up-country buyers. The quotation also rose to Rs. 25-2. The shares of the Coimbatore group were steady but unchanged. In the Planting section, Cochin Malabars were firmer at Rs. 18-3. Pullangodes were quoting Rs. 3-5-6 c.d. and sellers were scarce. Nilamburs have declared a dividend of 20 per cent being 5 per cent less than last year and the shares were noticed at Rs. 22-6 c.d. There were enquiries for public utilities but in the absence of sellers, business was difficult. On rumours of conversion of three and a half per cent Paper, there was good support for this stock and the quotation rose to Rs. 102-4. It is stated that the Government of India have prepared the market for a new loan and that it would be a 2-1/2 per cent loan of five years' currency maturing in 1950. As the loan is expected to be short-dated, the market anticipates that the amount will be limited, say to Rs. 25 crores, and the issue price may be at par. There was institutional buying in three per cent Loans 1951-54 and three per cent Loans 1953-55 and the quotations firmed up to Rs. 101-4 and Rs. 101-5 respectively. Sellers were scarce in Madras Loans. Amongst State Loans, Travancore and Cochin Loans were firm without sellers. With the exception of five per cent Mysore 1955, the other Mysore Loans were easy. Bank shares con-

tinued to be firm in sympathy with the gilt-edged market. Indians all the three shares again rose to Rs. 330, Rs. 220 and Rs. 158-8. Indian Overseas were higher at Rs. 112.

U.P. Notes

Firozabad is an important centre of the glass industry in the U.P. and some 40,000 people subsist on it. A very unsatisfactory feature of the industry from the technical point of view is its dependence on small kerosene lamps and primitive heating contraptions for purposes of heating glass. The defect in this arrangement is not only that these processes yield little heat and to that extent fall short of the need, but it has also a serious deleterious effect on the health of the operatives in the cottages. The smoke which is produced by the kerosene lamp, etc., will also affect the lungs and eyesight of those engaged in ancillary glass trades. It is welcome, therefore, that plans are afoot to set up a gas plant with a producing capacity of 200,000 cft. gas per day at Firozabad. It will bring about a technical improvement and thus confer large benefits on the industry and help in the bettering of the sanitary conditions in thousands of cottage shop. Not only that. The distribution of gas will also make possible the establishment of many other manipulative trades such as manufacture of fancy goods, etc., and thus open up new vistas of employment which would, incidentally, assist in the resettling of the demobilized soldiers.

Consolidation of Holdings

The Co-operative Department has been doing some useful work in the direction of consolidation of holdings. It receives an annual grant of Rs. 13,100 for consolidation work and with this it maintains a consolidation staff consisting of one inspector, 12 supervisors and 19 chainmen. The department has selected ten districts for work, but it has been able to make substantial headway only in three. Scattered holdings of 125 villages in Bijnor were consolidated while in Saharanpur and Meerut 67 and 19 villages respectively were affected. In all 3,74,550 plots measuring 2,90,262 bighas were consolidated into 38,981 holdings. It is clear that this is inadequate. But the reason presumably is that with its present small staff the Co-operative Department cannot take up any more districts for intensive activity. And the Revenue Department of the U.P. Government has not cared to be very active in putting into effect the provisions of the Consolidation of Holdings Act initiated by the Congress Ministry in the province. The department, moreover, in many cases has not even made the necessary revenue staff trained in consolidation work. The Co-operative Department, motivated perhaps by the desire to derive maximum benefit from consolidation has mostly concentrated its efforts on the consolidation of holdings where irrigation facilities, seed supply stores and co-operative societies already existed so that the compact holdings may get extra advantage from these facilities. The cost of consolidation in the various districts has varied. Thus in Bijnor the average cost per acre came to Rs. 1-6 per acre while it ranged between annas 12 to Rs. 2-2-6 in the case of Meerut which difference, incidentally, needs some explaining. It has been complained that sometimes at least the exclusive dependence by the department on persuasion and propaganda has been a handicap and its lack of power to use compulsion has enabled some obstinate and short-sighted individuals block the path of progress and the department's labours have been rendered fruitless. It cannot be over-emphasized that while village copoeration is an asset, the obscurantism of individual cultivators must not be permitted to be an obstacle in this connection and such provision should be made as soon as possible. It is welcome news that the Government intends to make provision for one additional inspector and 11 chainmen. It has been further decided that the new staff instead of being deputed to new areas should more advantageously be concentrated in one district. Bijnor has been selected for work this year.

Small Scale Industries

The U.P. Government, it is reported, have evolved another plan for the industrialization of the province. It deals with small-scale industries and, in view of their importance, from the point of view of the need for employment opportunities they would be capable of providing, is very welcome. The plan envisages the establishment of production units for small-scale industries such as textiles with power looms, ornamental and utility wood-work and toys, Moradabad utensils and Aligarh locks. These units would be worked as the prototypes of producers' co-operative societies. The purpose is to train teams of workers who can later take up the particular line of production on their announcement. To that end, it is proposed to select prospective beneficiaries carefully to ensure that the trained people do set up business and work with their own plant. The work is to begin with ten such units. From the information so far available it seems the development scheme does not envisage action in any other direction such as the supply of cheap finance etc. If that is so it is destined to be a futile effort. Moreover, the existing small industries also require assistance in various ways. In common with his conferers in other parts of India, the U.P. artisan has to face difficulties in the receiving of good quality raw materials in adequate quantities. He has to depend on money lenders for financial accommodation and often, as is the case with carpet - makers in Fatehpur Sikri obtain from him his supplies of raw materials also with the consequence that his liberty to dispose of his finished products to whom he pleases is taken away and he has to accept an unfavourable price. These are well-known age-old difficulties and it is hardly right to postpone relief any longer.

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I. B. N.—101.

AGRICULTURE

Collective Farming in the U.S.S.R.

NEARLY a decade of authority and power, marked by feverish activity in almost every department of State, passed and yet the Soviet Government found itself confronted with the grim problem of hunger—the problem of how to feed the city population and the Red Armies and how to give adequate nourishment to thousands of village dwellers. State Farms, sponsored with the idea of creating big "Grain Factories" and operated with the assistance of wage labourers, did not achieve any appreciable success. In the meanwhile the average peasant was developing into a rebellious element. The vast acres of land, which once belonged to the Tsar and the monasteries and the expropriated landlords, were distributed among the peasants, who, imagining themselves as indispensable individuals in the new regime, resented the idea of direct levy of taxes or of parting with the produce to feed the cities or armies. The average peasant was haughty and inefficient. The methods of agriculture were out of date and uneconomical. The whole land was divided into as many as 25 or 26 million tiny holdings. This was the situation in 1928.

How could the situation be saved? What was the solution? There were prolonged and heated discussions all over the country. Ultimately, in 1928 Stalin proclaimed the new agrarian policy the policy of universal collectivization and mechanization. The whole individual peasantry was to be abolished and it was to be merged either as owner-producers in the collective farms or as wage labourers in the State farms. It may be added here that the tendency in recent years is to transfer large portions of State farms and amalgamate them with collective farms. A well drawn up schedule, characteristic of Russian planning, was prepared for the execution of the new policy. But there were excesses on both sides. Peasants opposed the merger by slaughter of their cattle and later on by passive resistance in the form of obstruction at the various stages of production. The officials in their zeal and impatience carried the transformation too hastily by education, persuation and in many cases by coercion. Again and again the central authority had to intervene and reconcile the antagonisms.

It was a task of great magnitude to transform two-thirds of the ignorant, obstinate and unwilling population into public-spirited co-operative workers in so short a time. A thorough and elaborate administrative machinery, planned on a gigantic scale, was mainly instrumental in carrying out this task. Up to now agriculture was the exclusive responsibility of the various constituent republics. But now the U.S.S.R. Government appointed two Peoples' Commissars for the whole Union—one the Peoples' Commissar for State Farms, the other and more important the Peoples' Commissar for Agriculture, who was to deal with the collective farms and the still existing individual peasantry. Fundamental policies and broad programmes were formulated here for execution by the units below. A new authority, the Peoples' Commissar for Agriculture, was set up in each republic. It was impressed on the village Soviets that they must watch the administration of the collective farms in their areas. The president of each village Soviet was enjoined to take personal interest in the collective farms in his area and to report at once if anything went wrong. The Communist Party never rested content with governmental hierarchy to execute the new policy and appointed its own committees to see to it that persons immediately responsible discharged their duties properly and efficiently. Nearly 3,000 Policy Sections were organized throughout the Union manned by an army of about 25,000 members of the Communist Party, carefully selected and charged with special instructions. Each Policy Section consists usually of five members at least and includes a director, a party organizer, a woman to organize women workers and an editor. They were also encouraged to capture positions in the village Svoiet, in the management of the collective farm and in the Machine and Tractor Station. The Policy Sections prepare statistical reports and issue directives covering a vast field—delivery of grain to the Government, payment in kind to the Machine and Tractor Station, collective needs of the farm, needs of special groups, families and individuals, a fund for seed and insurance, arrangements for invalids, orphans, special awards or remissions or penalties and so on. Within the collective farm itself there is autonomous administration. Members elect a chairman and a board of management. Periodical debates are held, reports prepared and decisions taken. The members of the farm are divided into brigades and a definite area with a programme of crop production is assigned to each brigade from year to year. To begin with, distribution of produce was made in equal shares according to the number of months to be fed. But recently accounts of work done are kept and distribution is made on the basis of work performed. Laboriousness or disagreeableness of work is taken into account in assessing the work. If any surplus remains, as is usually the case, after payments of costs, etc. and disbursement of members' shares, it is expended on projects of common untility with the consent of all the members. An absolute pre-requisite of cultivation on a gigantic scale is the supply of machinery and technical men. All over the Union, Machine and Tractor stations have been opened. Repair Shops are attached to them. On the basis of separate contracts regarding the terms of work and payment entered into between the collective farms and these stations, machinery and technical men are placed at the service of the farms. It is this thorough and relentless organization which is responsible for welding millions of tiny, uneconomic holdings into productive collcetive farms.

Collective farming has proved a success in Russia. This does not mean that every single farm has attained prosperity. Some of them are unable to pay their dues. In 1936 the Government cancelled all the outstanding arrears so as to enable such farms to start with a clean slate. But side by side with these is witnessed the emergence of what are called "millionaire" farms—farms whose divisible income in kind or cash has reached a million roubles. A few have attained the top figure of five million roubles. In 1937 the peasant population of Russia numbered 120 millions divided approximately into 22 million families. The total number of collective farms had reached the figure of 250,000. It was announced in January 1934 that there were in the field 204,100 tractors; 25,000 harvesting combines; 30,101 motors and traction engines; 58,000 threshing machines; 1,505 installations for electric threshing; 24,400 motor lorries and 4,600 cars. The Government had trained and put on the field 111,000 technicians and agronomists; over 1,900,000 tractorists, combine operators, drivers etc. and over 1,600,000 men and women for managerial and administrative posts.

Collective farming has come to stay in Russia. Maurice Hindus, an undoubted authority on the sub-

ject, asserts with a re-assuring confidence: "So long as the Soviets endure there will be no return to individual farming. I have the feeling that, even if the Soviets were to collapse Russian agriculture would remain collectivised with control in the hands of the peasants instead of the Government." It has stood the test of war very remarkably. Incessant Nazi attacks were powerless to break Russia's agricultural economy. What is the secret of the success? A Government, determined at all costs to communise agriculture, built up a thorough, elaborate and mighty organization, grudged no expenditure however big, gave munificent help and encouragement to willing co-operators and put down opposition with a stern hand. Members of the Communist Party, fired with zeal and missionary spirit, have contributed in no small measure to the task. Not only that. But once the collective farms have been organized, a constant and jealous watch is kept on all operations; and persons and bodies are whipped up to activity from time to time. The peasants as a class were converted into loyal adherents only after tangible results were shown. This system of collective farming is now sustained as much by the willing co-operation of peasants as by State and Party control.

Will collective farming suit India? Will it serve as a guide for our agricultural planning? Frankly, no. Collective farming, as the foregoing discussion shows, is the outcome of the peculiar Communist institutions of Russia. There already exists an unbalanced pressure of population on the land in India. If collectivisation of the Russian type is introduced here, still larger numbers of agricultural population will be found unuseful and unnecessary on the land. Where will they be diverted and can they all find employment? Our land is no doubt broken up into tiny holdings which are uneconomic for cultivation. But the solution lies elsewhere. Sub-division and fragmentation are mainly responsible for splitting up the land into small bits. Sub-division is the direct result of the law of succession and inheritance which gives certain defined shares to the heirs with a right to claim physical partition of the land. Fragmentation has arisen out of the time-honoured practice of giving each sharer a separate portion in each grade or quality of plot. These root causes must be remedied by consolidation and legislation. A timid attitude of choosing the line of least resistence will not do, if we are to survive the onslought of social and economic forces. A radical change in the law of succession is not feasible at one stroke. But the law can be amended by making agricultural property impartible below a certain minimum. Fragmented holdings should be consolidated into productive wholes. While these improvements are being achieved, an all-out effort should be made to spread co-operative farming by education, persuasion, and in the last resort, benevolent compulsion. In any event, we can hope to achieve little by scattered and unorganized production.

INDO COMMERCIAL BANK LTD

Registered Office: MAYAVARAM. — *Central Office*: MADRAS.

Authorised Capital .. .. Rs. 25,00,000
Issued and Subscribed Capital .. „ 21,25,000
Paid-up Capital .. .. „ 18,75,000
Reserves .. .. .. „ 3,25,000

(Total Resources Exceed Rs. 2.5 Crores)

Madras Offices:

Mambalam, Mylapore, China Bazaar Road, Perlamet and Triplicane.

Branches:

Amadalavalasam, Anakapatle, Chidambaram, Chittur (Cochin), Conjeevaram, Erode, Karaikudi, Kumbakonam, Madura, Maruteru, Palghat, Parvathipuram, Pudukottah, Salur, Siyali, Tadepalligudem, Tanjore, Tinnevelly Town, Tinnevelly Junction, Trichinopoly, Vellore, Vijayapuram, Virudhunagar And Vizianagram.

Banking Business of every description transacted.

S. N. N. SANKARALINGA IYER,
Managing Director.

107, Armenian Street, Madras.

CAREFUL MEN
always insure with
NEW ASIATIC INSURANCE Co. Ltd.

Covers LIFE, FIRE, MARINE, MOTOR, Workmen's Compensation, Burglary Cash-in-transit, Riot, Earthquake shocks, Fidelity Guarantee etc.

Head Office

Life: New Asiatic Building
Connaught Circus, New Delhi.
General: 8, Royal Exchange Place, Calcutta.

Bombay Branch: Imperial Bank Annexe, Fort.
Madras Branch: 289, Linga Chetty St., G.T.
Branches at: Calcutta, Lucknow, Lahore, Karachi, Nagpur, Indore, Jalgaon, Hyderabad (Deccan), Trichinopoly, Calicut, Bezwada Colombo.

CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT
(Rs. in lakhs)

	29-6-45	22-6-45	30-6-44	1-9-39	29-4-45 compared with 1-9-39
Notes held in the Banking Dept. ..	9,78	12,75	12,02	35,04	— 25,26
In circulation ..	1136,97	1133,83	931,37	182,13	+954,84
Total Notes ..	1146,75	1146,39	943,39	217,18	+929,57
A. Gold Coin and bullion ..	44,41	44,41	44,41	44,41	Nil
Sterling Securities ..	1029,33	1029,33	828,33	59,50	+969,83
Total of A ..	1073,34	1073,74	872,74	103,92	+969,82
B. Rupee Coin ..	15,16	14,00	12,81	75,87	— 60,71
Rupee Securities ..	57,84	57,84	57,84	37,39	+ 20,45
Silver bullion under coinage ..	..	..	..	..	..
% of Reserve to Liabilities ..	93,634	93,647	92,511	63,149	+30,485

IMPERIAL BANK
(Rs. in lakhs)

	29-6-45	22-6-45	30-6-44	1-9-39	29-4-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts ..	237,71	237,54	226,92	87,26	+150,51
Govt. Securities ..	138,36	138,64	123,44	51,03	+ 87,33
Other Investments ..	4,69	4,54	3,07	96	+ 1,62
Loans	13,97	14,69	13,48	7,66	+ 6,31
Cash Credit Overdrafts	47,16	47,29	44,58	19,76	+ 27,40
Bills discounted ..	7,15	3,88	5,83	2,95	+ 4,20
Cash in hand, with R.B.I. and other Banks	26,60	39,75	46,06	14,69	+ 21,91

BANK OF ENGLAND
(£ '000)

	27-6-45	20-6-45	28-6-44	30-8-39	22-6-45 compared with 30-8-39
Total Bullion ..	1,505	1,499	1,140	263,700	—262,195
Public Deposits ..	12,700	10,100	12,500	31,000	— 18,400
Other Deposits ..	313,900	262,300	273,300	129,100	+184,800
Of which Bankers Deposits ..	262,300	217,700	262,300		217,700
Govt. Securities ..	300,800	249,000	255,300	113,100	+187,700
Other Securities ..	23,400	13,300	27,000	31,000	— 7,600
Of which Discounts and Advances ..	3,800	3,900	1,200	6,400	— 2,600
Notes and Coins ..	16,200	24,400	20,300	34,200	— 8,000
Notes in circulation	1,285,200	1,277,500	1,130,900	529,500	+755,700
% of Reserve to Liabilities ..	5.0	8.8	7.09	21,38	+ 16.38

TREASURY BILLS SALES
(3 Months' Tenure)
(Rs. in lakhs)

Date of issue	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
1945					
April 3, „ ..	6,01	4 00	0 5 7	..	3,37
„ 10, „ ..	9,05	4,00	0 5 7	..	42
„ 17, „ ..	6,20	4,00	0 5 9	..	89,25
„ 24, „ ..	5,15	4,00	0 6 9	..	1,01
May 1, „ ..	7,67	4,00	0 6 11	..	97,90
„ 8, „ ..	5,75	4,00	0 7 01	..	1,89
„ 15, „ ..	3,71	2,00	0 7 5	..	2,10
„ 22, „ ..	5,42	2,00	0 7 0	..	2,31
„ 29, „ ..	7,38	2,00	0 6 0	..	2,49
June 5, „ ..	5,86	2,00	0 4 11	..	4,50
„ 12, „ ..	..	2,00	0 4 0	..	8,11
„ 19, „ ..	4,11	200	0 4 0	..	3,91
„ 26, „ ..	5,80	2,00	0 3 11	..	3,31
July 3, „ ..	2,26	86	0 3 11	..	..

CLEARING HOUSE RETURNS
(Rs. in lakhs)

	1943-44	1944-45	April 1945	May 1945	June 1945	July 1945
Bombay ...	24,42,31	22,36,97	2,07,83	1,82,29	53,46	...
Calcutta ...	17,40,12	23,51,59	1,95,29	1,96,85	48,25	...
Cawnpore ...	1,02,41	1,12,95	9,48	8,01	1,49	1,88
Delhi ...	1,02,42	1,29,94	11,98	10,77	2,57	3,59
Karachi ...	1,02,84	1,24,54	11,22	12,37	2,40	2,22
Lahore ...	78,82	74	7,80	7,47	2,54	...
Madras ...	2,00,02	1,27,37	20,53	20,49	...	...

NON-SCHEDULED BANKS
(Rs. in lakhs)

Date	Liabilities Demand	Time	Total	Cash Balances	% of Cash Balances to liabilities
31-12-1943 (536) ..	17,58	17,37	34,79	4,88	14.0
30-6-1944 (578) ..	21,06	23,37	44,43	5,29	11.9
29-7-1944 (572) ..	20,61	19,68	40,29	4,85	12.1
26-8-1944 (570) ..	22,12	20,81	42,93	5,15	12.2
30-9-1944 (570) ..	23,27	20,24	43,51	4,97	11.1
27-10-1944 (566) ..	22,18	25,78	47,96	5,30	11.1
24-11-1944 (559) ..	23,52	24,49	48,00	5,01	10.5

Number of banks submitting their returns within brackets.

BANKING DEPARTMENT
(Rs. in lakhs)

	29-6-45	22-6-45	30-6-44	1-9-39	29-4-45 compared with 1-9-39
Cash	9,95	12,93	12,31	35,15	— 25,10
Balances held abroad*	173,74	388,42	395,16	10,08	+163,66
*Investments ..	21,29	21,77	11,11	6,81	+ 14,48
Bills discounted—					
(a) Internal and External ..	..	..	..	..	..
(b) Treasury Bills ..	..	63	2,59	1,16	— 1,16
Loans and Advances to Government ..	70	73	72	31	+ 39
Deposits—					
(a) All Govts. ..	302,60	293,07	82,83	14,89	+287,71
Of which G. of I.	279,51	271,84	..	14,69	+264,62
(b) Banks ..	79,24	186,50	94,85	26,91	+ 52,33
(c) Others ..	17,89	78,93	3,45	1,24	+ 16,65

*Including Cash and Short-term Securities.

SCHEDULED BANKS
(Rs. in lakhs)

	29-6-45	22-6-45	30-6-44	1-9-39	29-4-45 compared with 1-9-39
Demand Liabilities in India	629,44	624,17	565,12	134,36	+495,08
Time Liabilities in India	239,13	136,94	182,32	102,24	+136,89
Cash in India ..	36,87	31,97	30,73	6,70	+ 30,17
Balances with Reserve Bank ..	78,86	84,76	95,98	23,17	+ 55,69
Advances in India	279,74	282,58	211,47	101,32	+178,22
Bills discounted in India	13,62	13,42	8,53	3,57	+ 10,05

U.S. FEDERAL RESERVE BOARD
(Million dollars)

	28-6-45	21-6-45	29-6-44	31-8-39	28-6-45 compared with 31-8-39
Resources:—					
Total Reserves ..	18,107	18,108	19,312	14,601	+ 3,506
Total Bills Discounted ..	202	307	51	6	+ 196
Bills bought in open market ..	..	..	(555,000)		—(550,000)
Total U.S. Govt. Securities ..	21,693	21,507	15,080	2,426	+19,267
Liabilities:—					
F.R. Notes in actual circulation	22,943	22,873	18,832	4,609	+18,334
Reserve Account ..	14,760	15,354	13,081	10,951	+ 3,809
Total Reserve to Deposit and F.R. Liabilities ..	45.1%	45.0%	36.12%	86.9%	—41.8%

Figures in brackets are the actual ones.

TREASURY BILLS MATURITIES
(3 Months' Tenure)
(Rs. in lakhs)

Date of maturity*	Amount	Date of maturity*	Amount
May 20, 1945	2,00	July 31, „	4,00
„ 28 „	2,00	Aug. 7, „	4,00
June 4, „	4,00	„ 15, „	4,00
„ 11, „	4,00	„ 22, „	2,00
„ 18, „	4,00	„ 29, „	2,00
„ 25, „	4,00	Sept. 5, „	2,00
July 2, „	4,00	„ 12, „	2,00
„ 9, „	4,00	„ 19, „	2,00
July 16, 1945	4,00	„ 26, „	2,00
„ 23, „	4,00	Oct. 3, „	2,00

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	Apr. 1945	Mar. 1945	Apr. 1944	Mar. 1944
Amount (£ in '000) ..	105,310	21,808	936	3,220	8,726	1,300

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	July 6, 1945	June 29, 1945.
Bombay on London (s.)	1-6 31/32	1-6 31/32
Bombay on New York (Rs.)	332¾	332¾
London on Bombay (s.)	1-6	1-6
London on New York ($)	4.02½—4.03½	4.02½—4.03½
New York on London ($)	4.03	4.03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	26th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	3%	2%
U.S.A.—New York Fed. Res. ..	29th Oct. 1942	1%	½%
	27th Oct. 1942	1½%	1%

CASH POSITION
(Rs. in lakhs)

CASH POSITION

	29-6-45	22-6-45	30-6-44	1-9-39	29-4-45 compared with 1-9-39
Reserve Bank of India	9,95	12(93	12,31	35,15	— 25,20
Scheduled Banks ..	115,73	116,73	126,72	31,67	+ 83,86

8—General

LEAGUE OF NATIONS STATISTICS—BANKING

Country	Notes in Circulation† (In millions) Units	1939 (xii)	Latest figures	Commercial Bank Deposits* (In millions) 1939 (xii)	Latest figures
Union of South Africa	(S.A. £)	20.9	57.8 (1944-xi)	101.0	252.0 (1944-viii)
Egypt	(E. £)	26.4	111.9 (1944-x)	..	..
Canada	(C. £)	233	1036 (1944-xiii)	2,774	5,220 (1944-xi)
U.S.A.	($)	4912	21,200 (1944-xi)	23,842	46,105 (1944-xi)
Argentina	($Peso)	1,191	2,197 (1944-x)	3,913	6,924 (1944-x)
Chile	(Peso Pap.)	950	2,389 (1944-x)	2,049	4,012 (1944-xi)
Mexico	(Peso)	373	1,296 (1944-xi)	251	1,762 (1944-x)
China—Manchuria	(Yuan M.)	624	3,154 (1944-iv)	..	..
India (excluding Burma)	(Rupee)	2,245	9,731 (1944-xi)	(S.B.) 2,401	7,785 (1944-xi)
Japan	(Yen)	3,818	14,280 (1944-x)	19,794	47,871 (1944-iv)
Germany (Reich Bank)	(Reich M.)	11,798	46,870 (1944-xi)	8,501	10,613 (1943-xii)
Spain	(Peseta)	..	16,942 (1944-x)	..	20,226 (1944-vi)
France	(Franc)	151,322	605,000 (1944-xi)	..	..
Ireland	(£)	18.0	35.4 (1944-x)	15,340	44,268 (1944-ii)
Italy	(Lire)	24,432	277,000 (1944-xii)	2,441	4,397 (1944-xi)
Raumania	(Leu)	48,800	211,846 (1944-vi)	..	..
U.P.	(£)	554.6	1238.6 (1944-xii)	261.9	432.7 (1944-i)
Turkey	(T. £)	261	948 (1944-ix)	335.0	556.4 (1944-xi)
Ausralia	(A. £)	57.3	197 (1944-x)	72.6	116.7 (1944-xi)
New Zealand	(N.Z. £)	19.3	38.2 (1944-xi)		

†Central Bank Notes only. *Including Sight, Savings, Time and others.
‡Monthyl Bulletin of Statistics: League of Nations, October, 1944.

RURAL RETAIL PRICE INDEX

April, 1945.
Base: January, 1943—100)

Name of Centre.	Cereals.	Pulses.	Other articles of food.	All articles of food.	Fuel & lighting.	Clothing.	Misc.
Eastern Zone:							
1. Bamra	...	...	...	...	...	...	...
2. Malbang	149	136	175	167	97	140	274
3. Rajapur	129	137	218	197	128	184	369
4. Shankargarh	155	140	122	137	78	...	183
5. Sonaili	152	134	175	165	71	...	251
Northern Zone:							
6. Multapi	118	120	132	127	111	122	252
7. Nana	113	98	107	107	108	110	232
8. Salamatpur	156	85	120	118	80	...	150
9. Shiyabad	123	131	120	123	113	...	241
10. Gujarkhan	...	...	...	...	...	...	...
Southern Zone:							
11. Krishna	154	78	117	117	85	74	142
12. Lakh	112	85	110	105	121	...	163
13. Maher	161	122	154	147	86	120	255
14. Munigudą	171	88	120	126	85	82	161
15. Kudchi	56	101	128	121	106	...	341

ECONOMIC ADVICERS INDEX NUMBERS

Paper Industry

Year	No. of Companies	Profits (Rs. '000)	Profits same Cos. preceding year (Rs. '000)	Chain Index Base: 1928-100
1928	3	1609	—	100.0
1929	3	15,00	16,09	93.2
1930	3	14,69	15,00	91.3
1931	3	13,93	14,69	86 6
1932	3	14,87	13,93	92.4
1933	3	17,83	14,87	110.8
1934	3	17,40	17,83	108.1
1935	4	27,31	21,65	136.4
1936	4	31,51	27,31	157.4
1937	4	36,60	31,51	182.8
1938	4	34,45	36,60	172.1
1939	4	30,39	34.45	151.8
1940	8	71,72	30,35	358.7
1941	8	86,41	71.72	432.2
1942	8	97,64	86.41	488.4

THE PUNJAB NATIONAL BANK LTD.,

ESTABLISHED 1895

MONUMENT OF STRENGTH, STABILITY AND SOLIDARITY OFFERS MAXIMUM SECURITY AND EFFICIENT SERVICE.

HEAD OFFICE:
47, The Mall, Lahore.

AGENCIES:
London and New York.

Working capital now exceeds Rs. 50 Crores.

184 Offices all over India

YODH RAJ,
CHAIRMAN AND GENERAL MANAGER

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Grade & quality	Market	Unit	This week Rs. a. p.	Last week Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	...	8 10 0
	Superior	,,	,,	...	8 14 0
	Ready	Lyallpur	,,	...	...
	Red	Hapur	,,	...	...
	Dara	Cawnpore	,,	...	...
	..	Calcutta	,,	...	...
2. *Rice	Punjab Basmati New	Amritsar	,,	...	23 0 0
	Punjab Basmati Old	,,	,,	...	24 0 0
	Punjab Basmati Sela	,,	,,	...	22 8 0
	Parmal	,,	,,	...	19 4 0
	Sone	,,	,,	...	16 0 0
	Begami	,,	,,	...	14 8 0
	Jhone	,,	,,	...	...
	Common Riceî	Cawnpore	,,	...	...
	Medium Grade	Calcutta	,,	...	...
3. *Linseed	Ready Bold	Bombay	,,	...	...
	,, Small	,,	,,	...	13 2 10
	,, Bold	Cawnpore	,,	...	12 15 10
	,, Small	,,	,,	...	8 0 0
	,, ,,	Calcutta	,,	...	8 0 0
4. *Mustard	Yellow	Cawnpore	,,	...	13 0 0
	Black	,,	,,	...	12 0 0
5. *Groundnuts	Karnel (Coromandal)	Madras	,,	...	10 0 0
	Karnels	Bombay	,,	...	9 4 10
6. *Potatoes	Deel	Cawnpore	,,	...	10 7 6
	Pahari (Haldwani)	,,	,,	...	12 0 0
†Cotton (Raw)	*I.C.C.* (July 1945)	Bombay	per candy of 784 lbs.	...	13 4 0
7. †Cotton (yarn)	No. 10½s.	,,	per lb.	422 0 0	419 0 0
	No. 20s.	,,	,,		
9. †Cotton (piece-goods)	Long cloth (std. quality)	,,	,,	0 12 10	...
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 lbs.)	1 1 0	0 12 10
	Lighenings (Mills)	,,	(400 lbs.)	...	1 1 0
11. †Jute (bags)	B. Twills (2¼ lbs.	,,	per 100 bags	79 0 0	79 0 0
12. †Jute (cloth)	Hessian cloth 8oz.	,,	per 100 yds.	74 0 0	74 0 0
	Hessian cloth 10½ oz.	,,	,,	65 4 0	64 8 0
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (62 82 lbs.)	22 2 0	22 2 0
				29 0 0	29 0 0
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	82 0 0	82 0 0
	Goat skins (good quality)	,,			
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	170 0 0 to 190 0 0	170 0 0 190 0 0
	Goat skins	,,		1 9 0 to 1 13 0	... ...
16. †Shellaρ	T.N.	Calcutta	er md.	2 12 0 to 2 12 0	2 12 9
17. †Kerosene Oil	Superior	,,	per tin of 4 gallons	3 2 0	3 3 9
				71 0 0	71 0 0
18. †Coal	Selected Jharia A	,,	per ton f.o.r.	5 1 3	5 1 9
19. †Cement	Indian	,,	full wagon load of 16½ to 23 tons	13 5 0	13 5 0
				68 12 0	68 12 0
20. †Coffee	Plantation A	Mangalore	Per cwt.	136 0 0 to 137 0 0	136 0 0 137 0 0
21. †Tea	Indian market	Calcutta	per lb.	0 13 1	13 7 0
22. †Sugar	First Crystals	Cawnpore	Per md. (ex-factory)	16 1 6 to 16 12 6	16 1 6 16 12 6
23. $Oils—Linseed	Ready	Bombay	per quarter	12 8 0	12 8 0
Castor	,,	,,	,,	10 12 0	11 0 0
Copra	,,	,,	,,	10 6 0	10 6 0
Groundnut	,,	,,	,,	9 13 0	9 8 0

*Marketing Adviser's Report (weekly), June 30, 1945.
†The Times of India, July 9, 1945.

COTTON STATISTICS

A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)	June 28, 1945	June 21, 1945
Futures:		
July 1945	421½	417¼
Sept. ,,	432¼	428½
Spot:		
Jarilla F.G.	408	405

NEW YORK (Cents per lb.) Futures:	July 5 1945	June 28 1945
July, 1945	22.61	22.73
Oct., 1945	22.75	22.77
Dec., 1945	22.79	22.75
Jan., 1946	22.76	22.72
March, 1946	22.79	22.68
Spot	23.30	23.22

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

	Week ending June 23, 1945.	June 16, 1945.	This season 1944-45	Last season 1943-1944
Receipts at Bombay	110,144	42,368	1,863,081	1,618,143
Receipts at Karachi	14,678	12,623	1,031,973	904,074
Total bales ..	124,822	54,991	2,895,054	2,522,221
Exports from Bombay	3,871	155	136,235	137,474
Exports from Karachi	...	10,000	641,000	785,000
Total bales ..	3,871	10,155	977,235	922,474

Indian Trade Journal, July 5, 1945.

SUGAR POSITION—SEASON 1945-45.

(Figures in tons)

Producting Areas.	Production up to 30-6-45.	Dispatches during the period 23-6-45 to 30-6-45.	Progressive total of dispatches up to 30-6-45.	Percentage of progressive dispatches to production.	Balance stock as at close of 30-6-45.
U.P. ...	5,31,966	15,744	2,95,129	55.5	2,36,837
Biher ...	1,70,464	5,538	77,295	45.3	93,169
Bombay ...	74,933	1,435	46,228	61.7	28,705
Madras ...	49,128	701	30,916	62.9	18,212
Punjab ...	8,248	452	5,615	68.1	2,633
Bengal ...	11,986	535	9,080	75.8	2,906
N.-W.F.P. ...	4,127	110	2,767	67.0	1,360
Orissa ...	2,556	81	1,424	55.7	1,132
Indian States ...	1,14,715	3,296	77,636	67.7	37,080
Total ...	9,88,143	27,894	5,46,089	56.4	4,22,054

Note:—Balance stock of 1942-43 and 1943-44 season's sugar as at close of 30-6-45 was 2,603 tons.
(2) Produdition returns have not been received from 2 factories.

D—Prices

INDIAN STOCKS AND SHARES

	10-7-45 Rs. a. p.	3-7-45 Rs. a. p.
GOVT SECURITIES:		
3¾ (1948-52) (98)	..	
3% (1945) (100) ..	..	
3% (1952-54) (98½)	..	
3% (1960-68) ..	102 5 0	...
3½% G. P. Notes	..	
4% (1960-70) ..	..	
4½% (1955-60)	117 0 0	...
5% (1945-50)	101 8 0	...
Calcutta		
3% Loan (1945-52)	..	..
3% Loan (1953-55)	..	
3½% G.P. Notes	..	
3% Vic. (1957)	..	
4½% (1955-60)	..	..
5% Loan (1965-60)	..	..
TEXTILES: Bombay		
Ahmedabad ...	400 0 0	400 0 0
Bom. Dyeing (250)	1,915 0 0	1,883 0 0
Central (10)	378 0 0	370 0 0
Century (100)	902 8 0	900 0 0
Colaba (10)	220 0 0	215 0 0
Ind. Bleaching (10)	163 0 0	162 0 0
Kohinoor (100)	608 0 0	528 0 0
Phoenix	620 0 0	620 0 0
Sholapur (1,000)	6,975 0 0	6,975 0 0
Simplex (50)	281 0 0	283 0 0
Swadeshi (100)	623 0 0	523 0 0
Vishnu (50)	485 0 0	483 0 0
Finlay (100)	...	...
Swan (100)	...	...
Morarji (100)	...	...
New Great (100)	...	...
Appollo	...	
Sassoon Ordy.	...	...
Sassoon Defd.	...	...
Podder	...	...
Calcutta		
Calcutta (10)	...	...
Ben. Nav. (10)	...	...
Cawn. Tex. (2-1/2)	13 4 0	...
Dunbar (100)	338 0 0	...
Kesoram (2-1/2)	19 2 0	...
Elgin Mills (10)	68 8 0	...
Muir Mills (50)	...	...
New Victoria (2-1/2)	8 0 0	...
Basant	...	...
Madras		
B. & C. Ordy. (100)	...	...
Bang. Wool (100)	...	...
Pankaja (100)	...	...
Cambodia (100)	...	...
Coim. Spng. (50)	160 12 0	...
Sitaram Spng. (50)	...	...
Vasantha (100)	...	...
Madura (15)	...	...
Lakshmi Old (50)	189 8 0	190 0 0
Sharda (100)	...	...
Lahore		
Ajudhia	7 12 0	...
Cawn. Tex. (2-1/2)	12 10 0	...
New Vic. Ord. (2-1/2)	...	
New Vic. Pref.	...	...
Raza Tex. (10)	72 8 0	...
JUTE: Calcutta		
Alliance (100)	735 0 0	...
Anglo-India (100)	520 0 0	...
Barnagore	260 0 0	...
Birla (10)	...	...
India (375)	736 0 0	...
Champdany (100)	290 0 0	...
Ganges (300)	...	
Bally (100)	406 0 0	...
Budge Budge (100)	577 0 0	...
Cheviot (100)	370 0 0	...
Howrah (10)	94 6 0	...
Kamarhatty (100)	781 0 0	...
Kanknarrah (100)	658 0 0	...
National (10)	37 4 0	...
Orient (100)	294 0 0	...
Presidency (5)	13 10 0	...
Nuddea (50)	139 0 0	...
TATA SHARES: Bombay		
Chemical (10)	...	...
Oil (25)	...	...
Power (1,000)	1,860 0 0	1,830 0 0
Hydro (100)	204 8 0	204 0 0
Steel (Ord.) (75)	410 8 0	402 8 0
Steel Pref. I (150)	223 12 0	223 12 0
Steel Pref. II (100)	166 8 0	165 8 0
STEEL ENG.: Calcutta		
Br. In. Elec. Con.	...	...
Braithwaite (10)	13 2 0	...
National Iron (10)	12 13 0	...
Steel Cor. Ord. (10)	34 4 0	...
Steel Corp. Pref. (10)	...	...
Jessops Ord. (10)	26 11 0	...
Kumardhubi (10)	12 10 0	...
Bhartia Elec.	...	...
Ind. Iron	41 9 0	...
COAL: Calcutta		
Amalgamated (10)	61 4 0	...
S. Karanpura	34 6 0	...
Bengal (100)	713 0 0	...
Bhalgora (10)	22 4 0	...
Burrakur (10)	44 5 0	...
East India (£)	44 9 0	...
N. Damuda (1/2)	...	
Equitable	73 6 0	...
Standard (10)	...	...
Ghusak and Mullia	16 6 0	...
Kuardi	...	
New Beerbhoom	47 4 0	...
Raneegunge	67 8 0	...
Dhemo Main	...	...
SUGAR: Calcutta		
Buland	...	...
Balrampur (10)	18 0 0	...
Samastipur (10)	21 12 0	...
Belsund (7-1/2)	15 8 0	...
Carew (10)	31 12 0	...
Murree Brewery (5)	...	...
New Savan (10)	...	...
Ram. Cane Ord.	18 7 0	...
Lahore		
Pun. Sug. (100)	284 0 0	
Gokulnagar Ordy.	...	
Murree Brewery (5)	...	...
Jagjit	...	...
Jaswant	...	...
Madras		
Mysore (10)	...	...
Deccan (10)	...	...
Deccan (25)	...	...
Travan. Sugar (7)	...	...
South India (10)	...	...
PLANTINGS: Madras		
Cochin Malabar (3)	18 4 0	...
Chembra Peaks (2)	...	9 14 6
Woodlands (10)	...	...
Thirumbadi (1)	...	...
Travan. Rubber	10 2 0	21 8 0
TEA: Calcutta		
Bishnauth (10)	44 10 0	...
Cen. Cachar (100)	...	...
Tezpore (10)	21 12 0	...
Eastern Cachar	12 5 0	...
East India	17 12 0	...
BANKS & INS.: Bombay		
Central (25)	84 12 0	81 12 0
Imperial F.P. (500)	2,080 0 0	2,005 0 0
Imperial P.P. (125)	533 12 0	510 0 0
Reserve (100)	141 0 0	140 0 0
India (50)	193 8 0	190 0 0
New Ind. In. (15)	...	31 12 0
Lahore		
United Com. (50)	73 0 0	...
Hind. Com. (50)	...	...
Pun. Na. P.P. (50)	...	...
Pun. Na. F.P. (100)	230 0 0	...
Bharat Bank Pref.	101 8 0	...
New Bank A	...	...
New Bank B	...	...
New Bank of La. B	...	...
Oriental	...	...
MISC.: Bombay		
Ajmer (10)	14 14 0	14 14 0
Assct. Cement	209 0 0	208 8 0
Bom. Sub. (100)	206 4 0	207 4 0
B.I.C.	...	...
Alcock	401 4 0	396 4 0
Belapur. Sugar (150)	221 0 0	220 0 0
Bom. Burma (125)	515 0 0	507 8 0
Bom. Bur. N. (50)	185 0 0	188 12 0
Bom. Steam (250)	634 4 0	580 0 0
Bom. Tram	140 8 0	142 8 0
Bombay Petrol	5 14 6	...
Scindia Steam	38 6 0	38 0 0
Shivarajpur (50)	80 0 0	49 8 0
And. Val. (1,000)	1,860 0 0	1,772 8 0
Indian Iron (10)	41 11 0	41 2 0
Indian Copper (2s.)	3 4 0	3 2 0
Prem. Const. (30)	215 0 0	220 8 0
Burma Corpn.	5 9 0	5 9 0
Calcutta		
Bengal Paper (25)	235 0 0	...
I.P.P. (100)	241 0 0	...
Shree Gopal (10)	...	...
Star (10)	...	
Orient (10)	...	...
Titaghur	31 14 0	...
Ind. Cop. (2s.)	3 5 0	...
Cons. Tin	...	
Burma Corp. (2-1/2)	5 9 0	...
As.-Ben. Cem. Ord.	19 10 0	...
Aluminium Corp.	17 7 0	...
Rohtas Industries	16 2 0	...
Br. Bur. Petroleum	6 2 0	...
Midna. Zamindari	...	
Gen. Navigation	...	...
Dalmia	...	...
Lahore		
Indian Iron	...	
Dharangdhara	480 0 0	...
Rampur Distillery	18 12 0	...
National Saltpetre	2 2 0	...
North India Oil	...	...
Shree Gopal (10)	...	...
Star (10)	...	...
Kaycee Glass	...	...
Kaycee Industries	53 0 0	...
Jagjit Distillery	8 3 0	...
Hind Motors	4 5 6	...
Delhi		
Rampur Maize	44 4 0	43 6 0
Rampur Dist.	18 4 0	15 0 0
Un. Com. (50)	72 0 0	72 0 0
Dharangdhara x.d.	480 0 0	467 0 0
Bharat Bank Ord.	102 0 0	101 8 0
Gwalior Brewery	20 0 0	17 0 0
Raza Tex. (10)	72 8 0	71 4 0
Cawn. Tex. (2-1/2)	12 8 0	12 6 0
Hind. Com. Ba. (50)	54 0 0	54 0 0
Delhi Flour	16 8 0	16 0 0
Amrit Ordy.	...	12 8 0
Amrit Pref. I	...	12 14 0
Amrit Pref. II	...	12 8 0
Delhi Cloth Mill	124 8 0	124 0 0
Buland Sugar	44 0 0	43 0 0
Raza Sugar	43 8 0	42 4 0
Central Dist.	20 0 0	18 0 0
Hyderabad		
Hy. Bank (O.S. 50)		...
Azamjahi (O.S. 100)		...
Hy. Spg. and Wg. (B.G. 7000)		...
Osmansahi (B.G. 100)		...
Nizam Sugar Ord. (O.S. 25)		...
Che. & Fer. (O.S. Pref. (O.S. 25) (50)		...
Hy. Con. O.S. (100		...
Hy. Iron & Steel (O.S. 10)		...
Singareni (B.G. 10		...

COMPANY DIVIDENDS: JUTE

Names of Companies	Amount per Share	Date of Meeting or Payable on
Banarhat Tea Co., Ltd. (Ord.)	Rs. 45*	
Choonabhutti Tea Co., Ltd. (Ord.) ..	Rs. 40*	
Clevedon Tea Co., Ltd.	Rs. 30	25-6-1945
Dantmara Tea Co., Ltd.	As. 8	23-7-1945
Duffleghar Tea Co., Ltd.	Rs 1-8*	28-6-1945
Engo Tea Co., Ltd.	Rs. 7-8	..
Grob Tea Co., Ltd. ('A' Share)	Re. 1	6-7-1945
Grob Tea Co., Ltd. ('B' Share)	As. 8	6-7-1945
Kingsley Golaghat Assam Tea Co., Ltd. (Ord.)	Rs. 12-8	12-6-1945
Kunchunpore Tea Co., Ltd.	As. 12	27-6-1945
Ledo Tea Co., Ltd.	Rs. 12-8	26-6-1945
Margarets Hope Tea Co., Ltd.	As. 8	28-6-1945
Murphulani (Assam) Tea Co., Ltd. (Pref. and Ord.)	Re. 1-8	..
Murphulani (Assam) Tea Co., Ltd. (Ord.)	Re. 1	..
New Dooars Tea Co., Ltd. (Ord.)	Rs. 70*	..
North-Western Cachar Tea Co., Ltd. ..	Rs. 20	25-6-1945
Okayti Tea Co., Ltd. (Ord.)	Rs. 40	28-6-1945
Okayti Tea Co., Ltd. (Pref.)	Rs. 7	28-6-1945
Ranicherra Tea Co., Ltd.	Re. 1	28-6-1945
Rungamattee Tea Co., Ltd.	Re. 0*	28-6-1945
Tellapara Tea Co., Ltd.	Re. 30*	28-6-1945
Tyroon Tea Co., Ltd..		

* Final Dividend.

COMMODITY MARKETS

MADRAS, July 7, 1945.

Hides And Skins

There has been no important change in the hides market and sales to the British Ministry of Supply have continued to be much the same as in the past six weeks. There has, however, been one noticeable feature and that has been that a few suppliers have come forward to enter into contracts with the Ministry for the supply of kips though the quantities offered by them have been far below expectations. Transport continues to be main difficulty and the representatives of the Ministry are taking steps to ease the situation. Despite the warnings issued by the Ministry, hides now delivered to them are adulterated in most cases. The Ministry, however, in accordance with the terms of the agreement of May last takes up even these stocks, of course at a reduced price. It is urged on all sides that tanners should put an end to this practice. A meeting of the East India kip tanners, Chinese chrome tanners and Chrome tanners was convened by the Government of India this week to evolve a suitable scheme for the purchase of the available raw hides which would avoid the competition in price and quantity amongst the various interests. But the conference has terminated without reaching any decisions. There was good demand for skins from the United Kingdom and the United States of America. Supplies of goats were fair and business was done in these skins. Sheep skins were in short supply and the quotations were also ruling high. Hence business was difficult. There were rumours of an increased price for skins but the Ministry's representatives have received cabled information that no increase in price was contemplated. It is understood that the question of cancelling the import duty on imports of wattle bark is under the consideration of the Government of India.

Grroundnuts

Possibly after obtaining a supplementary quota from the Government of India, the British Ministry of Food have entered this market and have bought a fair volume of stock this week at £30-10-0. Exporters offered further quantities at £31 but these have been rejected. This would show that the Ministry is unwilling to raise its buying price. Consequent on the activities of the Ministry, the local market was very lively. Exporters raised their buying limits from Rs. 60-8 to Rs. 64-8 but even at this level, there were few sellers. The oil market was very firm. Millers were buying back their earlier sales. The quotation for ready improved from Rs. 135 to Rs. 156.

HAPUR, July 11, 1945.

The local wheat and gram markets were quiet and unchanged during the week under review whereas peas and arhar markets ruled firm on good spot demand and decreased arrivals. The wheat arrivals were also small on account of rains received during the early part of the week.

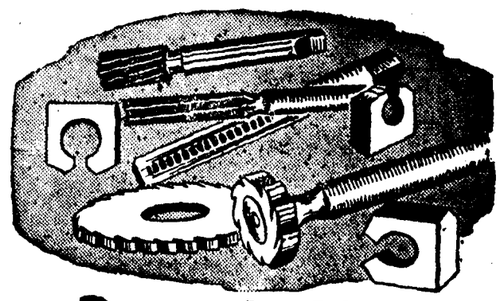
As the things stand at present, the wheat position seems to be quite satisfactory. It is expected that the wheat will be easily available to the general public throughout the year. To run the Rationing Scheme successfully and smoothly, the Government of India have arranged to import 100,000 tons of wheat a month from abroad for the next six months.

The wheat prices have been reduced in the three rationed towns of the Punjab by 12 annas a maund in Lahore, by 11 annas in Amritsar and by 5-1/2 annas in Rawalpindi since July 3, 1945. During the week ending 5th July, 7,632 tons of foodgrains were exported from the Punjab to the deficit areas.

Market maintained firm tendency on expectation of early exports from here and traders' support. Arrivals were poor during the week.

During the week reviewed the weather remained both rainy and dry; the early part being rainy while the latter part dry. Sowings of Sawni crops and preparations of the fields continue, but more rains are required.

The local Guwar market during the early part of the week ruled easy on favourable rainy weather and speculators' unloading but later on showed well confident attitude causing a rise in the prices in sympathy with higher spot values, encouraging trade demand and clear weather. Guwar Magh opened at Rs. 6|10|10-1|2 and closed at Rs. 6|14|9, touching the highest and the lowest at Rs. 6|14|10-1|2 and Rs. 6|10|6 respectively.



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The Simla Debacle

THE tragic failure of the Simla Conference, though highly regrettable, need not depress us, when viewed in the larger context of history. Viewed historically, a sinking imperialism is clutching at Mr Jinnah as the straw on which it can continue to float itself in a world in which its continued existence has become a tragic anomaly. To all appearances, Mr Jinnah has become the *de facto* sovereign power in the country, for did he not have the last say in the matter? But the King in Parliament yet remains the sovereign *de jure;* and by all the laws of political science, a duplication of sovereignties must rapidly lead to a crisis—revolution or civil war or both. But in such a crisis, not only the British Empire but the Indian masses, too, will be swept away in one bloody current, ending in a total moral and social collapse. That the economic situation in India is pregnant with at least half a dozen revolutions is known to all acute social observers. It is in this context that the Simla debacle is truly regrettable, for it does not only mean a failure of negotiations but the failure of the very method of settlement by negotiation. The Congress was ready for co-operation; indeed the irreconcilables of a generation ago showed, if at all, a tendency to lose balance in their too ready acceptance of a rather too fluid plan. They were invited to do so by all the subterfuges of a consummate diplomacy; and then spurned, not because they refused to co-operate on the terms offered, but because Mr. Jinnah insisted on a condition that would have rendered the harmonious working of the constitution almost impossible and would certainly have disabled the Congress in its execution of a mass economic policy; and the British Government permitted Mr. Jinnah in overruling the sovereign power itself in the fulfilment of its professed objective of Indian independence. Cynics cannot fail to remember what the English jurist, Austin, said, "What the sovereign power permits, it commands."

These dirty politics of a dying imperialism would not interest us except for two very important reasons. Politically, if British diplomacy continues to work on the Simla Conference lines, it is bound to lead to the recrudescence of revolutionary tendencies; and this would be disastrous to all parties. The League would instantaneously disappear and the British Empire, too, would go, of course, not without a painful struggle; but the masses would certainly be crushed and a tyranny emerge at the end.

But it is the economic consequences that are immediately of greater importance. Radical production and employment policies are irretrievably bound up with constitutional arrangements. The Congress jumped at the Wavell offer for the very simple reason that, for once, it immediately provided an opportunity to save the masses from imminent economic collapse and opened out a way, by long-range planning, of

raising them to higher standards of living and thought. The Wavell offer fell far short of the Congress objective of independence. It meant the recognition not merely in theory, but in actual practice, of the sovereignty of the British Parliament. The Congress were prepared to accept not only this, but also the leadership of the Viceroy in the government of the country. What a fall indeed for a party, which not quite three years ago, sponsored the 'Quit India' movement! The explanation of this lay in the fact that the masses have for the last three years lived through a reign of terror, political and economic. It is *bread* that is of the essence, now, not radical political philosophy. Economic reasons have compelled the Congress to lower, temporarily, its political standards. But the lowering of its political objectives has not succeeded in bringing to it that modicum of power, necessary to keep the people above the waves. Logically, economic circumstances may once again compel the Congress towards radicalism; and once the deflation starts, people may flock to its standards in such overwhelming strength as to make the working of the Government impossible except by fascist methods.

Does the British Government want all this? Surely a democratic and liberty-loving community with a liberal philosophy as the foundation of its political and economic system cannot long stand the contradictions involved in ruling another community against its will and that by fascist methods. That they do continue to do so is due to the fact that all classes in Great Britain believe that their parting with power in India means a rapid decline in the status of Britain as a first class economic and political power.

But there is another line of very fruitful analysis. The British Government drove the 13 American colonies into revolt to protect the trade interests of the East India Company and to preserve, what it thought to be then, a large and safe market for its manufacturers and shippers. With these ends in view, they strangled all economic activity in the colonies and thwarted their political ambitions. But strange to say, Britain had a larger and more profitable trade with "the colonies" after the American War of Independence than before it; and *today the economic strength of the United States has saved the British Empire*. It is, therefore, folly to regard the loss of political power in India as in any sense an economic loss for the people of Great Britain. Britain can still survive as a first class economic power provided she accomplished another Industrial Revolution in the sense that she rapidly converts herself for purposes of export into a producer of capital goods instead of consumer goods; and this she easily can and will. An independent and prosperous India will certainly have, like the independent United States, a larger and more profitable trade with Great Britain. On the other hand, a dependent and poor India will be the most powerful deflationary influence on British Industry, for depression and unemployment travel faster than any known contagion, especially between two such intimately connected markets within the same monetary area.

Why the British people do not listen to the voice of reason is something utterly unanalysable in terms of pure political economy. It is a question in pure moral philosophy, of which the governing classes in Great Britain are supremely innocent. They love power and prestige and excessively profitable employment, which on any analysis is hardly distinguishable from theft. It is this character of the British governing classes—not Mr Jinnah—which is the cause of the Simla debacle. So long as they want Mr Jinnan and his League, they will be there.

This, however, does not help us far, for the deadlock has somehow to be solved. "While the deadlock lasts," so said Mr. Amery in the House of Commons on that fateful June 14, "not only political but social and economic progress is being hampered." One of the three main tasks of the reconstituted Executive Council was, according to the Wavell Plan, "to carry on the Government of British India with all the manifold tasks of post-war development in front of it. . . ." And Mr. Amery went so far as to distinctly imply the incompetence of the present Executive Council for the great job of planning and development. "Neither in the legislature nor in the Press are they sustained as a body by that measure of co-operation, goodwill and understanding which is so desirable for the carrying out of the great and urgent tasks of reconstruction." A new government is needed for the purpose: "All that is so urgently required to be done for agricultural and industrial development and for the peasants and workers of India cannot be carried through unless the wholehearted co-operation of every community and section of the Indian people is forthcoming." But if the impossible and undemocratic demand for the wholehearted co-operation of every community and every section cannot be wholly satisfied, as it can never be even in Great Britain, is it not worthwhile to obtain the largest possible support that is obtainable under the circumstances? Is the alternative the continued maintenance of a totally unrepresentative Government? The greatest misfortune of the Simla Debacle is the blow it has given to all the glorious possibilities of centralised planning and direction. The department may continue to exist for sometime, but it will be without life and purpose. Apart from development, the Government as at present constituted will be unable to prevent the onset of the depression, which will sweep away all the plans of government for development and reconstruction.

The immediate international consequences are more serious. Politically, American opinion is now more favourable to the Indian National Congress for its readiness to fight the Japs and to run the Government of the country; and is very critical of Mr. Jinnah and his League. It is thus by inference adverse to the British Government's political policy in India. But it is folly to rely on favourable American political opinion, for it means practically nothing in economic terms. At present, we are in desperate need of dollar credits; and in this connection, American financiers attach extraordinary importance to what they call "political stability." They would prefer to trade liberally and advance generous credits to a small but independent country with a reasonable amount of stability in its political conditions in preference to a large but dependent country with an uncertain political future. The failure of the Simla Conference does, therefore, mean a definite setback to the development of Indo-American economic relations. It means immediately a stiffening of the terms on which we can now obtain capital goods and technical assistance from the United States; and this in its turn will worsen our already small bargaining power with British industrialists.

And here in the country, corruption and black markets will flourish. But this does not matter. People have borne privations of all sorts, famines of bread and cloth and what not. In large parts of the country, men lead a sheer animal existence; and even this has been denied, within recent memory, to large masses of men. But this does not matter, for the main function of the Government is to govern.

Capital Issue Control

NO apology is needed for bringing to the notice of the Government, once again, the utmost importance at this juncture of an immediate relaxation of the capital issue control in the interests of realistic post-war planning. Even when it was first brought into force about the middle of May 1943 as part of the anti-inflationary drive, it was based on the misconception, which was also a counsel of despair, that the limits of increased production in India had been reached. The Government gave no heed to the fact that the impounding of inflationary money by closing the flow into industrial investment and its canalization into war loans could not appreciably help the task of stabilizing prices, but would only hinder it by preventing an increase of production which would relieve scarcity. In the two years of its working, the control of capital issues has confirmed the fears of its critics, frustrated the futile hopes of its champions and succeeded to a considerable degree in curbing productive enterprise.

In the first phase of the control policy which lasted from May 1943 to May 1944 (when the so-called relaxation was made), the object of the Government was frankly and avowedly to force funds into Government loans; "to prevent the growth of mushroom companies which stand little chance of survival in the post-war period and other undesirable practices such as the reconstitution or recapitalization of concerns on the basis of their present abnormal profits to the detriment of an indiscriminating public." For the sake of logical completeness it was no doubt added that there was no intention of retarding sound investment and production for civilian requirements. But in practice, at the hands of a Government which threw away golden industrial opportunities right from 1939, rigorous restriction was the rule, since no immediate production could be visualized by them.

By the end of one year it had been made clear, more than once in these columns, that the criterion of immediate production possibility which governed the policy was having extremely harmful consequences, because efforts for post-war planning and industrialization, which were becoming more and more urgently necessary, could not be taken in face of a restrictive capital control which prevented the first step being taken—*viz.*, the formation of companies. Government accordingly recognized, but very grudgingly and with such conditions as vitiated the recognition, that it would be a help to post-war planning if corporations were already in existence with an adequate amount of capital at their disposal ready for use at short notice.

In the revised conditions announced in May 1944, it was proposed to enable the industrialists to carry important schemes to the state of final planning as far as was practicable under the prevailing conditions. It was not insisted upon that the schemes should have reached a stage of definiteness as to negotiations for machinery, its delivery, etc.

But this relaxation was hedged in with so many other conditions—and these conditions apply even today—that the effect was worse than not permitting a company to be formed at all. The first is that the great bulk of the capital raised must be invested in Defence loans until such time as it can be made use of. There is no objection to investing in Defence loans, but in practice this condition has tended to encourage such projects as bring in funds to Defence loans and discourage others. In the second place, the tying up of the company's capital in Government loans has hindered it from taking all the essential preliminary steps of preparation such as buying the land, getting ready the building, etc., short of importing the plant. Allowances for preliminary expenses have been known to be based upon narrow interpretation.

But the most important inhibiting condition is that a company which raises the capital and loans it to Government is not at all certain that the money will be released in time, while the insistence by Government on the condition that the grant of permission to a company does not create a "vested interest" entitling it to help or priority in the matter of shipping, hard currency, etc., mars any expectation that the company can start production at some time, not unreasonably remote. How can industrial investment for post-war be stimulated under such discouraging circumstances?

Indeed, figures, now available, of the paid-up capital of joint stock companies in India for the last few years conclusively establish that the so-called growth of industrialization and investment in India in war-time is a myth:

	No. of companies	Paid-up capital (Rs. 000)
1938-1939	11,114	290,39.19
1939-1940	11,372	303,67,50
1940-1941	11,617	302,77,07
1941-1942	12,176	315,45,62
1942-1943	12,993	313,01,09
1943-1944	13,921	309,01,04

There was a flow of nearly Rs. 25 crores into all joint stock enterprise in 1939-1942, (what a phenomenal figure!) but in 1943 and 1944 the liquidations exceeded fresh subscriptions, with the result that there was actually a decline in the capital by over Rs. 6 crores. It is needless to add that the restrictive policy of Government has played its part in bringing this about.

Clearly, the conditions of today call for a far-reaching liberalization of capital issue control and the abandonment of its anti-inflationary rigour. With the end of the European war, the restrictions on new capital issues have been very considerably removed in Britain. One would have expected that the Government of India which in such cases follow the English example, would take a similar step here, but they do not appear to think this necessary. In India there never was a need for the blanket control such as was imposed in Britain. There, real resources had to be diverted to war production by restricting issues for non-war production. In India there was no such conflict, but only the necessity of an all round productive mobilization and this could only be hurt by the stringent control.

If relaxation were necessary and possible in Britain now, it should be even more so here. Both for development and reconversion Britain is depending on an enormous volume of imported raw materials. Securing that volume is going to be an uphill task and steps towards that, like foreign credits are yet to be taken. Even then, her export recovery is still so uncertain. On the domestic side, she is suffering from an acute shortage of labour. Despite all these uncertainties the capital issue has been very much liberalized.



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The Week's Notes

U. K. HIGH COMMISSIONER

There is one element in the Wavell Plan, which, despite the failure of the Simla Conference, can still be implemented. Why should not the British High Commissioner be appointed? No doubt, if the present Executive Council were to function, all power would be vested with the Governor-General and there would be no question of negotiating on an equal footing with the British High Commissioner which the Executive Council composed of representatives of the parties can do even with the Viceregal veto unremoved. Nevertheless, as Lord Wavell emphasizes in his concluding speech, problems of post-war planning and development have to be tackled immediately and it is precisely in this field that conflicts are likely to arise between Britain and India. It would be helpful to the Governor-General in enabling him to identify himself with India's interests in a greater measure than is the case now, if he is relieved of precisely the opposite task which he is obliged to perform now—protecting British interests in India by means of safeguards. The British High Commissioner can take over that responsibility and the special 'safeguards' in the 1935 Act can in effect be *nullified*.

SCANDALOUS

It is really scandalous that neither the Government of India nor the Government of Burma have put in their claim for aid from the U.N.R.R.A. Bengal Famine Relief comes within the ambit of U.N.R.R.A. activities so also the rehabilitation of Burma. There is no question of beginning, for it is an international organization to which we are a party and to the maintenance of which we contribute. We give what we can and we can in all conscience take what we need. The Government of India has signally failed in its duty in not putting in its claim for aid in respect of the Bengal Famine and its aftermath. The failure of the Government of Burma in this respect is much more serious in view of the enormity of the Burmese rehabilitation problem. The refugee Government of Burma showed an indecent haste in returning to that country immediately following its occupation by the Allied armies. Great haste was also shown in coming to important decisions about currency and the rehabilitation of British vested interests; but the relief problem has been forgotten. The Government of Burma must be seriously cashiered for its failure to demand aid from the U.N.R.R.A., when liberated countries in Europe are getting it in full measure.

It is, on the other hand, gratifying to note that the U.N.R.R.A. mission intends to buy only those commodities which are surplus to us e.g. jute and peanut oil. Demand for these commodities is falling off and the U.N.R.R.A. request should, therefore, be doubly welcome, partly because it helps countries in difficulty and partly because it helps us to maintain present production and employment. There is just one thing we don't understand. Mr. Sayers, Diplomatic Adviser to U.N.R.R.A., stated in an interview to the *A.P.I. correspondent* that the mission does not ask for those commodities, "in which the country has only too little." How is it then that the Government of India has earmarked a certain quantity of cloth for the U.N.R.R.A.? Is it without the latter's request or demand? The doings of the Government of India are mysterious, but certainly the public is entitled to demand an explanation, why a quota has been allocated of a commodity, in respect of which famine conditions prevail in large parts of the country.

THE 59-CENT QUESTION

Modern technology has greatly reduced the unit cost of production; and the process has not yet ended. But the cost of distribution remains as high as ever. A large part of the economies of large-scale mechanized production is swallowed up by distribution agencies with the result that the consumer does not get the full benefit of this remarkably cheap system of production. It is said that in the U.S.A., 59 cents of the consumers dollar are appropriated by the chain of middlemen between the producer and the consumer. Unfortunately, though the distribution methods have been greatly modernized, they cannot be mechanized in the same sense as production methods; but they can be rationalized. Rationalization is the only method by which the '59-cent question' can be solved. In India, the problem is more acute than in the U.S.A. Here, too, the distribution agencies absorb as anything from 6 to 10 annas of the consumer's rupee and sometimes more, particularly in the disposal of primary produce. But rationalization alone cannot *solve the problem in this country. The system must* be modernized before it can be rationalized; but this drives us to the very fundamentals of the Indian Economic Problem.

MECHANIZED HARVESTING IN U.S.S.R.

Long before the war, the U.S.S.R. had thoroughly mechanized its agriculture from ploughing to harvesting. But war necessitated the conversion of tractor factories to the production of tanks. Moreover, large agricultural areas were overrun by the enemy, disorganizing farm life and rendering large quantities of agricultural equipment useless due to disuse and misuse. The Government had to reorganize farm life to cope us with the 25 million extra acres of spring crops alone. The combines—the harvesting machines—were thoroughly overhauled. Their production has been greatly speeded up. While the war was yet on, the Government transferred a number of plants from war production to manufacture of farm machinery and these plants are now working at full pressure. Lastly, as many as 60,000 persons have been trained as tractor and combine operators. And some of their achievements are extraordinary: "The collective farmer, Aliyer, working two combines, harvested from 75 to 80 acres a day, that is, double the area required by the standard. In eight days he harvested over 625 acres. Another example, Iran, Chumakov . . . . . In seven days he harvested about 590 acres." Even in Crimea, where the condition seem to be pretty bad, the combine operators are daily reaping from 25 to 30 acres. This is in tragic contrast to Indian standards, where under the best of conditions and with the easiest of crops, a cultivator with the help of his family can, on the average, reap not more than half an acre; and this with all the ballyhoo of the Grow More Food Campaign.

EMPLOYMENT SERVICE IN INDIA

With regard to the main function of an Employment Service, the International Labour Conference, held in Philadelphia in April 1944, made certain recommendations. Keeping these as an ideal before them, the Government of India have in the first instance chalked out a scheme of co-ordinated employ-

ment exchanges for the resettlement and employment of demobilized members of Defence Services and discharged war workers. If, as outlined and expressed last week by Mr. Lall. Additional Secretary, in the Labour Department of the Government of India, these beginnings eventually develop into a full-fledged and integrated Employment Service; covering all categories of employment-seekers, and constituting a permanent feature in the structure of our national economy, its importance can hardly be exaggerated. With the help of an advisory committee which will give expert advice and guidance to workers in the selection of suitable employment and thus ensure that the necessary skills are available and are distributed satisfactorily among the various branches of production, and with the help of a Technical Training Scheme, revised on peace-term basis, this Employment Service. one may reasonably expect, has to play an important role in the post-war period. True, the success of an Employment Service depends fundamentally upon the volume and scope of employment available in the country. An Employment Service can, however, serve as a barometer of employment and can give timely warning when the level of employment is falling low. Apart from being an agency to meet the immediate problem of adjustment of labour. Supply, it can certainly give an indication of the localities and categories of labour which will be adversely affected by the decline in employment. Moreover, it can also help Central, Provincial and States Governments to shape their development schemes and to direct their economic policies towards achieving a higher level of employment.

A BID FOR GENERAL PROXIES

Owing to a variety of causes it is not always possible for share-holders of joint stock companies to attend in person all the meetings of the company or for the matter of that. even some important meetings. The law provides an alternative between voting in person or voting by proxy. Many a time unwary share-holders are induced to sign general proxies in favour of their attorneys entitled them to exercise all the rights of the share-holders at general meetings of the company. Sometimes the attorney is empowered to delegate his functions to a third party. A general proxy is thus a far-reaching instruments which may possibly defeat the intention of its matter. Once a general proxy is signed, the share-holder tends to lose his interest in the affairs of the company. Issues arising at a future date cannot be anticipated in every case and on certain occasions the interests of the share-holder and his attorney may conflict in which case a shore-holder's vote may be used against his best interests. It is true that a general proxy is revocable, but the onus of revocation always lies on the share-holder. It is, therefore, safe to execute a special proxy only. A correspondent complains that recently the European Managing Agency Houses of Calcutta have been actively canvassing for general proxies from share-holders of companies under their management. We endorse his warning that at best share-holder may sign special proxies.

MOTOR TRANSPORT TAXATION

The subject of motor transport taxation has come in for well-deserved criticism by the Post-war Technical Sub-Committee who have pointed out that this taxation 'is discriminatory and contrary to the expense of the other.' Railways in India have had to contribute, in the years before the war, only 5.8 per cent. of their working expenses to the general revenues while the contribution made by motor transportation amounts to more than three times as much, namely, 18 per cent. of its operating cost after meeting the share of road costs. Not only in this burden iniquitous. It is extremely severe too. Thus in India the annual tax imposition on a motor vehicle amounts ten times the tax levied in the United States. This severe burden is made up of taxes levied both by the Central and the Provincial Governments. The Central Government levies three items of taxes on motor transport-one of these, import duty on petrol has been considerably raised during the war years. Thus while prior to the war this amounted to 10 annas per gallon, it now amounts to 15 annas per gallon while the share allotted to road development continues to be annas 2 only. Import duties on motor vehicles, parts and accessories, the remaining items of central taxation have been raised from 20 per cent. *ad valorem* on motor cars and 15 per cent. on trucks etc. prior to 1931 to 45 per cent. and 30 per cent., respectively with preferential rates for U.K. at 36 per cent. and 21 per cent., respectively. It is clearly desirable, as the Indian Road Transport Development Association has pointed out, that these duties should be revised on the downward scale. In this connection it may well be expected that the establishment of an indigenous automobile industry will offset the dependence on foreign imports of accessories and vehicles itself. But it would obviously be too sanguine to expect too much in that direction in the near future. Meanwhile, with due regard to the needs for protecting the indigenous industry from foreign competition something must yet be done to relieve the burden on motor transportation, if it is expected to play its part in the development of agriculture, industry and commerce. Provincial taxation of motor vehicles, similarly, stands in need of reforms. A glaring defect of provincial taxation is the absence of uniformity. The Association has pointed out that, for instance, the tax on a lorry of four tons laden weight varies from Rs. 75 in one province to Rs. 720 in another. On the usual 21|23-dealer bus Madras levies a tax of Rs. 1,428 per annum as against from Rs. 52 to Rs. 428 in other provinces. The I.R.T.D.A, has made some valuable suggestions in this connection. It has urged for uniformity of provincial taxation throughout the country and with that end in view it has recommended that the Central Government should be asked to collect all taxes on motor vehicles and distribute them to the provinces and the States on a pre-arranged basis. Should it not be possible, however, the Association urges that it should be laid down that a single tax levied by a province or State on a motor vehicle should cover its operation throughout India. At the same time careful attention and consideration must be bestowed to the proposal made by the Technical Sub-Committee for the creation of a Central Transport Budget as it will make it more easy to equalize provincial taxes. The whole question indeed deserves the utmost consideration at expert levels as the problem of road transportation is of vital importance in the economic life of the country and present tax burdens are having a restrictive effect.

TRADE WITH EAST AFRICA

The war has opened out various channels for developing India's foreign trade. Trade in cotton textiles especially with the Middle East countries and the East African territories has registered a phenomenal increase. It is to be noted in this connection that trade in textiles with these countries was mainly in the hands of Japan before the war. In the post-war reconstruction period, she can rightfully take the position of Japan. Japanese competition in international trade can be largely discounted for many

years to come. This favourable situation is already taken advantage of by India. In 1942, India supplied 88 per cent., 93 per cent. and 72 per cent. of the cotton textile imports of Kenya and Uganda, Tanganyika and Zanzibar, respectively. The value of import trade from India during the period 1939-42 rose from £442,472 to £2,994,777 in the case of Kenya and Uganda, from £161,902 to £1,680,000 in the case of Tanganyika and from £93,733 to £260,973 in the case of Zanzibar. It is reasonable to assume, therefore, that prospects of trade with these territories are really great. In respect of textiles these markets can be retained. In respect of grey sheetings our export trade with East Africa will continue since Japan is the only likely competitor in this product. Trade in bleached varieties may, however, not be retained. In regard to fruits, Indian manufacturers will have to study the market closely to keep the business in their hands. Art silk fabrics have been selling fairly well in these territories, but when the main producers resume their supplies we may not be able to keep up an export trade in there articles. As supplies of safety matches from Europe are entirely eliminated, there are bright prospects of our capturing a fair share of trade in this commodity both now and in the post-war period. Indian soaps are general popular and expansion of trade in these articles. As supplies of safety matches are other goods like mats and mattings and leather goods in which it should be possible to expand trade.

While it can be safely assumed that prospects are bright, it is also necessary to study carefully the actual requirements of these territories and standardize the goods. The report of the Government Trade Commissioner, Mombassa, an optimistic view is given with regard to the post-war trade connections with these territories and our exporters and manufacturers are advised to keep in close touch with the importers in these areas with a view to transact as much business as possible under the present conditions and with the most important object of securing a permanent footing for Indian trade during the post-war reconstruction period."

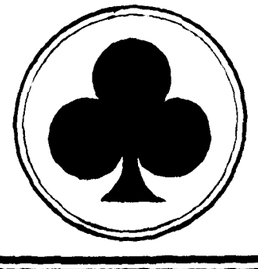
ELECTRIFICATION OF SOVIET VILLAGES

Power development has always been an important plank of the Soviet programme and Russia can boast of some of the biggest electricity generating stations. During the war Central Asia has witnessed enormous electricity development which has made it possible to lay the foundation of a rapid industrial drive. But this year rural electrification is being promoted on a larger scale than ever before. Some 2,000 small power plants, chiefly hydroelectric, are planned to be set up to provide electricity to about a million farmsteads. Besides, another half a million will be supplied with power from the district and industrial stations. This plan is a part of a 10—15 years' programme to supply electricity to every Soviet village and what has been accomplished so far this year gives rise to the expectation that this year's target of 2,000 power stations will be over-reached. Some 35,000 Km. of small river resources of building materials for station construction are being surveyed. Factories are being set to manufacture hydroturbines and schools have been started for training engineers specializing in the construction of medium and small hydroelectric stations. Government has also commissioned a number of people's commissariats to manufacture turbines, generators and other machinery required for rural electrification. Commissions have been set up to promote electrification and these comprise collective farm delegates, representatives of local authorities and industrial executives which have sprung up in regional centres, the latter's participation being specially important as they can supply machinery and equipment for stations built over and above programme. The work of co-ordination of the entire plan has been entrusted to the newly established Rural Electrification Administration of the People's Commissariat of Agriculture of the U.S.S.R. It is easy to imagine what new facilities will thus be available to the Soviet villages for economic and cultural advancement.

JUTE LABOUR IN DUNDEE

Dundee jute mills are finding it extremely difficult to cope with the increasing demand for jute stuff chiefly on account of the shortage of labour. The total number of labourers engaged in the mills at Dundee and the neighbouring area was approximately 30,000 at the beginning of the war and it has now dwindled to 12,000. A further supply of 8,000 labourers at least is essential before Dundee mills will be in a position to accept orders from the continental countries. Higher wages available in other industries, aversion on the part of labourers to return to the confinement and unhealthy conditions in jute mills and the long hours of work prevalent there discourage labourers to accept employment in the industry. A committee has been appointed to make appropriate suggestions to attract labour. An increase in wages, though it will naturally increase the cost of production, seems almost inevitable. However, Dundee manufacturers are confident about the future of the industry. One of the factors on which they count is the inefficiency and low competitive capacity of the Indian jute industry. It is estimated that the production of one ton of yarn in Calcutta takes four times as many man-hours as are required in Dundee. This is a sad feature indeed and it is up to the Indian industry to take early steps to raise the standard of efficiency of their labour.

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SPECIAL ARTICLE

Food in Liberated Europe

HUNGER looms large over Europe's horizon and the problem of feeding liberated Europe is one of the most urgent issues that now faces the United Nations. In many parts of Europe consumption levels are deplorably low. In the cities, in particular, food is extremely inadequate in quantity. At the conference held in April last in Washington between representatives of Britain, U.S.A. and Canada to discuss the food situation from the point of view both of supply and distribution, it was disclosed that in Belgium and Holland the ration available provided only 17-1800 calories a day. In Amsterdam and Rotterdam large portions of the population live on 4-500 calories a day which, obviously, means slow death by starvation. In Athens it is now a little better and the ration target of 2000 calories a day is now closely approached. But 2000 calories per day is in no case adequate. It is an emergency target and wholly insufficient for a population which has gone through the gruesome experience of a terrible world war. At such a level it is not possible for liberated Europe to engage upon the task of rebuilding their agriculture and industry.

Prior to the war Europe was very largely self-sufficient in food. The great bulk of the food consumed was produced within the area, although the degree of self-sufficiency enjoyed by the various countries varied considerably. Broadly speaking the area east of the pre-war Austria-Germany except Greece and Finland was self-sufficient in food on the basis of current dietetic standards and even had exportable surpluses, Hungary having a substantial surplus. While these countries were net exporters, the fourteen countries of Western Europe including Germany-Austria with the exception of Denmark were net importers. In Belgium and Norway the degree of self-sufficiency was as low as 50 percent, in Norway probably less in the U.K. even lower. And it is generally thought that Europe did not depend on overseas resources for more than one-tenth of its food requirements. Mr. M. K. Bennett, in his pamphlet "Food for Post-War Europe—How Much and What?" has estimated that the average annual net imports (1934-38) from outside sources into Greater Europe (including Russia but excluding Turkey) of food and feed probably did not exceed 40 million tons, equally divided between food and feed, assuming that the net exports of the European countries itself did not go outside Europe. What the present position is in respect of agricultural production it is difficult, in the absence of statistical information, to tell. Nor is it possible precisely to say how far war has affected agricultural production. But some directions in which change has taken place clearly stand out. Thus in the countries where imports formed a considerable proportion of the population's food supply, the war and the consequent blockade and the closing off to the normal channels of supply lead to efforts to augment total food production and, as it is more expensive in terms of calories to utilize vegetable products for the purpose of increasing the production of meat, eggs and other dairy products, than to consume them directly as food, greater attention came to be laid on the production of food crops to the neglect of fodder crops with the result that meat and dairy production has fallen considerably. Besides, live stock production has also suffered from the stoppage of the imports of oil seeds, etc. That apart food production itself must have been seriously handicapped. Physical destruction of agricultural land due to the marches and bombardments by invading armies must have been immense. In Italy, for instance, mines were reported to be impeding agricultural production. On the Eastern Front there has been heavy fighting in East Prussia and Pomerania, two important agricultural areas, and this must have damaged the soil while in the West, in Holland, flooding has driven out of use a fifth of the agricultural land of the country, at least temporarily. And agriculture in the Western areas of the U.S.S.R., among the richest in Europe, has 'slipped back to a condition worse than it was 10 or 15 years ago' and it is feared that "four years at least will be needed to restore agriculture to anything like what it was before the war." During the war itself, grain production has been exposed to some serious difficulties. Many agricultural requirements have been in short supply. There has been also scarcity of seeds. Thus, it is feared that the shortage of potato seeds may lead to a fall in this year's potato crop. Land in the liberated areas has been starved of manure because, due to the diminution in their cattle wealth, the supply of natural manure has declined while continental Europe has been without phosphate fertilizers, apart from basic slag, ever since the Allied landings in North Africa. And, thanks to the German slave labour policy, agricultural labour has also been a source of headache. With the passage of time these difficulties will tend to diminish. Thus, for example, the release of foreign labourers now in Germany will relieve the shortage of agricultural labour although it will have serious consequences for German agriculture itself as it is based on such labour. Seeds, fertiliezrs and agricultural machinery and implements will also undoubtedly increase in supply but it is already too late for this year. It is, moreover, feared that the land reforms now being introduced in the Eastern Europe may have, at the outset, at least, an adverse effect on agricultural production. Even if there is an increase in the exportable surplus in the region it is more than unlikely that it can be made available to the countries of Western Europe which are in deficit from the point of view of agricultural production. The most serious lacuna in agricultural production, however, the shortage of draught cattle will persist for some time yet. It is estimated that it will take some six years before their numbers can reach their pre-war figure. It may probably be concluded that taking all factors into consideration, there does not seem to be much hope of any great rise in Continental Europe's degree of self-sufficiency in food even by next spring.

But if Europe cannot satisfy her food requirements from within her own boundaries, can she look to the world to fill the gap, out of its surpluses easily and quickly? At first it was generally presumed that with an improvement in the shipping position it would be easy enough to transport the world's surpluses to the needy areas in Europe. That hope has now been belied. There are no abundant surpluses which can be easily shipped off to Europe. True, wheat stocks have accumulated in large quantities in some countries outside the continent and the present supplies are in excess of the demand and net imports of wheat from overseas was the largest single item in Europe's trade in food. It is, in this case, therefore, only a question of finding the requisite transport means. But Europe at present experiences the most serious shortages in many other essential food stuffs, notably, sugar, rice, meat, fats and oil and it is these vital food commodities of which the output this year is even lower than it was in the previous year. In

this connection it may be noted that these are the foods which are most important from the point of view of the maintenance of health and, in any scheme to provide a well-balanced died of 2,500 calories or more these will have to constitute some 40 per cent. of the food supplied. The following table setting out the supply position, in 1945, in the U.K., North America, Australia and New Zeland gives a clear idea of the deficit in supply. These figures are based on current production and on the normal level of consumption and do not take account of existing stocks or the drafts made on them. The table, however, allows for the five countries' prospective trade with third parties:—

Commodity	Supply from current production	Requirements	Gross Deficit '00 tons	Per cent. Deficit p.c.
Meat & bacon (carcase weight equipment)	'000 tons 15,179	'000 tons 16,974	1,795	10.6
Canned fish (pack year beginning July 1st)	418	801	383	47.8
Cheese	706	802	96	12.0
Canned milk (full cream)	1,999	2,424	425	17.5
Milk powder (full cream and skim)	456	605	149	24.6
Butter	1,204	1,204	—	—
Fats & oils (edible & technical)	5,687	7,124	1,437	202
Sugar (refined)	8,067	9,920	1,853	18.7

This much for items of food for human consumption. To rehibilitate the continent's animal husbandry to increase the output of animal products and relieve the present shortage in meat and dairy products it is felt imports of large quantities of vegetable oils. oil cake and feed grains such as barley, oats, and in particular maize will be required. It would be difficult in view of the world shortage of vegetable fats and oils, to meet fully Europe's need in this respect as well as for the purpose of direct consumption. But there is one hopeful feature. In most of the liberated countries both edible fats and feed concentrates were produced in substantial quantities and fortunately the oil refineries have escaped serious damage from either bombing or sabotage. The position in regard to animal feeds is more satisfactory. It is reported there are large stocks in existence and it is expected. Argentina, the biggest exporter of maize willl be able to resume exports when the shipping situation eases and an alternative fuel dispenses with the need to use maize for the purpose.

Despite the fact that the world larder is not full enough, the situation is not altogether hopeless. It is true world shortages make the task of rendering relief more difficult. But there are countries whcih may be called upon to accept some meagre sacrifices in respect of food consumption to enable Europe to get a minimum. Thus, for instance. it has been calculated, that while consumption, in terms of food calories was 4 per cent. higher than the pre-war average in the U.S. and only 3 per cent. lower than the pre-war average in the U.K. the fall in Norway and Holland amounted to 23 per cent. In France consumption in terms of calories has been reduced by 28 per cent. while in Belgium the drop has been greater i.e., 33 per cent. And it is satisfactory to note that both the American and the U.S. Governments fully realize that victory in Europe would only be complete when Europe has been fully restored back to health, political and economic. It is also felt that only with the help of the United Nations can Europe get over the food crisis. With that end in view, at the April Conference in Washington. certain decisions were reached, by the representatives of Britain, U.S.A and Canada, to reduce the rations in the respective countries to be able to supply to Europe a minimum at least of food. Thus. from May, the weekly ration of bacon has been reduced from four to three ounces in Britain and the cooking fats ration from two to one counce. It has been accepted as a principle that consumption levels should be the same as between the various United Nations and it has been rigidly followed in respect of sugar which is seriously in short supply. The level in the three countries is to be at the annual rate of 70.8 lbs. per head for the last nine months of the current year which would mean cuts of 18.2 lbs., 14.4 labs. and 0.7 lb. below the 1944 level in the U.S.A., Canada and the United Kingdom respectively and other economies will also be introduced. In respect of oils and fats, of which the allocation has been made by the Combined Food Board, it has been agreed that the three countries will accept proportionate cuts. The U.S. has consented to a 23.3 per cent. reduction in the *per capita* consumption of meat over the 1944 levels. Similar cuts have been introduced in the U.K. and Canada as well. And what has already been done, in the face of serious difficulties, is a tribute to the spirit of co-operation manifest so far.

But the question in Europe is not merely one of relief deliveries. The continent's economic life has been shattered. It must be reconstructed if an era of peace is to be inaugurated in Europe. To take one example. the transport system on the continent is in a state of complete chaos. In Italy the Germans damaged 40 per cent. of the railway lines, 70 per cent. of railway buildings, 50 per cent. of great stations, 75 per cent. of the locomotives, 70 per cent. of the trucks and 85 per cent. of the passenger coaches. In the Balkans similarly large numbers of bridges, etc. have been utterly destroyed. Some work has already been done to get rid of the transport chaos. But much yet has to be done. And it will fall on the United Nations to look to such needs of reconstruction. One of the biggest problems that now must be tackled by the Big Three is a clear indication as to what is going to happen to the continent's economic life.

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THE WORLD ABROAD

Changes In American Executive

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, July 16, 1945 (By Cable).

THE reorganization of executive and legislative branches of the United States Government is a subject which has been under investigation with increasing emphasis during war years. Pressures of war invoked the need for swift, efficient decisions and actions and accordingly focussed official and public attention mainly on fact; Government's physical makeup was not attuned to modern conditions. Many authorities feel that when peace returns the need to reshape governmental machinery will be even more pressing due to the necessity or economy and efficiency. It is recalled that after World War I American people demanded economy in Government to pay off debts incurred during the war. Public debt after this war will be enormously greater than after the last war—it already stands at 233 billion dollars. Thus observers here are forecasting a series of moves, or a continuation of moves already begun, towards reorganization when President Truman and Mr. Byrnes return to Washington from the Potsdam conference. The President already has requested for Congress legislation granting them broad power—virtual *carte blanche*—to put the executive branch in order. And the Congress has committees surveying the question of reorganizing its own committee machinery and procedure.

Mr Byrnes was mentioned above because although now he is the director of nation's foreign relations, a man of his experience may be expected to exercise continuing influence on various other phases of government. One of Mr Byrnes' final acts before becoming new Secretary of State was to write an article for the American Magazine entitled "Why We Must Give The President Clear Road" wherein he said: "The time has come for major operations on the executive branch of the United States Government if it is to function efficiently in the post-war period. There must be a sweeping re-organization. As now constituted it is outmoded and wasteful in manpower and money." It is most likely that Mr. Byrnes knew when he wrote this article that he would soon be back in government. He noted that a century back government consisted of eight departments and two commissions, whereas today there are one hundred and one departments, agencies and commissions "scattered in profusion about Washington and throughout the country. East agency head presumably reports directly to the President, Mr. Byrnes noted, adding that each of these officials presumably wants to perpetuate his job. Such agencies overlap, compete, intertwine and generally make for inefficiency in government.

Mr Byrnes, pointing out that 12 different agencies have responsibility in manpower matters, said that they all should be consolidated under the Department of Labour. He also said: "Even in major departments we have serious overlapping. Most conspicuous is the needless duplication of and competition between navy and war departments which has cost us millions of dollars in this war." President Truman has already made a beginning in re-moulding government by merging the war-food administration with the department of agriculture as Mr. Byrnes noted, but to accomplish the complete reorganization that is needed, legislation will be required. When President Truman requested such legislation it got at best only a lukewarm and it was rumoured that not even top party leaders had been aware beforehand that a request was to be made. Once before the Congress had authorized the President to carry out limited governmental reorganization. This was in 1939 and, Mr. Byrnes said, certain changes were made with the result that 11 million dollars were saved in one year by improvements." But then President Roosevelt became preoccupied with the threat of war and the reorganization authority ceased to be exercised in practice. It is now believed that President Truman may get some measure of authority he seeks, but it is expected that the Congress will exempt certain organizations of its own creation. Mr Byrnes' suggestion was that "the object of legislation should be to bring within the 10 regular departments all independent agencies except those having quasi judicial functions, such as Inter-State Commerce Commission."

As an example of the need for reorganization, Mr. Byrnes cited the crisis that is likely to occur in respect to manpower during reconversion period. He said: "Cutbacks in war contracts and in war industries will result in workers seeking new jobs. There will also be a steadily increasing flow of demobilized war veterans in search of jobs. It is fair to guess that from now until the months after the end of our war with Japan seven million workers now employed in war production will be transferred to new jobs. In the same period probably nine million war veterans will return to their old jobs or will look for new ones. Even if this transition can be made gradually it will present this country with a most serious manpower problem it has ever faced. We cannot wait until the end of the war with Japan, when unemployment will reach peak, to consolidate these agencies. We should start the job now." Then speaking in the field he knows best, Mr Byrnes states that "it is obvious that a thoroughgoing, overall reorganization would save the taxpayer annually millions of dollars and what is more important it would increase the efficiency of our Government. Economy as well as efficiency require that Government's house should be put in order, and immediately." Mr Byrnes also advocated that if the various agencies are consolidated under the departments, cabinet members should be absolutely responsible for efficient administration of their departments and should be removed if they fail. Moreover, such consolidation would mean that the President's cabinet meetings would be no longer attended by as many agency heads as cabinet members—a fact which lately has "naturally lessened the effectiveness of the cabinet as an advisory group to the President." Restoration of the importance of cabinet as a small influential advisory group to the President would serve to increase even more Mr. Byrnes' influence in American affairs because now he is the senior cabinet officer.

London Letter

Churchill Will Have To Go Slow

FROM OUR LONDON CORRESPONDENT

LONDON, July 17, 1945 (By Cable).

POLITICAL observers not attached to various parties are now convinced that Mr. Churchill has in effect lost the General Election. They believe, firstly, that even if the Conservatives retain a small majority of seats Mr. Churchill will be intensely conscious that he must go slow and try to gather support of public opinion behind him. This would mean, for example, that he would be disinclined to yield to Conservative pressure for over-hasty abandonment of various controls. Secondly, they are now convinced that a number of very important ministers have lost their seats and if they are to be brought into the Cabinet then other seats must be found for them. This would mean a remarkable series of byelections which, presumably, the Labour Party and/or the Liberal Party would contest. Such series of byelections would last several months and tend to slow down Government action. Among ministers who are believed to have been defeated and will be forced to fight byelections are, the First Lord of Admiralty, Brendan Bracken, who is reputed to be Mr. Churchill's closest political adviser, Mr. Oliver Lyttleton, Minister for Production, and President of the Board of Trade, Secretary of War, Sir James Grigg, Home Secretary, Sir Donald Somervell, Minister of Aircraft Production, Mr Ernest Brown. Minor figures which probably have fallen by wayside include Mr Harold Macmillan, Mr Ronald, and Brigadier-General Spears, who told the voters of Carlisle that millions of Arabs in the Middle East are "watching this election in Carlisle."

These observers are convinced that Churchill's son, Randolph, and Amery's son, Captain Julian Amery, both have been defeated in the two-membered constituency of Preston and that Churchill's son-in-law, Duncan Sandys, has been defeated in Norwood. These are not important figures but their defeat, it is argued, would convince Churchill that there is no vast magic in Churchill's name and that if he again forms a Government he must go slow and woo public opinion assiduously.

This is about as far into the future as pundits feel they are able to peer and what they see suggests that even in the event of a Conservative "victory" the new cabinet will be a highly chastened one and disinclined to run any risks on behalf of "private enterprise".

Some observers have very slowly reached the conclusion that the Labour Party may actually have secured a greater number of seats than the Conservatives and may be called upon to form the new Government. If Laborites formed a coalition with Liberals, thus bringing into the cabinet such a prominent figure as Beveridge they could form a fairly strong front bench. If in addition they put really strong and determined men in two key posts of Housing and fuel—it is considered that failure with either the Housing muddle or the coal muddle would damage the Party seriously—then they might put up a much better show than they did in 1904 or 1929. On the other hand, if they quarrel among themselves over coveted posts and show to the country only a mediocre front bench then they will suffer serious setback.

What the Stock Exchange experts cannot guess is how investors will react to a Churchill Government which merely marks time, to a strong Labour Government which appears determined to treat roughly the landed interests and building material combines and to nationalize coal mines? Some financial commentators believe that share prices would be severely depressed by the indications that Labour Government was really determined to fulfil its pledges; they think there would be substantial selling of home rails, coal, electric power, gas, perhaps even iron and steel shares.

Some investors almost certainly would sell but if their offerings promptly snapped up there would be very little decline. And a rival school of opinion thinks that on the whole any offerings would be snapped up. The gist of this position is that politicians are completely unimportant or, at least, that their political colours are unimportant. If Labour forms government or if Mr. Churchill forms government, both will work under identical compulsions, identical terrors; both will dread mass unemployment worse than anything and both will strive their utmost to keep employment high. Thus according to this theory, the area of operations common to both is vastly greater than the area in which each monopolizes or strives to monopolize. Either party will strive to increase trade, both foreign and domestic, and this—according to these realistic optimists—will be good for business and good for share prices and commodity prices where the latter are free to reflect increased values. This broadly explains why Stock Exchange prices amble up and down inconclusively some three or four per cent. below peaks touched in the month of May or the end of April before the General Election sprung upon the country. Britain's economic outlook is shrouded seemingly in the deepest mists—mists which in the Halcyon days before first world war would have caused a first class panic - but those investors and speculators who are still alive after Britain's blitz, doodlebugs and rocket-bombs have different perspective and have acquired considerable phlegm.

Chungking Letter

Land Policy In Communist China

CHUNGKING, June 30, 1945 (By Air Mail).

CHINA'S rural economy in the Communist dominated areas behind the Japanese lines in North and Central China is undergoing a significant change with land steadily passing into the hands of a new and growing middle class of farmers. The landlord class, as it existed in its semi-feudal state prior to the war, is gradually disintegrating. Tenants, poor farmers and hired hands are slowly acquiring a foothold as farmer owners, and as indicated by a series of economic surveys conducted by the Communists during the past two and one half years in the five so-called "liberated areas," streching from the border of Mongolia almost to Shanghai, there has been a steady consolidation of the peasants to a point where they are approaching a single economic level.

During the last eight years of war Japanese looting expeditions have aimed oftenest at grabbing the largest concentrations of movable wealth—the cattle, household effects, grain and coin holdings of large land owners. This, it is said, is one reason why there has been a consistent disappearance of the landlord class which before the war comprised 4 per

cent. of the rural population in that area and owned 30 per cent. of the land.

The land policy of the Chinese Communists which was first outlined when they moved into the areas in 1937 but in reality not enforced until 1940 has further accentuated the pace.

As the war spread across North China the comfortable homes of large land holders logically became the quarters for enemy troops who pillaged at will. They also often became the centres of bitter fighting as Chinese guerilla operations increased.

Chinese Communists have stated that their fundamental land policy is to "weaken the feudal economy while at the same time providing opportunities for the development of a capitalistic economy." They apparently found their programme of "land revolution" or direct division of land, as carried out during the civil war period just before and after 1930 in South China, unsuited to their present aims.

When they entered North China in 1937 their appeals to the peasants centred largely on slogans calling for "25 per cent. reduction of land rent and 10 per cent. interest rate on loans;" a dramatic departure from the formerly astronomical usury rates. It is now generally conceded by China's "Reds" that it was not until they actually implemented this policy that they began to receive the support of the local peasantry and find a fertile field for their political propaganda.

In one of the surveys which is reported to have covered the five largest liberated areas the following statistics are given to indicate the gradual recamping of China's rural economy. They are the only figures available on developments behind the enemy's lines and the Communists claim they are representative of the economy within which live the approximately one hundred million people they reportedly control.

Households:	Landlords	Rich Farmers	Middle-class Farmers	Poor Farmers	Hired Farm hands	Others
Before the War	3.6%	7.2%	28.4%	54.0%	5.0%	1.8%
During the War	2.4%	6.7%	38.0%	47.0%	2.5%	3.4%

Land Area:

Before the War	29.5%	21.0%	29.5%	19.0%	0.8%	1.3%
During the War	13.5%	17.5%	42.5%	22.5%	0.6%	3.4%.

Enforcement of the policy of rent reduction deprived the landlords of their chief source of income. In efforts to evade increased taxation and avoid future war losses, landlords on an increasing scale are selling or mortgaging their lands.

To meet the alarming drop in agricultural production the Border Area Government encouraged the "Wu Man-yu's" (Chinese Stahanovites). They fostered the development of "labour exchanges" and mutual help organizations and declared basic farming capital virtually immune from taxes under a policy of progressive taxation.

All these moves tended to strengthen the economic position of the smaller or middle-class land owners and primarily those holding little more land than their own families could till. In the region of the Pelyo Range middle-class farmers came to employ 48 per cent of the total man power available in the region. They hired 28 per cent. of all labour hands, possessed more than one half of all the mules and approximately 80 per cent. of all cattle.

The strengthening of the middle-class farmers was part of a settled policy. Under it these farmers employed more fertilizers, planned cotton and organized village industries.

The Communist-backed governments accorded their greatest help and encouragement to the class of poor farmers who formerly constituted more than one half of the peasant village population. Reductions in rent and interest rates absolved them from a perennial debt burden. Figures available indicate approximately 20 per cent. of them have so far become owner-cultivators.

China's communists are a political force which has its roots primarily among the peasantry. Their leaders insist that after the war they want to enforce a rural policy along the same lines throughout the entire country.

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"ORANGES AND LEMONS....



.... say the bells of St. Clements". So runs the nursery rhyme. The church is the ancient one of St. Clement Danes in London's Strand — one of the 182 London churches destroyed or damaged by enemy action. Its bells now ring no more, and oranges and lemons are rare indeed. In 1753 James Lind, a Scottish naval doctor, first showed how scurvy could be prevented by lime juice. Since then science has proved that the health-giving properties of the citrus fruits derive from their richness in Vitamin C. Which is why oranges are specially needed for little children. No crop is more dependent on the chemist for its cultivation, transportation overseas and final distribution. The citrus trees need bud-grafting waxes and chemical fertilisers. They must be protected from frost by blankets of smoke and oil and from pests by a barrage of sprays and dusts. The scale insect, worst of all citrus pests, is destroyed by covering the trees with tents which are then filled with hydrogen cyanide gas. But for this routine treatment many first-class groves would have had to be abandoned. Chemical means are necessary to prepare the fruit for market. Oranges may be dipped in borax or other antiseptic to prevent mould, washed in dilute caustic soda and sprayed with water-wax emulsion before being wrapped in special sulphite papers or transparent cellulose wrappings. Fruit may be harvested green and allowed to ripen on voyage or treated with ethylene gas to help it change colour. Finally, wastage is reduced by keeping the fruit in cold storage or in an atmosphere of carbon dioxide gas. The work of the research chemist and the products of the British chemical industry can ensure that oranges and lemons, limes and grape fruit are firmer in body, better in flavour and more attractive to the eye than Nature unaided could achieve.

ICI

IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.

Prices again came down on Thursday to Rs. 77-15. The Reserve Bank authorities effected as usual gold sales at the rate of 20,000 tolas per day. Floating stocks of gold are estimated at 1,50,000 tolas and the daily average offtake is reported to be 15,000 tolas. The highest and lowest prices recorded during the week were Rs. 79-3-6 and Rs. 77-8 for ready and Rs. 79-1-6 and Rs. 77-7 for delivery within a week.

Better Business in Cotton Shares

Three weeks back the prices of cotton shares had fallen without exception and the fears were entertained that the tendency to fall might continue. But such fears proved untrue and the prices began to improve week by week. During the week ending 13th July a much better business has been done in these shares as compared with the last two weeks. Not only the prices have improved but also the normally neglected shares have come in attention. A sharp rise has been noticed in the Luxmis, Broach fine Counts and the Tata Mills which rose from Rs. 1-352-8 to Rs. 1,382-, from Rs. 115 to Rs. 141-4 and Rs. 60-12 to Rs. 66-12 respectively. Gokaks and Simplex are better at Rs. 307 and Rs. 284-8 respectively. New Unions are scarce at Rs. 22-8 while Sassoons Spgs. are in great demand at Rs. 20-12. Both Finleys and Swans gained ten points at Rs. 295 and Rs. 315 respectively. The two favourites viz., Bombay Dyeings and Kohinoors have however improved to a small extent; the former closed today at Rs. 1,915 and the latter at Rs. 609-8.

Banks

In the last week the Bank shares were noticed to have been very firm counters in sympathy with the strength of the Government security market. But this week banks have been rather a strong and rising market. The announcement of an increase in dividend from 12% to 14% by the Imperial Bank of India brought about a rise in the prices of both classes of its shares viz., partly and fully paid-up ones, which closed today at Rs. 545 and Rs. 2-182 respectively as against Rs. 516-4 and Rs. 2,030, in the last week. The Barodas and the Bank of India shares improved from Rs. 146-8 to Rs. 151-8 and Rs. 192-8 to Rs. 200|8 respectively. The sellers in the latter case are scarce. The Central Bank shares met with a substantial enquiry rising from Rs. 82-12 to Rs. 88 and closing at Rs. 87. Both Jaipurs and United Commercials are in great demand and higher at Rs. 69 and Rs. 77-4. The Reserve Bank shares are better Rs. 142.

Insurance

Empire of India shares were transacted at Rs. 1,285 whilst Orientals have been marked up from Rs. 5,490 to Rs. 6,600. New Indias have recovered their dividend at Rs. 82|8 Jupiters are better at Rs. 30|2 but Vulcans are standstill at Rs. 17|10. British India General Insurance shares are very steady and higher at Rs. 23-10.

Iron and Steel

A substantial business has taken place in the Tata Iron and Steel ordinaries and defds. which closed at Rs. 415 and Rs. 2,225 against Rs. 404|8 and Rs. 2,205 Though there have been not many transactions in the First Pref. yet the price is higher at Rs. 225. The Second Pref. continue to be absorbed on investment account, closing better at Rs. 165. Others Indian Iron and Bengals in particular are steady.

Public Utillities

In the public utility market both Andhra Valley and Tata Power Ordinaries are substantially high at Rs. 1,800 and Rs. 1,882|8 whilst the Hydro Ordys. are As. |8, below at Rs. 204-8. Ahmedabads are quiet and a little lower at Rs. 236-14. The Bombay Suburbans have improved from Rs. 205-10 to Rs. 214|6 while Karachi and Surats are on offer.

Miscellaneous

An exceptionally large business took place in Associated Cement shares and Rights, the closing quotations being Rs. 211|8 and Rs. 37. Scindias have reacted to Rs. 37-9 but Bombay Steams are again higher at Rs. 620. Petrols are fractionally better at Rs. 5 14 6, whilst Burma Corporations are unchanged at Rs. 5 9. A better business has been done in Bombay Burmahs the old shares closing a little higher at Rs. 520, whilst the New have been marked up from Rs. 185 to Rs. 192-8, with buyers over. Indian coppers have buyers at Rs. 3|3|6. Both Tata Chemicals and Dhamrwey Chemicals are better at Rs. 20|5 and Rs. 42. Alembics have also improved to Rs. 322|8. Industrial Investment Trusts are scarce and higher at Rs. 125. Alcocks are better at Rs. 410, whilst Premiers closed at Rs. 215|8 ex rights Belapur sugar shares have sellers at Rs. 220-8. Tata oils have again moved up this week from Rs. 74 to Rs. 77 8. British Indian Corp. have firmed up to Rs. 6|12|- Shivarajpores also showed signs of marked improvement.

Coal and Jute Active

CALCUTTA. July 17, 1945.

THE announcement of the terms of a new shortdated loan, as pointed out last week, has had a tonic effect on the markets and a substantial rise in prices has been recorded. With the expectation that the loan might prove a success there was a rise in prices for both giltedged and equities; very active conditions therefore were noticeable till Thursday last. With the prospect of a lower yield on giltedged securities, it was expected, greater attention would be paid to the shares of joint stock companies and, as in giltedged, there would be a readjustment of values. The reports regarding the possibility of breakdown in the Simla talks and the anxiety to cash profits, however, led to selling on Friday and closing prices were lower than the highest levels for the week. With the pressure of funds seeking investment and the strength of the giltedged securities section it is expected that the upward movement would be resumed.

The adjustment in the giltedged market for the new loan to be completely successful is not yet complete and there seems to be a tendency on the part of buyers to await further developments. Insurance Companies and other institutional investors who have interest in medium and longdated issues are, however, taking advantage of the present conditions in the market and are buying up securities which are relatively undervalued. Thus, there was selling of non-terminable loans and buying of medium and short-dated loans. In order to compel the attention of the investing public to the terms of the new loan the Reserve Bank suspended sales of 2-3|4 per cent. 1948-52 loan during the week under review. In Bombay, however, it was reported that sales were resumed at a higher tap rate. Unless there is a proportionate rise in the quotations for loans like 2-2|4 per cent. 1948-52, 3 per cent. 1949-53 and 3 per cent. 1951-54 it cannot be expected that there would be sufficient response for the new loan today. It can be expected, however, that it would be possible for Government to dispose of the balance of loan which is not subscribed through the Reserve Bank, later.

The increase in the dividend of the Imperial Bank from 12 per cent. to 14 per cent. per annum for the half year ended June, 1945, has been favourably received by the market, with the hope that the higher dividends would be maintained. The quotations for the shares are higher, fully paids being done at Rs. 2,130 and contributories Rs. 560. Other shares are also higher, United Commercial Bank being done up to Rs. 28 per premium. Only last week the quotation was around Rs. 22 premium.

Coal shares have been very active on the reports that raisings were higher. The report of the Pench Valley Coal Company had an encouraging effect on the market as the dividend for the half year ended February 1945 has been increased to 15 per cent. by the payment of a bonus of 3-3|4 per cent. Speculative counters like Bhalgora have been very strong, the quotation being around Rs. 23-4-0. South Karanpura were prominent with a rise to Rs. 36-10. There was a setback to Rs. 35-12 but the quotation is again Rs. 36-4. Burrakur were very steady at Rs. 45-4. New Beerbhoom Rs. 47-4 and Sendra Rs. 29-4.

Jute shares have been more active than Coals, Howrahs recording a rise of two points to Rs. 95-8. The bigger shares especially have been favoured as the return is more attractive. The new orders for bags and the strength of the fabrics markets have resulted in the greater activity in the jute section. Jute Mills, however, have not been able to get over the difficulties regarding coal and labour and the production figures for the month of June suggest that there has been no appreciable improvement in the general situation. As jute supplies are plentiful and there is a large demand for jute manufactures it is, however, felt that the authorities might help mills in increasing production at least to the target level. Any appreciable increase in output would be helpful to the mills as with the relatively low price for jute it would be possible to earn a larger margin of profit.

Anglo-India were Rs. 530, Ganges Rs. 645 and Kamarhatty Rs. 790. a rise of over thirty points in each case.

In the Engineering section there has not been much of activity and Indian Irons and Steel Corporations were fluctuating around Rs. 41-14 and Rs. 34-2 respectively. The absence of any large speculative activity is ununderstandable especially as other shares like Bhartia Electric and Jessop have recorded a rise in quotations.

In the Miscellaneous section there was heavy buying of Calcutta Electric with a rise in the quotation to Rs. 44-4. Selling at the higher levels has brought down the quotations to Rs. 42-8. Calcutta Trams were very firm at Rs. 55-8. There was a jump in the quotation for Midnapore Zemindary to Rs. 201 and I.G.N. to Rs. 221. Following the publication of the reports of the Titaghur Paper Mills it was expected that India Paper Pulp would pay a higher dividend for the half year ended September 1945 but it has been only maintained at Rs. 6 per share.

The raw jute market was steadier with a large amount of business passing. Mills were not, however, buying freely as there is no fear of a shortage of jute supplies. The reports from the mofussil centres are rather encouraging. Export business also has been satisfactory. It is reported that 60,000 bales were purchased on behalf of France.

The preliminary forecast figures for all the Bengal districts have now been published. The estimated area of jute in the province of Bengal is 2,546,925 acres for which licenses have been issued. 438,180 acres only have since been checked as required under Section 14 of the Jute Regulation Act and jute has actually seem to have been grown on 362-025 acres of the checked area. 2,108, 745 acres of the licensed area still remain to be examined. The estimated area of jute in the three provinces, two Indian States together with the total licensed area in Bengal is 2,935,925 acres.

The jute manufactures market has been very firm and quotations are at the maximum levels for all positions up to the end of the year for hessian. In the heavy goods section steady conditions continues to prevail though business passing has been mostly on interbazar account.



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BOMBAY.

NOTICE TO SHAREHOLDERS

In view of the restrictions imposed by the Paper Control (Economy) Order, 1944, it will not be possible this year to supply a copy of the Report of the Central Board to each shareholder of the Bank. Only a limited number of copies of the Report will be printed, and will be supplied, until the stock is exhausted, to such shareholders as may be interested, on receipt of a written requisition to the Secretary of the Local Board at the place where the register pertaining to the shares of the applicant is situated. Copies of the Annual Accounts will, however, be supplied to each shareholder.

C. D. DESHMUKH.
GOVERNOR.

11th July, 1945.

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The EXCHANGE BANK
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SUBSCRIBED CAPITAL Rs. 50,00,000
PAID-UP CAPITAL Over Rs 25,13,000
DEPOSITS AS ON 31-12-1944 Over Rs. 3,17,16,000
WORKING FUNDS 31-12-1944 Over Rs. 3,73,51,000
Head Office—Fort, BOMBAY.
INDIAN BRANCHES:
Bombay
Zavery Bazar
Mandvi
Ahmedabad:
Maneck Chowk
Maskati Market
Delhi
Karachi
Amritsar :
Katra Ahluwalia
Majith Mandi
Kolhapur:
Main
Shahupuri
Akola
Khamgaon
Nagpur:
Itwari Bazar
Civil Lines
Rajkot
Amraoti :
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THE BUSINESS WORLD

HIRE PURCHASE SALES

VARIOUS are the methods by which manufacturers and others engaged in business have in recent times used to increase their sales. By far the most prominent among them is the system of instalment sales by which the purchaser enters into a contract with the seller, agreeing to pay the agreed purchase price in a series of instalments. This system is familiarly known as hire-purchase selling. Often indeed, has the maintenance of the existing level of production or an increase in it depended on the scope of expanding sales. And the hire-purchase system has come in handy for the promotion of sales. This system, since it means payment of the price of the product over a period, naturally, is restricted to durable consumer goods of more or less lasting use-value. In the modern structure of society there are only a small number of people who can come into possession of most of these articles by outright purchase. Hence promotion of sales of these goods largely means inducing persons belonging to lower income groups, i.e., middle class people whose incomes do not fluctuate widely or often to buy. They can be induced to buy these goods only if they are given special facilities in the manner of payment of the price. Instalment or hire-purchase selling is one prominent of such facilities that are generally offered.

It is true that the consumer might wait to buy until the purchase price has been accumulated. But there is nothing that is intrinsically wrong with a system of paying for a thing while it is being actually made use of, so long as such commitments do not exceed the potential income. A more factual reason for the popularity of the hire-purchase system in many of the advanced nations is that the sacrifice involving in parting with small sums of money, over an extended period of time, is less than the sacrifice of a similar amount in one large payment. Further in many cases human frailties stand in the way of many middle class families coming into possession of goods, whose value is of a lasting nature, even after they have saved enough to buy them outright. It may also not be possible at all in several cases to save over a period with the definite object of buying something which they need but whose price they cannot pay straightaway out of their current income. The periodical instalments, on the other hand, become regular features in their budgets for a period after which the goods become theirs. While these are some of the important advantages of the system for the consumer, it also seems certain that without instalment selling the annual volume of retail sales would drop sufficiently to force increases in the prices of many products such as cars. Finally, instalment selling is probably an important factor in stimulating business recovery on the upturn of the trade cycle. Instalment sales of automobiles had much to do with the prompt recovery in the United States from the depression of 1920-21.

The system of instalment selling is well developed in the United States. About 13 per cent. of all retail trade is instalment sold. About 60 per cent. of all automobiles are sold in this way, as are most radios and other household furniture. The instalment system is a logical device for selling high priced durable goods on credit to wage-earners and salaried persons. And more and more dealers have been compelled by competitive pressures to offer instalment terms. Instalment selling was first widely used in the sales of sewing machines and books. While the advantages of this system both to the seller and the purchaser are apparent, some flagrant misuse of the system has also been made in the United States. This has naturally led to legislative control measures. The instalment system has not infrequently lent itself to what has been a popular form of commercial misrepresentations. Often is the purchaser made to understand by the manufacturer and the retailer that the price is only 25 cents a day, or a cent an hour or 2 dollars a week. The purchase price is not told until the contract is signed. It often happens that the purchaser does not realise until too long after that he has mortgaged his income years ahead. If trouble comes he has to lose the money already invested and also to give back what he has purchased. The maxim "pay as you go" made much of by promising salesmen has made many a consumer unable to resist the temptation to spend more than he is sure of earning. Prices have also been frequently raised far above fair retail values. In some cases the goods delivered have been of lesser value than the goods displayed to the purchaser when he signed the contract. But since the Great War, however, the evils of the system have been on the decline and its good points are in greater evidence.

The expansion of instalment sales of certain goods has been facilitated in the United States by manufacturers who shipped their products on increasingly liberal credit terms. But the more important development is the growth of instalment finance companies. The instalment finance company bridges the gap between the consumer who wishes to buy an automobile on instalment payments and the dealer who wants to make the sale but lacks the capital to finance it. The remarkable growth of retail financing companies after the World War I solved the problem of retail financing; and with its help the automobile industry led the revival of business in the fall of 1921. "There can be little doubt that the long succession of three and four million—car-years could not have been maintained if the limits of the potential market had not been progressively extended by the expansion, liberalisation, and improvement of facilities for financing retail sales.

During the early history of automobile financing instalment finance companies generally purchased retail paper subject to the endorsement of the dealer and withheld part of the purchase price as a reserve for loss. So dealers who could not afford to carry their own papers had naturally to prefer to sell for cash. But since 1924 several finance companies have begun to buy automobile paper on a "non-recourse" basis. The "recourse" companies began to meet this competition by establishing a "dealers' loss reserve" out of the charge paid by the purchaser for the credit that was allowed to him. These developments have quite naturally led to an increasing number of sales being effected through the system of instalment selling.

The instalment finance companies are thus a main source of funds for the finance of the more expensive and readily repossessed types of goods. But behind these credits extended to the consumer are the credits granted by wholesalers, and commercial banks to the merchants. Even as early as 1917 in the U.S.A. some commercial banks financed instalment

sales for automobiles and piano dealers of the locality. After 1934 several commercial banks began to purchase retail instalment paper. By the end of 1937 about 10 per cent. of all automobile paper was held by banks.

Thus the system of instalment or hire-purchase selling is a prominent method of effecting sales in the United States. Use has also been made of this system in stimulating business activity at the upturn of the trade cycle. One of the measures the Roosevelt administration undertook during the early recovery stage of the depression was to request all sellers of useful articles sold on the instalment system to permit wherever possible a reasonable reduction in deposits and a lengthening of the contract period. However, this cannot be relied upon to be the sole measure for effecting recovery. It can be a good supplement to schemes of state expenditure and other measures. If incomes are on the course of a steep decline, a decline in the purchases of consumers' durable goods would be more or less inevitable, despite the largest possible liberalization of instalment terms. But it will be a help to check a complete decline of purchases in the case of those whose incomes are not very much affected by the cyclical movements —namely, the public employees, annuity recipients etc. But the number of such families and persons is comparatively small. But by a successful control over the instalment credit terms it should be possible for the State to create a reserve of consumers' demand which can be released by a manipulation of the terms. This will help to check both the inflationary and deflationary trends to a certaian extent.

While the system of instalment selling does possess the decided advantages mentioned, it has been very little prevalent in India. The Central Banking Enquiry Committee did take up this question but did not tackle it in any detail. The minority report of the Central Banking Enquiry Committee report contains reference to the hire-purchase system. In India this system has been successfully made use of in the motor trade. They have suggested: "From the point of view of the community much greater interest would attach to the application of this system to instruments of production such as agricultural implements, or a loom or a pump." There is a need now for the recognition of the use of this system now that we are on the stage of increasing production. The *per capita* income in this country is proverbially low and one of the methods which may be adopted to increase the consuming standards will be the hire-purchase system. This will enable many families to acquire articles of lasting value. "Pay as you consume" will be a good propaganda to popularize this system. It should be remembered that in the sales on the basis of hire-purchase contracts the emphasis is on paying out of spending money rather than paying out of current income. It is rather a charge on some part of the income earmarked for some purpose or other which can give way. In many of the goods who are not in an inelastic demand people can be talked into buying if such instalment credit is offered.

We would do well in this connection to take a leaf out of the American business experience during the last few decades. In the U.S.A. as well as in England and probably in other countries also hire-purchase sales are largely controlled by statutory stipulations of the deposits, period of the contract and instalments. In England, 24 months is the statutory maximum in controlled classes of goods and deposits are at least £2 or £5, or alternately 12-1/2 per cent. of the price of goods according to the class of business. In our country only the essential legal implications of these contracts are embodied in the statute, whereas in England there is a Special Hire-Purchase Act. An Act of this type will greatly help adoption of the hire-purchase system.

NOTES

NON-FERROUS METAL INDUSTRY

Despite the factors of scarcity and high cost of production, all belligerent nations were constrained to step up the production of non-ferrous metals on account of war demands. This industry developed very rapidly in the West. The speed of production was pitched so high and supplies became so plentiful in the case of copper, lead, zinc, aluminium, magnesium, nickel and quicksilver, that measures were taken to reduce the output in 1944 or in some countries even earlier. We quote here some important figures of production showing maximum output as against 1939: Magnesium—U.S.A. +5450 per cent., U.K. +360 per cent.; Aluminium—Canada +500 per cent., U.S.A. +464 per cent., U.K. +128 per cent.; Quicksilver - U.S.A. +177 per cent.; Zinc—U.S.A. +86 per cent; Copper—U.S.A. +59 per cent., Chile +53 per cent.; Belgian Cango +43 per cent. Similar trend of excessive production in some metals is noted in the Axis nations also. The non-ferrous metal industry has received a stimulus in India owing to the war and it is high time this industry was organized on a firm footing. The rapid progress of the production of non-ferrous metals in foreign countries should be viewed as a note of warning to India. It strengthens the case of the industry for immediate protection and help. Some representations in this connection are already being made to the Government and it is hoped that they will receive due consideration. Two representations have recently been made in addition to others and they may be rightly reviewed here.

The Marwari Chamber of Commerce has addressed a lengthy communication to the Government of India, demanding protection for the industry in accordance with the Government's recent announcement of Industrial Policy. They claim that India possesses certain very valuable non-ferrous deposits, which are as large and their quality as good as in any other country in the world. The Chamber also suggests large-scale thorough-going scientific research to develop and exploit our resources. They also desire that facilities should be given to them for import of virgin metals and scraps in which the country is deficient. And above all, there should be tariffs to protect this nascent industry from foreign competition.

Messrs. Sultan Singh Jain and R. Balachandran have also submitted a memorandum to the Government on the same lints. It is to be hoped to use their words, that this 'war baby' will not be a 'war casualty.' Granted that this industry is a 'war baby,' because it is a basic industry it should not become a 'war casualty.' It contains certain important points that the Government would do well to keep in mind in formulating definite schemes of development to be executed in the post-war period. The industry, though it is in its infant stage has stood the test in war- time and it can equally be depended on in peace-time. One main method by which the Government can assist the industry is to take all its requirements from the Indian goods and to resort to imports only when the required goods are not available from the home industry's manufacture. Since we are not fully self-sufficient in our requirements of non-ferrous metal products, the setting up of a fully representative import channel is suggested. Further such of these non-ferrous metals as are in short supply should in no case be exported. A thorough-going nationwide geological survey should be undertaken to explore the possibilities of deposits. A long standing need, much stressed upon often times, is the formation of an Indian Standard Institution. The Government can also take part in the capital ownership of the industry. These are all reasonable demands which the Government would do well to fulfil.

AMMONIUM SULPHATE INDUSTRY

With a view to securing adequate quantities of Ammonium Sulphate for the benefit of the agriculturists in the Province, the Government of Madras have had under consideration the following proposals:—

(a) participating in the scheme of the Central Government to set up a sulphate of ammonia factory in Bihar;

(b) exploring the possibility of starting a factory in South India in collaboration with other States and Provinces, if possible; and

(c) subscribing for the shares of the "Fertilizers and Chemicals, Travancore Ltd."

The Government of India have decided to establish a factory immediately in Bihar and to investigate separately the possibility of opening a factory south of the Vindhyas later. The Government of Madras have agreed to contribute 25 lakhs of rupees towards the capital of the factory proposed to be set up by the Government of India in Bihar, on condition that they are allowed to appoint a representative to the Directorate or the Board of Management of the concern. They have also agreed to guarantee from the production of the factory, an offtake of 25,000 tons of ammonium sulphate per year for a minimum period of five years. The question of participating in the proposal for a factory in South India has been deferred till the Government of India decide to open a second factory south of the Vindhyas. Meanwhile, the Government propose to investigate the possibility of opening a factory of their own at a suitable place in the Province, if the proposal of the Central Government does not materialize in the near future.

As regards the Fertilizers and Chemicals, Travancore, which is situated in Travancore, the Government of Madras consider it advantageous to secure an interest in that concern, so that not less than 20,000 tons of ammonium sulphate per year might be obtained at favourable rates for the southern districts of the Province. They have decided, therefore, to take up shares to the value of 20 lakhs of rupees in the concern, with a right to appoint a representative on its Board of Directors, and to get the fertilizer at a price not exceeding that charged to any other buyer including other Governments who purchase ammonium sulphate directly from the actory of the Company. The Company has agreed to these conditions.

By these arrangements, the Government expect to get 45,000 tons of the fertilizer per year for the first five years after the commencement of commercial production from Bihar and Travancore, for the benefit of the ryots in this Province. By the end of five years, the Government hope to be in a position to set up a factory of their own in the Province without having to incur heavy expenditure in buying machinery etc., at the present comparatively high prices. A comprehensive scheme for the distribution of artificial fertilizer obtained from the two factories will be formulated by the Director of Agriculture.

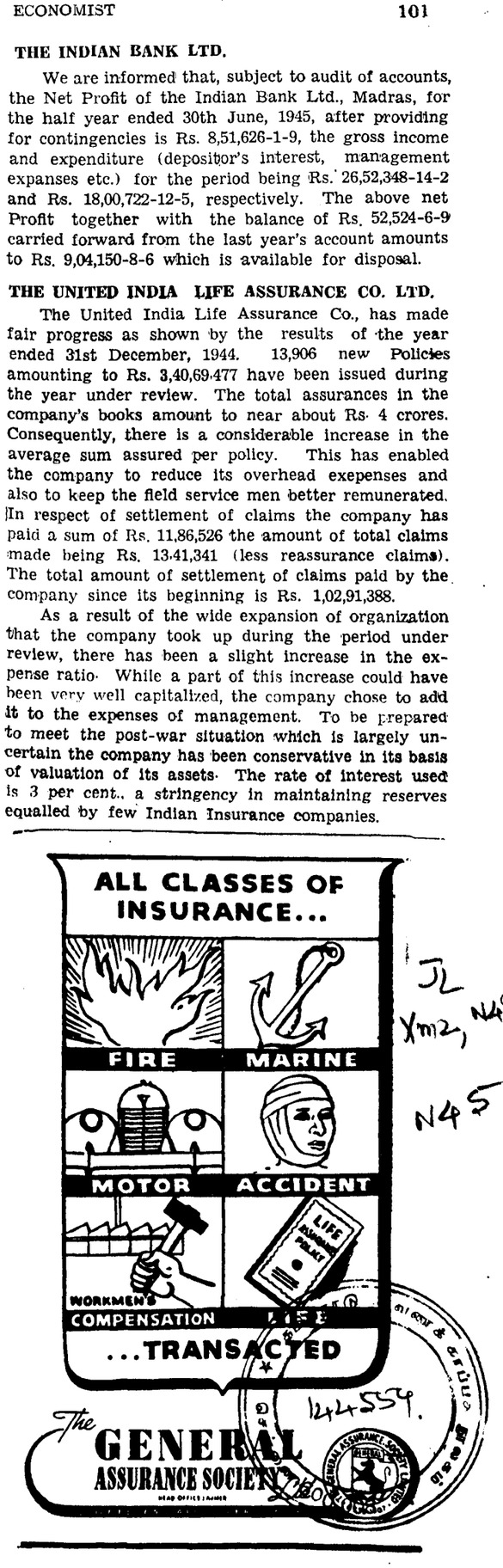
THE INDIAN BANK LTD.

We are informed that, subject to audit of accounts, the Net Profit of the Indian Bank Ltd., Madras, for the half year ended 30th June, 1945, after providing for contingencies is Rs. 8,51,626-1-9, the gross income and expenditure (depositor's interest, management expanses etc.) for the period being Rs. 26,52,348-14-2 and Rs. 18,00,722-12-5, respectively. The above net Profit together with the balance of Rs. 52,524-6-9 carried forward from the last year's account amounts to Rs. 9,04,150-8-6 which is available for disposal.

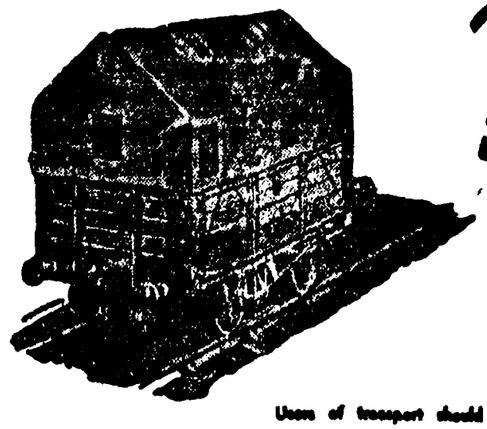
THE UNITED INDIA LIFE ASSURANCE CO. LTD.

The United India Life Assurance Co., has made fair progress as shown by the results of the year ended 31st December, 1944. 13,906 new Policies amounting to Rs. 3,40,69,477 have been issued during the year under review. The total assurances in the company's books amount to near about Rs. 4 crores. Consequently, there is a considerable increase in the average sum assured per policy. This has enabled the company to reduce its overhead exepenses and also to keep the field service men better remunerated. In respect of settlement of claims the company has paid a sum of Rs. 11,86,526 the amount of total claims made being Rs. 13,41,341 (less reassurance claims). The total amount of settlement of claims paid by the company since its beginning is Rs. 1,02,91,388.

As a result of the wide expansion of organization that the company took up during the period under review, there has been a slight increase in the expense ratio. While a part of this increase could have been very well capitalized, the company chose to add it to the expenses of management. To be prepared to meet the post-war situation which is largely uncertain the company has been conservative in its basis of valuation of its assets. The rate of interest used is 3 per cent., a stringency in maintaining reserves equalled by few Indian Insurance companies.



Wagon or warehouse ?



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YODH RAJ,
CHAIRMAN AND GENERAL MANAGER

FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT:

Madras Letter

MADRAS, July 14, 1945.

THE urge of the mill-owners of Coimbatore to see that it became, in the fullness of time, the Manchester of India has been responsible for Mr. G. D. Naidu and Dewan Bahadur C. S. Ratnasabapathy Mudaliar offering large and handsome donations to start an Engineering College in Coimbatore which was opened this week by the Governor of Madras. Being situated in the heart of the mill area in the South, the College is to devote greater attention to textile engineering which would provide careers for many young men and would also increase the output of the textile industry very considerably. Apart from textile engineering, the College would import education in civil, electrical and automotive engineering. Speakers at the opening of the College said that the educational development of this country had been drifting along without any aim or profit to individuals or the country. The war had revealed the biggest defect that any country which wanted to be independent could afford to ignore, namely, lack of industrialization and lack of technical men to start industries. The opening of the College would fulfil this want in a large measure. A great impetus is being given to industrial education just now; for, schemes have been approved for the opening of another engineering college at Chidambaram under the auspices of the Annamalai University and one more at Vizagapatam. The last mentioned is to be unique in this Province as it will have courses of study in Marine engineering and Aeronautical engineering apart from the usual subjects.

Rice Imports

The policy of the Madras Government in regard to the imports of rice from foreign countries and particularly from Burma was explained by Sir S. V. Ramamurthy, Adviser to the Governor of Madras at a meeting of the Provincial Food Council held a few days ago. He said that there was little prospect of Burma rice coming into this country before April 1947 but that care would be taken to regulate such imports so that local prices did not fall steeply and suddenly. The aim of the Government was to make South India self-sufficient in rice and depend on imports only in lean years. With talks of stabilizing farm prices, this policy of the Government would be welcomed by the landholders and cultivators. In the meanwhile, the food situation in the Province has continued to be satisfactory. Stocks of food grains have been adequate to meet current requirements and their flow in the market has also been fairly free. Owing to the improvement in the rice position, the subsidized sale of wheat has been discontinued. Propaganda in favour of wheat has also been slowed down as the wheat position has become a little difficult. But still, the rice position has not improved to such an extent as to restore the cut in the rations of rice by one-sixth which is now being given in the form of wheat.

Milk Supply

The Coimbatore Co-operative Milk Supply Union has made notable advance in the supply of milk to the public and recently to the Army. There are only two such organizations in the Province, the other one being in Madras City. The Governor of Madras inaugurated this week a scheme for the supply of pasteurised milk organized by the Coimbatore Union. This Union started in 1937 with small beginnings is now handling 6,300 lbs. of milk to the civilian public and 15,000 lbs. to the Army daily. The milk is gathered from surplus quantities available in far off villages so that the supply to the civil population may not be affected. Now that the Union is handling such large quantities of milk, the need for the pasteurisation plant was felt. In fact, this would also help the Union in the post-war period, when the supplies to the Army will no longer be required, in expanding its useful activities in the supply of milk to the public. In view of the milk shortage throughout the country, the Governor of Madras hoped that the good example of the Coimbatore Union would be copied in many other places.

Sugarcane Committee

In order to improve and develop the growing, marketing and manufacture of sugarcane and its products in this Province, the Madras Government have constituted a Provincial Sugarcane Committee on the lines of the Central Sugarcane Committee. The Director of Agriculture is to be chairman of the Committee. There will be four official members and ten non-officials, representation being given to growers, manufacturers and jaggery producers. Sir T. S. Venkatraman, the famous sugarcane expert will also serve on Committee. Discretion has been given to the Committee to co-opt any sugar technologist as a member of the Committee whenever necessary.

Gilt-edged

The announcement of the 2-1/2 per cent Loan 1950 by the Government issued at par and limited to Rs. 20 crores, though not a surprise to the market, imparted a steadier tendency to the gilt-edged section. Banking circles take the view that this issue is in the nature of a feeler to the market and that it should be prepared for lower interest-bearing loans. Three and a half per cent. Paper rose to Rs. 102-14 and closed two annas lower. All the dated loans have recorded substantial rises. The tap rate for 3 per cent Development Loans 1970-75 has been put up to Rs. 97-2 and business has been done in the local market at an anna higher. 3 per cent. Loans 1951-54 rose to Rs. 101-9 and 3 per cent. Loans 1953-55 to Rs. 101-12. Victory Loans were better at Rs. 100-8. Provincial Loans and Travancore Loans were firm. Institutional investors gave good support to the market this week.

Stock Excange

With the increase in the dividend by 2 per cent. to 14 per cent., Imperial fully paids advanced from Rs. 1,980 c.d. to Rs. 2,175 c.d. and the contributories from Rs. 500 c.d. to Rs. 540 c.d. Indians all the three shares were absorbed at the improved rates of Rs. 335, Rs. 226 and Rs. 158, following the publication of the profit figures at over Rs. 8-1/2 lakhs for the half year ended June 30, 1945. Indo-Commercials 'A' shares have risen to Rs. 145. The net profit of the Indo-Commercial Bank for the half-year just ended is over Rs. 2.75 lakhs. Bank of Mysores have improved to Rs. 382.

Select shares in the textile section were active but otherwise the market was dull. Buckinghams rose to Rs. 340, Maduras to Rs. 74 and Cambodias to Rs. 28-12. Mysore Spuns saw more activity, the quotation rising to Rs. 26-12. In spite of the recent attractive dividends, the Planting section was not active. Cochin Malabars were done higher at Rs. 18-6. Thirumbadis changed hands at Rs. 4-5 and Pullangodes at Rs. 3-7 c.d. In the Miscellaneous section, Mettur Chemicals were done higher at Rs. 16-4 c.d. Mysore shares were unchanged.

Bengal Letter

CALCUTTA, July 15, 1945.

IN his presidential address at the first quarterly general meeting of the Indian Chamber of Commerce held at Calcutta on the 10th July, Sir Abdul Halim Ghuznavi spotlighted some of the important economic and commercial issues that have been agitating the public mind in this country. Referring to the problem of restoration of normal life in the liberated areas of Burma, Sir Abdul Halim urged that the Government of Burma should offer adequate facilities to the Indian business community in returning to Burma to assist in the task of rehabilitation and reconstruction. In this connection he dealt with a matter of immediate concern to the commercial community relating to the arrangement contemplated by the present military Government of Burma for the handling of the export and import trade of Burma. The Burma authorities proposed to form an Agricultural Project Board which was to be given almost the monopoly of purchasing all the surplus rice available in Burma. The scheme was such as to debar the Indian merchants completely from participation in the export trade in Burma rice in which they had prayed an important part in the pre-war period. Fortunately, however, this scheme has been prevented from coming into operation by the efforts of the Government of India. The Government of India should take immediate action, Sir Abdul Halim maintained, to enable Indians to regain their trade in various spheres in Burma that belonged to them in pre-war days. Criticizing the industrial policy of the Government of India, he said that it was unfortunate that it did not deal with the question of protection and assistance to Indian industries started before and during the war against foreign competition. He deplored that the British industrialists' desire to participate in the ownership, control and management of Indian industries as a condition precedent to their willingness to supply capital goods and technical skill needed by Indian industrialists.

Paper Control

In his presidential speech at the fourth annual general meeting of the Indian Paper Mills' Association, Mr Santi Prasad Jain pleaded that the Government should either remove or relax the various restrictions that have been imposed on the distribution and consumption of paper in view of the improvement in the supply of paper for civilian consumers. In his view the rigorous restrictive measures are quite unnecessary now as the period of crisis in regard to the supply of paper is over. With the release of 60 per cent. of the indigenous production the quantity of paper available for civilian consumption has reached the pre-war level and it should be possible for the consumers to get their requirements without difficulty. The various restrictions imposed by the Government are, however, preventing the proper distribution of paper. Thus while the consumers are unable to get their requirements, large stocks are accumulating in the mills' godowns. Mr Jain also referred to the many difficulties experienced by the Indian paper industry in securing supplies of raw materials and coal. The year 1944 was, in particular, a period of severe trial for the Indian paper industry. The production of paper which was of the order of 92,000 tons in 1942-43 fell to approximately 70,000 tons in 1944. Though the industry's difficulties were manifold and its manufacturing costs went up it nevertheless did its best by working at maximum pressure. Mr Jain also pleaded for extension of adequate protection to all classes of papers and boards manufactured in the country.

Demand for Cloth Rationing

The interim cloth rationing scheme which has been in operation in the province for about two months now has not been much of a success. It has not brought any appreciable relief to the public. Under the interim rationing scheme arrangement was made for the appointment of Ward Committees consisting of the representatives of the local people who were to assist the Government in the matter of distribution of cloth. These Ward Committees themselves have now become strong critics of the Government's interim rationing scheme and have been demanding the introduction of full-fledged cloth rationing. The Government on their part are not relying any more on these committees. They have issued a circular to the selected cloth shops instructing them that they should not furnish any information about stocks to the Ward Committees. The Ward Committees which were vested with authority to issue permits to the citizens enabling them to buy cloth can hardly continue to do this work without proper knowledge of the stocks of cloth held by the dealers. The net result is that the interim cloth rationing scheme is now practically a failure. Regarding the introduction of full rationing, his Excellency the Governor of Bengal said at a recent Press conference that full rationing would be introduced before the coming Puja. This assurance, however, is too vague. Meanwhile, special interest attaches to a new scheme evolved by the Textile Directorate in collaboration with the Bengal Millowners' Association as a result of which additional stocks of cloth will be made available for distribution. The Deputy Director of Textiles has appealed to the millowners to co-operate with the Textile Directorate in their efforts to provide the maximum quantity of cloth for the province.

U.P. Letter

CAWNPORE, July 16, 1945.

EARLY this week the U.P. Government released to the Press the annual report on the Administration of the Province for the year 1944.

According to the report the year showed distinct signs of economic improvement early in the year. The rabi crop promised a bumper yield, prices were falling, and workmen's cost of living index in Cawnpore dropped from 305.4 on December 26, 1943, to 302 in the first week of January, 1944. The fall in prices continued until about the middle of March when heavy rain caused considerable damage to wheat and gram. A general rise in prices followed.

The workmen's cost of living index in Cawnpore which reached its peak at 337.2 in the week ending July 23, fell to 333.2 in the first week of August. Thereafter the fall was gradual until in the second week of December, the index dropped below 300 for the first time during the year.

To the common man the supply question was still of dominant interest. The various control orders were instrumental in reducing prices but they also had the effect of driving supplies underground and the problem of obtaining supplies at controlled prices became more acute. There was a great scarcity of cloth of the finer varieties and of kerosene oil, coal and firewood for domestic use.

An unusual feature of the year was the speculative buying of gold in the belief that Government would stop its sale in the face of pressure from the Central Legislative Assembly. In Benares 20,000 tolas of gold were sold on March 28 and 29, and in Lucknow the Imperial Bank had to suspend its sale on March 28.

Workmen's Quarters

Cawnpore, like all the other bigger industrial centres of the country, is facing the problem of housing shortage, specially the shortage of proper quarters for workmen. The future of industries in the post-war period in these towns is linked with the plans for the housing of Labour. Cawnpore's greatest drawback in this respect has been the fact that a large portion of its industrial labour force, is drawn from the neighbouring villages, and a majority of these prefers not to make permanent home in the city. Yet there is a sufficiently large number of workmen in urgent need of housing. The Provincial Government has, therefore, given this subject the first priority in the programme for the Cawnpore Improvement Trust. Interest-free loans amounting to about Rs. 30 lakhs were advanced to the Trust, and the first batch of 2,400 quarters for workmen of the lower category is now nearing completion. It is proposed to develop the area where these quarters have been sited into a model town. It is near the newly developing industrial area, and will be linked with the main city by cheap transport. The Improvement Trust has also embarked upon a plan of persuading the bigger employers of labour to build suitable quarters for their labour force, and for this purpose it has been offering them land at concession rates. The Provincial Government has offered attractive facilities for executing the construction work. Many of the employers have already accepted the Trust offers of land. These include textile mills, engineering concerns and a Banaspati factory.

U.P.'s Cloth Production

The U.P. Government have recently supplied to the Textile Commissioner production figures of the mills in their area for yarn and cloth in the years 1939 and 1944. These show a remarkable rise in production in the latter year compared with the 1939 production. In the case of waste yarn there is an increase of over 38 per cent., in the case of other yarn of over 30 per cent. and in the case of cotton cloth there is an increase of over 26 per cent. These figures would compare favourably with the all-India increases in the annual production of cloth and yarn registered in the five war years. It is believed that similar production figures for cloth and yarn are being compiled by the other Provincial Governments and will be submitted soon to the Textile Commissioner, when an all-India statement may be issued.

Utility Cloth

The production of utility cloth is now in hand. Many of the U.P. Mills have been manufacturing this cloth from even June, and in several cases in the U.P. the mills did not have to make any adjustments in specification so to conform to the utility cloth specifications or their production was already rationalized. Among such mills are Cawnpore's Swadeshi Cloth Mills manufacturing dhotees and sarees. In such cases there will be no increase in production, but in other cases, it is believed, an increase in yardage of as much as 20 per cent. may take place as a result of rationalization. On the whole, therefore, the expectation that there may be an increase of 10 per cent. in yardage of cloth production as a result of the utility cloth rationalization scheme may well turn out correct.

Employment Exchanges

An Employment Exchange is to be opened in Lucknow. Cawnpore has already got one. For the present there are only 8 such Exchanges in the country, and 63 more are to be opened soon all over the country.

But before these Exchanges start functioning, the problem of unemployment in some industries has already begun to present itself. Reports of about 1,500 men being retrenched from various industries in the month of June in Cawnpore's organized industries have been circulated. The industries concerned are Iron and Steel, Cloth and smaller engineering.

THE HINDUSTAN COMMERCIAL BANK LTD.

Head Office

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CAPITAL AUTHORISED	RS. FIVE CRORES
CAPITAL ISSUED & SUBSCRIBED	RS. TWO & A HALF CRORES
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Chairman: SIR PADAMPAT SINGHANIA, Kt., M. L. A.,

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PUKHRAYAN.
SAHARANPUR.
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Managing Director: LALA KISHEN CHAND PURI, B.A., F.I.B., (London).

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THE INDIAN BANK, LTD

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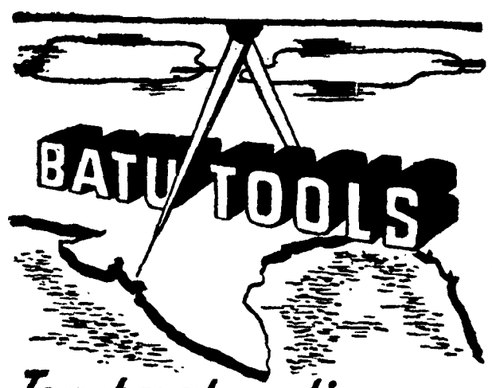
	Rs.
Issued and Subscribed Capital	**60,00,000**
Paid-up Capital	**33,61,250**
Reserve Fund	**33,62,500**

Deposits as on 30-6-45 exceed 12½ crores

ALL KINDS OF BANKING BUSINESS DONE

N. GOPALA IYER, Secretary.

I. B. N.—101.



To cut costs and increase PRODUCTION

MANUFACTURERS! Think of the Post-war competition now. Remember your very existence after the war will depend upon your being able to offer quality goods at competitive prices. So reorganize—make your production more efficient, more economical. Use tools that will save time, save material—save costs—use BATU TOOLS.

BATU TOOLS, for their extreme durability and high resistance, help to cut costs, increase production, maintain quality and provide trouble-free factory operations. Besides, their accuracy ensures better out turn—minimum spoilage.

REGISTERED BATU TRADE MARK

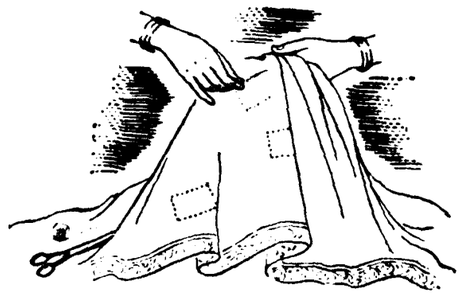
{ Reamers, Milling Cutters, Taps, Little Giant Dies, Circular Dies, Slitting Saws, End Mills, Etc., Etc }

Chairman & Managing Director:

SANKALCHAND G. SHAH, Esq.

THE BHARAT TOOL MANUFACTURING CO. LTD.

-655



STRETCH ITS LIFE WITH A STITCH

There is not enough cloth in the market to go round, so make the best of the clothes you have.

Damaged clothes need not be a problem. Deal with the damage as soon as you detect it.

Darn a hole whether it be an inch or less in diameter. A big one, of course, should be patched by inserting a fresh piece of material. A tear, less than three inches in length should be carefully sewn, but anything beyond that should be taken to the tailor for better results.

RULES OF CARE:

Protect clothing from rats and insects by using naphthaline or flower dust etc.

Remove stains immediately with lime or hot milk, or soap and water, or common salt.

Don't let your garments sweep the floors.

Make smaller garments out of discarded ones.

Wash clothes at least twice a week at home. Use a good quality soft soap or flakes (flakes give better results) and pure cold water

Issued for the benefit of the public by

Kesoram

COTTON MILLS LIMITED

MANUFACTURERS OF CLASSIC COTTONS

HUKUMCHAND JUTE MILLS

Limited

Hukumchandnagore, Naihati, B. & A. Ry.

(Estd. 1919).

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HIGH CLASS HESSIAN, SACKING, CANVAS, TENTS, TWINE, WEBBING, WOOLLEN BLANKETS, Etc. Etc.

Managing Agents

RAMDUTT RAMKISSENDASS

4, Clive Ghat Street, Calcutta.

FACT No. 5

TODAY as always India's cotton textile industry is pledged to serve India's public to the limit of its resources.

And the resources of the industry are not negligible; nearly 14% of the estimated world production of cloth is made each year in India. 407 mills contribute to this gargantuan total. Over ten million spindles. Over 200 thousand looms. Eight lakhs of workers are employed each day; three lakhs more than in the days of peace. In 1943-44, there was available for civilian consumption, 5,868 million yards of cloth in India, which is only 6% less than the pre-war average available supply.

So, you see, India's cotton textile industry remains faithful to its pledge to serve India's public to the utmost. The responsibility for the present cloth shortage does not lie at the door of the producers; through this war they have assuredly "delivered the goods."

Approach the Textile Controller of your province if you cannot obtain necessary cloth or yarn. Movement of cloth and yarn is entirely controlled by Government.

One of a series of statements of fact for the information of the public :—

ISSUED BY

THE MILLOWNERS' ASSOCIATION

BOMBAY

COMPANY MEETING

The Neptune Assurance Co., Ltd.

14TH GENERAL BODY MEETING, HELD IN BOMBAY ON 9TH JULY, 1945

CHAIRMAN'S SPEECH

"Let Law protect, not restrict"

Neptune's Growing Strength.

"REGULATION by Law is necessary in the interests of the public; but only to the extent of promoting or safeguarding the public interest is legislative interference with commerce justified," declared Sheth Amratlal Kalidas, Chairman of the Neptune Assurance Co., Ltd., presiding over the 14th general body meeting. Strongly supporting the proposed legislation for limiting the over-all expenses of insurance companies, Sheth Amratlal made practical suggestions for a reduction of the agency commissions. On the other hand, he equally deprecated the move to limit the holding of Bank and Insurance shares and to restrict the shareholders right to veto.

Sheth Amratlal was happy to submit the Neptune's annual report which showed a rise of 58 per cent. in new business, a Life fund of nearly 33-1|2 lakhs, and a premium income of nearly 10-1|4 lakhs. He was also happy that the Company's new capital issue of 20 lakhs (10 lakhs paid-up) was quickly subscribed at a premium of Re. 1 per share.

The Neptune has started Fire and General Business this year and the Chairman forecast substantial results.

Discussing the business done in 1944, Sheth Amratlal pointed out that policies issued during the year totalled Rs. 65,14,446 as against Rs. 41,12,698 of the previous year. There was a corresponding rise in the premium income. The Life Fund went up by nearly 7 lakhs to Rs. 33,40,036. He claimed two achievements; firstly, the management was so economical, that the big rise in the new business did not lead to any appreciable rise in the expense ratio, secondly, despite the crippling compulsion to invest a large portion of insurance funds in low-yielding Government and quasi-Government securities, the Neptune has secured a yield of 5.05 per cent on its mean Life fund. In this connection he repeated his last year's protest against the official policy of heavy taxation on one side, and restriction of investment on the other.

Regarding complaints of discrimination on the part of Banks, he appealed and cautioned Indian Banks to treat Indian Insurance companies with a spirit of comradeship and not to forget that they themselves thrive on the spirit of patriotism.

Proceeding, he warned against Government interference with the rights and liberties of investors to invest and vote at their discretion and pointed out "The right to invest and having invested, the right to vote, are the fundamental basis on which modern financial and industrial structure is based; and any undue interference with it can only recoil on the interests—Banking and Insurance in this case—which it is intended to safeguard." Regulation by law is necessary in the interests of the public, and only to the extent of promoting or safeguarding the public interest is legislative regulations justified." In fact, I venture to suggest that the Trade Associations would play their roles more effectively if they devote part of their energies to educating the public in matters of official policy towards business."

Referring to the expense ratio of Insurance offices, he pointed out the loopholes of the 1938 Act, to amend which new proposals are under consideration to restrain effectively the overall expenses of the companies, he said "the specific ratio of allowable expense is yet to be determined. It is for the public, that is the policyholders, existing and prospective, to agitate for the utmost economy of expense in Insurance companies, for after all, it is they who foot the bill. In view drastic economy is particularly imperative now and particularly possible and desirable in the matter of agency commissions, provided, of course, it is done uniformly by all companies—and that uniformity can be secured only by Law.

In the western countries, life insurance canvassing is a wholetime profession and the agent in India needs to be educated to realize that his duty does not end with the securing of the first year's premium.

"The renewal commission even at 5 per cent is far too much and from the point of view of the agent a reduction would be more than compensated by the increase in the volume of business which would result from industrial expansion as well as better stability of insurance companies themselves. I should also strongly urge the spreading over of the first year's weightage on five years which will also mitigate the violent fluctuations of expense ratio from the year to year."

"As an organic limb of the economic structure of the Nation, Insurance will soon be called upon to play its part in the race for national prosperity. In this there is need to make sure that it will, in itself be healthy, and health demands prudence and restraint. In the fullest co-operation between all Insurance companies and allied industries lies our strength and our hope for the future."

In conclusion, Sheth Amratlal thanked his colleagues on the board the officials of the company, the Managing Director and the Agents.

WAR TRANSPORT DEPARTMENT

Applications are invited for import licences for the import of passenger cars from U.K. during 1945 and 1946 from firms holding a franchise from the manufacturers. There is no quota limit and firms are advised to book orders immediately with the manufacturers, and to restrict their application for import licence to the number they expect to obtain.

2. Applications in the prescribed form together with.

(i) copies of documents evidencing that the applicant firm holds a franchise for a particular make or makes of cars, and

(ii) a detailed description of the territory for which the firm holds the franchise

should reach the undersigned on or before the 31st July, 1945. Applications not received by that date will not be considered.

S. D. GUPTA,
Controller of Motor Transport

LABOUR

Shop-Labour in India

THOUGH the proportion of industrially employed persons in India is very small as compared to other countries in the West, that of persons employed in shops, commercial establishments, restaurants and other places of public entertainment to the total number of industrially employed persons in India is not inconsiderable. Whereas, the Factory Act 1934 sought to regulate the hours of work and ameliorate the condition of the factory workers in India,—this portion of shop assistants and commercial employees remained neglected till very recently. And even when legislation regarding their conditions and hours of work, was passed, it was not on all-India basis but it was mainly due to the initiative taken in this respect by certain provinces. Thus the lead was given by the province of Bombay by passing The Bombay Shops and Establishment Act in 1939. Similar legislation has also been placed on their statute books by the Punjab, Bengal and Sind. In U.P. legislation was under consideration in 1938, but it was still-born due to the sudden resignation of the Congress Ministry. There is no legislation regulating the hours and conditions of work of shop assistants and commercial employees which can be applicable to all provinces in British India. True, the Government of India have passed the Weekly Holidays Act, 1941. But it is applicable only to certain specified provinces and not to the whole country. The Government of India action in this respect is necessary not only for laying down a general uniform policy. It is also necessary and more importantly, for ensuring some minimum conditions and hours of work for all the shop workers and commercial employees in India, particularly so, in areas where provincial initiative is not forthcoming.

These acts, wherever they are operative, generally regulate the maximum daily hours of work, the daily spread over of hours, compulsory rest intervals and weekly holidays, the rate of overtime pay, the minimum age of children and their hours and conditions of work. The Punjab and the Bengal Acts contain some additional provisions regarding payment of wages, and grant of previlege leave to the employees in shops, commercial establishments and places of public entertainment. The Sind Act follows closely the model of the Bombay Shops and Establishment Act. All these Acts extend to the whole of their respective provinces but are applied in the first instance to certain selected specified areas, the Provincial Governments being empowered to extend their application to other areas by notification. The following table will give an idea regarding the total number of shops, commercial establishments, etc., under the purview of the Acts in the various provinces and also the number of workers employed therein, and therefore covered by the Acts.

Province	No. of Shops	Persons Employed	No. of Establishment	Persons employed	No. of Restaurants Theatres, etc.	Persons employed
Bombay (Bombay, Ahmedabad, Hubli)	54,326	97,554	7,760	39,905	5.060	34,018
Punjab	1,02.158	46,915	18,080	43,848	—	—
Sind (City & Cantts. of Karachi, Shikarpur, Hyderabad)	11.176	680	1,627	260	1.055	225

Bengal (The total number of shops and establishments covered was about 80,000).

These figures, if carefully observed, will also bring out the preponderent proportion of one-man establishments in these provinces. These Acts were not quite clear regarding whether they were applicable to one-man establishments. But in this connection a High Court decision made the issue clear. In a case, it was held by one of the Presidency Magistrates in Bombay that one-man establishments fell outside the purview of the Act, that such establishments were not required to be closed at a particular hour. It would be seen, the Acts will lose much of their utility if they exclude one-man establishments from their operation. The High Court ruled that the Act applied to one-man establishments also and that the owners were bound to close their establishments at the specified hour. The High Court also cleared away one other difficulty in the interpretation of the Act, namely, whether it was applicable to daily wage-earners. The High Court ruled that it was applicable. The importance of this ruling would be realized when we consider the fact that if the Act is not applicable to daily wage-earners, an employer can evade the much useful provisions of the Act by treating his regular servants on daily wage basis merely for the sake of evasion. In one case in the Punjab, the validity of the Act itself was attacked on the contention that it is *ultra vires* of the Provincial Government inasmuch as it does not deal with any of the subjects enumerated in the Provincial list in Schedule VII of the Government of India Act. But it was interpreted by the Judge that No. 27 of that list covered it.

It will be seen, that in spite of the anticipated and likely opposition from the vested interests, the experience in these four provinces regarding the operation of these Acts is quite an encouraging one. Considering the recent origin and the possibilities of evasion due to the novel nature of the experiment, a strict and vigilent inspection was necessary in the start also as the employees were awakening new to their rights and required time to perfect their organizations. The following table regarding the number of successful prosecutions should bring out the fact that on the whole, the purpose of the Acts was being served satisfactorily:

	Prosecutions during 1941		1942		1943	
	Successful	Unsuecessful	Successful	Unsuccessful	Successful	Unsuccessful
Bombay	2,675	36	3,695	17	3,516	10
The Punjab			818	30	3,432	111
Sind			852	12	4,757	19

(For Bengal, figures are not available.)

When the operation of these Acts during the last four or five years has been attended with such an amount of success, it is time now, that the application of the Acts should be extended to the remaining parts of the province wherever they are operative.

In fact, there has been a continuous and consistent demand on the part of shop assistants from widely scattered places and from mofussil centres in Bengal and Bombay for extending the provisions of the Acts to other areas. The provinces where such legislation already exists should be wholly covered by them. But it is also necessary that in provinces where there is no shop legislation so far, the Government of India should take a bold move by passing an all-India Act which will be applicable to all provinces alike. The extension of the Acts in other parts of the same provinces and new legislation in other provinces will involve additional expenditure for local bodies and provinces concerned. Where these two sources are not sufficient, Government of India should grant the necessary aid. The satisfactory experience of the existing legislation is sufficient to warrant a striking success for such an extensive legislation on the same basis.

While contemplating this extension of legislation in this respect, one defect of the existing legislation has got to be borne in mind. That is, the non-inclusion of so many establishments from the purview of the Act. It is understandable if it excludes persons and establishments, the nature of whose work itself is intermittent and thus precludes them from the application of the Acts, such as travellers, canvassers, watchmen or caretakers. But there is no reason why persons employed in public utility services, boarding houses, and residential hotels, shops dealing in some specified commodities, and in Government services, should be excluded. The present criterion for the application of the Acts to establishments is that of profit, *i.e.*, those establishments which are run for the sake of profit only are taken into consideration. Others like public utility services, Government services, therefore are naturally excluded. But profit basis should not be the sole criterion for the applicability of legislation. Even apart from the profit motive, for ensuring some minimum conditions of hours and work and therefore for ensuring general efficiency, some sort of regulation is necessary. The self-complacency of the Central Government with the Weekly Holidays Act, 1942, which is only a partial and hesitating piece of legislation should now be replaced by a bold move on a wider basis both in regard to its operation and application.

THE UNITED INDIA LIFE ASSURANCE Co., Ltd.,

Head Office: MADRAS.

Summary of Revenue Account for the Year Ended 31st December, 1944

		Rs.		Rs.
Claims & Surrenders	..	14,42,435	Life Assurance Fund at the beginning of the year	
Expenses of Management	..	19,70,214		
Depreciation & Transfers to Reserves	..	3,47,216	Premiums less Re-assurances inclusive of consideration for annuities	.. 51,42,610
Life Assurance Fund at the end of the year	..	2,10,00,515		
	Rs.	2,47,60,380	Interest, Dividends and Rents less Income-Tax	.. 7,93,587
ASSETS				
Loans on Mortgages	..	11,96,680	Other Receipts	.. 2,71,051
Loans on Company's Policies	..	23,00,216		Rs. 2,47,60,380
Investments in Government Securities	..	1,23,70,264		
Investment in other Securities	..	22,35,587		
Investments in Immovable Properties	..	28,51,977	NEW BUSINESS FOR THE YEAR 1944	.. 3,40,69,477
Other Assets	..	22,69,428		
	Rs.	2,32,24,152	TOTAL BUSINESS IN FORCE	.. 10,94,49,411

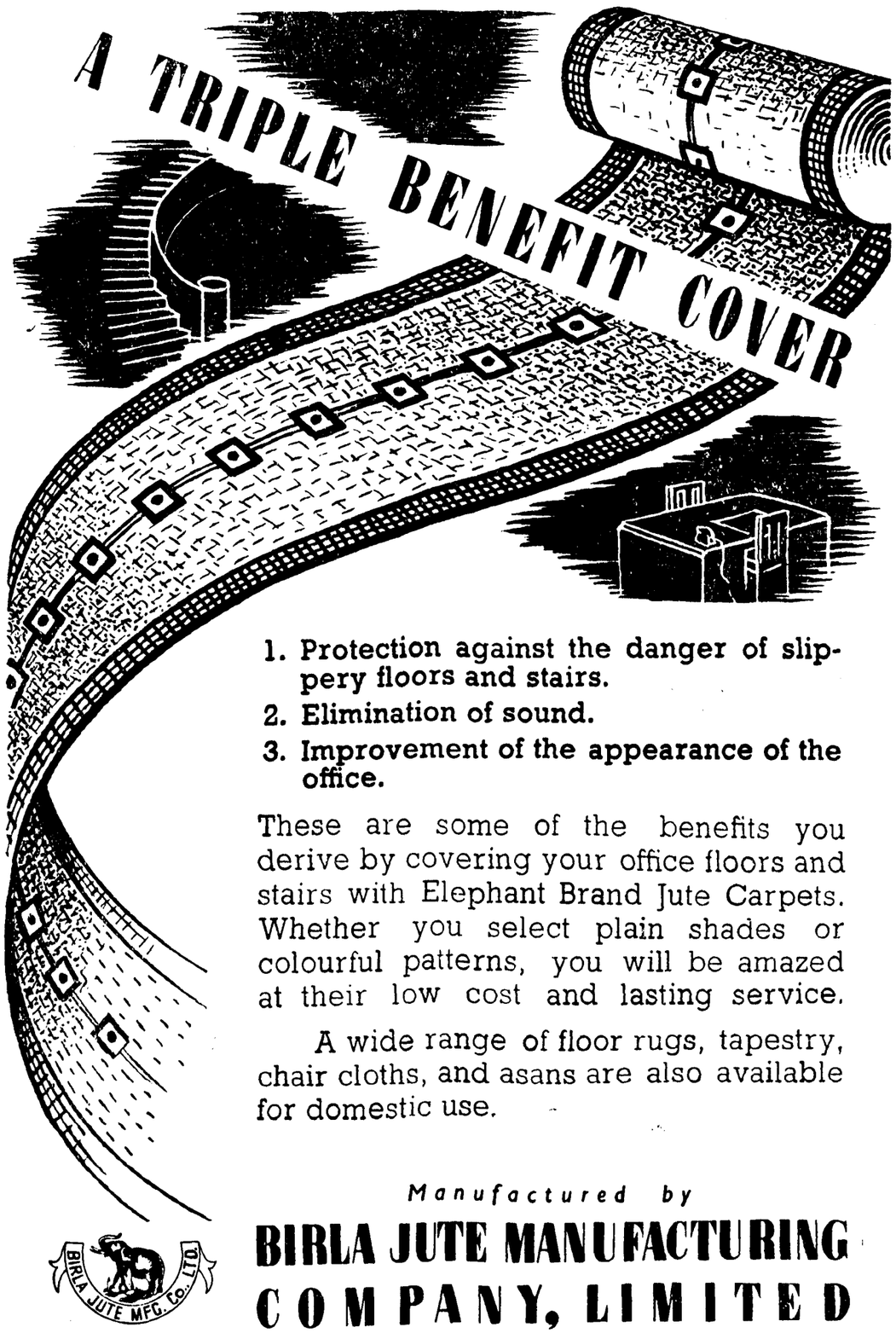
BRANCH OFFICES

United India Life Assurance Co., Ltd., Post Box No. 63, Cannaught Place, NEW DELHI.

Bans Phatack, BENARES.

INSPECTORS' OFFICES:

1. T. P. Srivastava, B.A., LL.B., Meston Road, CAWNPORE.
2. Gopinath Bhargava, M.S., 36, Latouche Road, LUCKNOW.
3. Girija Saran Vaish, Station Road, PILIBHIT.
4. C. L. Chaturvedi, Kaniya Buildings, Rajakimandi, AGRA.



1. Protection against the danger of slippery floors and stairs.
2. Elimination of sound.
3. Improvement of the appearance of the office.

These are some of the benefits you derive by covering your office floors and stairs with Elephant Brand Jute Carpets. Whether you select plain shades or colourful patterns, you will be amazed at their low cost and lasting service.

A wide range of floor rugs, tapestry, chair cloths, and asans are also available for domestic use.

Manufactured by

BIRLA JUTE MANUFACTURING COMPANY, LIMITED

Managing Agents: BIRLA BROTHERS, LTD.

STOCKISTS:

Bharat Kala Bhandar, Ltd., Chandni Chowk, Delhi.
Bengal Stores, Ltd., 8-A, Chowringhee Road, Calcutta. Bharat Kala Bhandar, Ltd., 149, Harrison Road, Calcutta.

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities		Market	Unit	This week Rs. a. p.	Last week Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	8 10 0	...
	Superior	..	..	8 14 0	...
	Ready	Lyallpur	..	8 15 6	...
	Red	Hapur	..	...	...
	Dara	Cawnpore	..	...	...
	..	Calcutta	..	...	...
2. *Rice	Punjab Basmati New	Amritsar	..	23 0 0	...
	Punjab Basmati Old	..	..	24 0 0	...
	Punjab Basmati Sela	..	..	22 8 0	...
	Parmal	..	..	19 0 0	...
	Sone	..	..	14 12 0	...
	Bagami	..	..	14 0 0	...
	Jhone	..	..	...	...
	Common Rice	Cawnpore	..	...	...
	Medium Grade	Calcutta	..	...	...
3. *Linseed	Ready Bold	Bombay	..	14 3 0	...
	,, Small	..	..	13 15 4	...
	,, Bold	Cawnpore	..	8 0 0	...
	,, Small	..	..	...	...
	,, ,,	Calcutta	..	13 0 0	...
4. *Mustard	Yellow	Cawnpore	..	12 0 0	...
	Black	..	..	10 1 0	...
5. *Groundnuts	Karnel (Coromandal)	Madras	..	10 13 6	...
	Karnels	Bombay	..	13 0 0	...
6. *Potatoes	Desi	Cawnpore	..	19 0 0	...
	Pahari (Haldwani)	..	..	429 0 0	...
†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	0 12 10	...
7. †Cotton (yarn)	No. 10½s.	..	per lb.	1 1 0	...
	No. 20s.	..	..	...	...
9. †Cotton (piece-goods)	Long cloth (std. quality)	..	..	0 12 10	0 12 10
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (400	1 1 0	1 1 0
	Lightnings (Mills)	..	(400 lbs.)	79 0 0	79 0 0
11. †Jute (bags)	B. Twills (2¼ lbs.	..	per 100 bags	74 0 0	74 0 0
12. †Jute (cloth)	Hessian cloth 8os.	..	per 100 yds.	65 6 0	65 4 0
	Hessian cloth 10½ oz.	..	..	22 2 0	22 2 0
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82	29 0 0	29 0 0
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	lbs.) per 20 lbs.	82 0 0	82 0 0
	Goat skins (good quality)	..		...	...
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	170 0 0 to 190 0 0	170 0 0 190 0 0
	Goat skins	..		1 9 0 to 1 13 0	1 9 0 1 13 0
16. †Shellac	T.N.	Calcutta	cr md.	2 12 0 to 3 2 0	2 12 0 3 2 0
17. †Kerosene Oil	Superior	..	per tin of 4 gallons	71 0 0	71 0 0
18. †Coal	Selected Jharia A	..	per ton f.o.r.	5 1 3	5 1 3
19. †Cement	Indian	..	full wagon load of 16½ to 22 tons	13 5 0	13 5 0
20. †Coffee	Plantation A	Mangalore	per cwt.	68 12 0	68 12 0
21. †Tea	Indian market	Calcutta	per lb.	133 0 0 to 136 0 0	136 0 0 137 0 0
22. †Sugar	First Crystals	Cawnpore	per md. (ex-factory)	0 13 1 16 1 6 to 16 12 6	0 13 1 16 1 6 16 12 6
23. ‡Oils—Linseed	Ready	Bombay	per quarter	13 0 0	12 8 0
Castor	..	..	..	10 12 0	10 12 0
Copra	..	..	..	10 6 0	10 6 0
Groundnut	..	..	..	10 7 0	9 13 0

*Marketing Adviser's Report (weekly), July 14, 1945.
†The Times of India, July 17, 1945.

Indian Trade Journal, July 12, 1945.

COTTON STATISTICS

A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)	July 12 1945	July 5 1946	NEW YORK (Cents per lb.) Futures:	July 12 1945	July 5 1946
Futures:			Oct. 1945 ..	22.75	23.05
July 1945	412½	418	Dec. 1945 ..	22.79	23.07
Sept. ..	425½		Jan. 1946 ..	22.76	23.04
			March 1946 ..	22.79	23.05
Spot:			Spot ..	23.20	23.30
Jarilla F.G.	412	411	May 1946 ..	22.78	23.04

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

Week ending	June 30 1945.	June 23, 1945.	This season 1944-45	Last season 1943-1944
Receipts at Bombay	32,330	110,144	1,895,811	1,648,415
Receipts at Karachi	12,124	14,678	1,044,097	892,826
Total bales ..				
Exports from Bombay	44,654	124,822	2,939,708	2,541,301
Exports from Karachi	91,936	3,871	146,171	145,567
Total bales ..	14,000	..	853,000	791,000
	29,936	3,871	1,001,171	936,567

SUGAR POSITION—SEASON 1945-46.

(Figures in tons)

Producting Areas.	Production up to 7-7-45	Dispatches during the period 22-6-45 to 7-7-45.	Progressive total of dispatches up to 7-7-45	Percentage of progressive dispatches to production.	Balance stock on hand at close of 7-7-45
U.P. ...	8,31,987	13,463	3,08,562	38.0	2,23,425
Bihar ...	1,70,484	2,603	79,898	46.9	90,586
Bombay ...	74,933	1,479	47,707	63.7	27,226
Madras ...	49,128	674	31,590	64.3	17,538
Punjab ...	8,248	494	6,109	74.1	2,139
Bengal ...	11,986	61	9,141	76.3	2,845
N.-W.F.P. ...	4,127	72	2,839	68.8	1,288
Orissa ...	2,556	116	1,540	60.3	1,016
Indian States ...	1,14,790	3,169	80,803	70.4	34,000
Total ...	9,68,219	22,120	6,68,209	69.7	4,00,863

Note:—Balance stock of 1943-44 and 1944-45 season's sugar at close of 7-7-45 was 2,149 tons.

(2) Production returns have not been received from 4 factories.

D—Prices

INDIAN STOCKS AND SHARES

	17-7-45 Rs. a. p.	10-7-45 Rs. a. p.
GOVT SECURITIES:		
3¾% (1948-52) (98	..	..
3% (1915) (100) ..	..	..
3% (1952-54) (98½)	101 9 0	..
3% (1960-68)	98 8 0	102 5 0
3½% G.P. Notes	102 12 0*	..
4% (1950-70) ..	..	..
4½% (1955-60)	117 0 0	117 0 0
5% (1945-50)	101 5 0	101 8 0
Calcutta		
3% Loan (1915-52)	..	..
3% Loan (1953-55)	..	..
3½% G.P. Notes	..	..
3% Vic. (1957)	100 9 0	..
4½% (1955-60)	..	..
5% Loan (1955-60)	..	..
TEXTILES: Bombay		
Ahmedabad ...	400 0 0	400 0 0
Bom. Dyeing (250)	1936 4 0	1915 0 0
Central (10) ...	384 0 0	378 0 0
Century (100) ...	906 0 0	902 8 0
Colaba (10)	229 0 0	220 0 0
Ind. Bleaching (10)	168 0 0	163 0 0
Kohinoor (100)	614 0 0	608 0 0
Phoenix ...	620 0 0	620 0 0
Sholapur (1,000)	6975 0 0	6975 0 0
Simplex ..	285 0 0	283 0 0
Swadeshi (100) ...	537 8 0	623 0 0
Vishnu (50) ...	495 0 0	485 0 0
Finlay (100) ...	298 0 0	...
Swan (100) ...	338 0 0	...
Morarji (100) ...	740 0 0	...
New Great (100)	389 8 0	...
Apollo ...	38 6 0	...
Sassoon Ordy. ...	14 4 6	...
Sassoon Defd. ...	2 15 0	...
Podder ...	326 4 0	...
Calcutta		
Calcutta ...	...	...
Ben. Nav. (10) ...	...	...
Cawn. Tex. (2-1/2)	13 12 0	13 4 0
Dunbar (100) ...	341 0 0	338 0 0
Kesoram ...	20 0 0	19 2 0
Elgin Mills (10)	...	68 0 0
Muir Mills (50)	...	...
New Victoria (2-1/2)	8 0 0	8 0 0
Basant ...	14 2 0	...
Madras		
B. & C. Ordy. (100)	342 0 0	...
Bang. Wool (100)	478 0 0	...
Pankaja (100) ...	270 0 0	...
Cambodia (100)	29 0 0	...
Coim. Spng. (50)	...	160 12 0
Pitchiam Spng. (50)	178 0 0	178 0 0
Vasantha (100) ...	302 8 0	...
Madura (75)	75 4 0	...
Lakshmi Ord. (50)	189 0 0	189 8 0
Sharda (100) ...	...	...
Lahore		
Ajudhia ...	7 12 0	7 12 0
Cawn. Tex. (2-1/2)	12 14 0	12 10 0
New Vic. Ord. (2-1/2)	8 2 0	...
New Vic. Pref.	...	...
Raza Tex. (10)	...	72 8 0
JUTE: Calcutta		
Alliance (100) ...	50 0 0	735 0 0
Anglo-India (100)	53 0 0	520 0 0
Bansagore ...	...	260 0 0
Birla (10) ...	...	...
India (375) ...	...	738 0 0
Champdany (100)	29 0 0	290 0 0
Ganges (300)	50 0 0	...
Bally (200)	400 0 0	406 0 0
Budge Budge (100)	605 0 0	577 0 0
Cheviot (100)	400 0 0	370 0 0
Howrah (20) ...	96 1 0	94 6 0
Kamarhatty (100)	802 0 0	781 0 0
Kankinarrah ...	...	658 0 0
National (10) ...	...	37 4 0
Orient (100) ...	330 0 0	294 0 0
Presidency (5) ...	...	13 10 0
Nuddea (50) ...	135 0 0	138 0 0
TATA SHARES: Bombay		
Chemical (10) ...	20 10 0	...
Oil ...	76 0 0	...
Power (1,800)	1886 4 0	1860 0 0
Hydro (100) ...	204 0 0	204 8 0
Steel (Ord.) (75)	422 8 0	410 8 0
Steel Pref. I (150)	225 0 0	223 12 0
Steel Pref. II (100)	168 0 0	166 8 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com.	...	...
Braithwaite (10)	13 2 0	13 2 0
National Iron (10)	...	12 13 0
Steel Cor. Ord. (10)	34 10 0	34 4 0
Steel Corpn. Pref. (10)	...	...
Jessops Ord. (10)	...	26 11 0
Kumardhubi (10)	...	12 10 0
Bhartia Elec. (10)	25 0 0	...
Ind. Iron ...	42 12 0	41 9 0
COAL: Calcutta		
Amalgamated (10)	60 2 0	61 4 0
S. Karanpura ...	37 14 0	34 6 0
Bengal (100) ...	...	713 0 0
Bhalgora ...	23 8 0	22 4 0
Burrakur (10) ...	4 4 0	44 5 0
East India (£)	40 0 0	44 9 0
N. Damuda (1/2)	...	...
Equitable ...	74 8 0	73 6 0
Standard (10) ...	48 8 0	...
Ghusak and Mullia	...	16 6 0
Kuardi ...	...	...
New Beerbhoom	49 2 0	47 4 0
Rameshgunge ...	69 0 0	67 8 0
Dhemo Main ...	30 2 0	...
SUGAR: Calcutta		
Belsand ...	...	...
Bihar ...	...	18 0 0
Rampur (10)	...	21 12 0
Samastipur ...	22 2 0	15 8 0
Belsund (7-1/2)	...	31 12 0
Ceraw (20) ...	30 14 0	...
Murree Brewery (5)	26 10 0	...
New Savan (10)	...	...
Ram. Cane Ord.	19 14 0	18 7 0
Lahore		
Pun. Sug. (100)	...	284 0 0
Gokulnagar Ordy.	...	...
Murree Brewery (5)	...	...
Jagjit ...	...	...
Jaswant ...	10 2 0	...
Madras		
Mysore (10) ...	55 0 0	...
Deccan (10) ...	30 12 0	...
Deccan (25)	75 0 0	...
Travan. Sugar (7)	15 0 0	...
South India (20)	...	...
PLANTINGS: Madras		
Cochin Malabar (3)	18 6 0	18 4 0
Chembra Peaks (2)	9 12 0	...
Woodlands (20)	12 8 0	...
Thirumbadi (2)	...	...
Travan. Rubber	...	10 2 0
TEA: Calcutta		
Bishnauth (20)	48 0 0	44 10 0
Cen. Cachar (100)	...	...
Tezpore (20)	20 0 0	21 12 0
Eastern Cachar	12 0 0	12 5 0
East India ...	...	17 12 0
BANKS & INS.: Bombay		
Central (25)	86 1 0	84 12 0
Imperial F.P. (500)	2180 0 0	2080 0 0
Imperial P.P. (125)	555 0 0	533 12 0
Reserve (100)	142 0 0	141 0 0
India (50) ...	200 0 0	193 8 0
New Ind. In. (15)	84 4 0	...
Lahore		
United Com. (50)	...	73 0 0
Hind. Com. (50)	55 0 0	...
Pun. Na. P.P. (50)	185 0 0	...
Pun. Na. F.P. (100)	236 0 0	230 0 0
Bharat Bank Pref.	...	101 8 0
New Bank A ...	...	...
New Bank B ...	...	...
New Bank of La. B	...	...
Oriental ...	55 0 0	...
MISC.: Bombay		
Ajmer ...	14 14 0	14 14 0

	17-7-45 Rs. a. p.	10-7-45 Rs. a. p.
Asset. Cement	212 0 0	209 0 0
Bom. Sub. (100)	214 0 0	206 4 0
B.I.C. ...	7 7 0	...
Alcock ...	418 11 0	401 4 0
Belapur (Sugar (150)	222 8 0	221 0 0
Bom. Burma (125)	...	515 0 0
Bom. Bur. N. (50)	193 8 0	185 0 0
Bom. Steam (250)	630 0 0	634 0 0
Bom. Tram. ...	148 4 0	150 8 0
Bombay Petrol	5 13 0	5 14 6
Scindia Steam ...	37 11 0	38 6 0
Shivarajpur (50)	54 8 0	80 0 0
And. Val. (1,000)	1802 8 0	1860 0 0
Indian Iron (10)	42 8 0	41 11 0
Indian Copper (2s.)	3 4 0	3 4 0
Prem. Const. (30)	215 0 0	215 0 0
Burma Corpn.	59 9 0	5 9 0
Calcutta		
Bengal Paper (25)	230 0 0	235 0 0
I.P.P. (100) ...	...	241 0 0
Shree Gopal (10)	...	...
Star (10) ...	...	...
Star (10) ...	...	...
Titaghur ...	32 0 0	31 14 0
Ind. Cop. (2s.) ...	3 5 0	3 5 0
Cons. Tin ...	3 14 0	...
Burma Corpn. ...	5 9 0	5 9 0
As.-Ben. Cem. Ord.	...	19 10 0
Aluminium Corpn.	7 10 0	17 7 0
Rohtas Industries	...	16 2 0
Br. Bur. Petroleum	6 2 0	6 2 0
Midna. Zamindari	201 0 0	...
Ben. Navigation	...	...
Dalmia ...	...	...
Lahore		
Indian Iron ...	42 8 0	...
Dharangdhara ...	480 0 0	480 0 0
Rampur Distillery	17 6 0	18 12 0
National Saltpetre	...	2 2 0
North India Oil	...	...
Shree Gopal (10)	...	...
Star (10) ...	...	...
Kaycee Glass ...	...	...
Kaycee Industries	91 0 0	53 0 0
Jagajit Distillery	8 4 6	8 3 0
Hind Motors ...	4 7 0	4 5 6
Delhi		
Rampur ...	45 0 0	44 4 0
Rampur Dist. ...	17 2 0	18 4 0
Un. Com. (50)	79 0 0	72 0 0
Dharangdhara x.d.	480 0 0	480 0 0
Bharat Bank Ord.	101 0 0	102 0 0
Gwalior Brewery	18 8 0	20 0 0
Raza Tex. (10)	72 4 0	72 8 0
Cawn. Tex. (2-1/2)	13 12 0	12 8 0
Hind. Com. Ba. (50)	55 0 0	54 0 0
Delhi Flour ...	16 0 0	16 8 0
Amrit Ordy. ...	12 8 0	...
Amrit Pref. I ...	13 8 0	...
Amrit Pref. II ...	...	...
Delhi Cloth Mill	175 0 0	124 8 0
Buland Sugar ...	44 0 0	44 0 0
Raza Sugar ...	...	43 8 0
Cent. Dist. ...	22 0 0	20 0 0
Hyderabad		
Hy. Bank (O.S. 50)	...	...
Azamjahi (O.S. 100)	...	...
Hy. Sog. and Wg. (B.G. 1000)	...	...
Osmansahi (B.G. 100)	...	...
Nizam Sugar Ord. (O.S. 25)	...	...
Che. & Fer. (O.S. Pref. (O.S. 25) (50)	...	...
Hy. Com. O.S. (100	...	...
Hy. Iron & Steel O.S. 10)	...	...
Singareni (B.G. 10)	...	...

COMPANY DIVIDENDS

Names of Companies	Amount per Share	Date of Meeting or Payable on
Adjai Collieries Ltd. (Ord.) ..	Nil	17th July
Adjai Collieries Ltd. (Pref.) ..	(Rs. 3	17th July
Benares Cotton & Silk Mills Ltd. (Ord.) ..	(Rs. 2-12	(1)
Benares Cotton & Silk Mills Ltd. (Pref.) ..	Rs. 2-12	(1)
Bhartia Electric Steel Co., Ltd. ..	Rs. 3-88	(f) 15th July
Cawnpore Textiles, Ltd. ..	(Re. 1	28th July
Choonabhuti Tea Co., Ld. (Ord.) ..	As. 12	21st July
Elgin Mills Co., Ld. (Ord. & Vendors) ..	(Rs. 40	(f)
Elgin Mills Co., Ld. (Pref.) ..	(Rs. 1-4	21st July
Elgin Mills Co., Ld. (5% Pref.) ..	Rs. 4	21st July
Great Eastern Hotel Ld. ..	As. 4	21st July
Hooghly Mills Co., Ld. (Ord.) ..	Rs. 7	(f) 24th July
Hoorahly Mills Co., Ld. (Pref.) ..	(Rs. 5	20th July
Imperial Bank of India (Fully Paid) ..	(Rs. 1	20th July
Imperial Bank of India (Comly.) ..	Rs. 35	16th July
India Paper Pulp Co., Ltd. ..	Rs. 8-12	18th July
James Wright Ld. (Ord. & Defd.) ..	Rs. 6	1st Aug.
Jessop & Co., Ld. (Ordy.) ..	Nil	14th July
Kolhapahari Coal Co., Ld. ..	As. 4	(f) 27th July
Kumardhubi Fireclay and Silica Works Ld. (Ordy.) ..	As. 10	17th July
Kumardhubi Fireclay and Silica Works Ld. (Pref.) ..	Rs. 1	30th July
National Iron & Steel Co., Ld. ..	(Rs. 7	30th July
Oriental Coal Co., Ld. ..	As. 10	23rd July
Parch Valley Coal Co., Ld. ..	Re. 1	4th July
Pithapurge Coal Association, Ld. ..	(Rs. 7	1-8t 31st July
Shran Fredreering Co., Ld. ..	(Rs. 1-12	18th July
Steel Corporation of Bengal Ld. (Ordy. ..	As. 8	31st July
Titaghur Paper Mills Co., Ltd. ('A' & 'B' Ordy.) ..	(As. &	(f) 20th July
Titaghur Paper Mills Co., Ld. (Pref.) ..	As. 12**	25th July
Titaghur Paper Mills Co., Ltd. (8% Pref.) ..	As. 2	25th July
Titaghur Paper Mills Co., Ld. (5% Pref.) ..	(Re. 4	25th July
	Rs. 2-8	25th July

(f)—Final Dividend. (i)—Interim Dividend



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The Tragedy of Indo-American Relations

NOT long ago several apparently sensible people in this country expected that the United States Government would by strong diplomatic pressure secure a satisfactory settlement of the Indian political problem. It did not take long to disillusion them. They had banked too much on their reading of history—the Anglo-American antagonism of which the United States was born. They knew too little of the modern currents in the politics and economics of that great land of opportunity and adventure. They underrated the influence of the *Anglophiles* at the highest levels of the U.S. Administration; and above all the strong bond of sentiment that unites the peoples of the Anglo-Saxon race across the Atlantic.

We, however, found solace in the explanation that the American interest in Indian affairs was, by the nature of the case, severely practical. Hence we were led to believe that, given reasonable facilities and guarantees, American capital would flow to this country in torrents to irrigate the channels of Indian industry; that they were simply pining to serve this country of teeming millions, whose sheer numbers and the rapidity at which they increased would render American mass production methods endlessly profitable. Not quite a month ago, the British industrialists were warned that if they did not come to terms with us in respect of delivery and price, we would look elsewhere for capital goods and technical assistance. Now we are thrown back with a shock into the clutches of British industry. An illuminating explanation of this miraculous disillusionment will be found in a well-informed letter from New York, which appears elsewhere in this issue. In the light of its explanation, the failure in the United States of our Industrial Mission need not cause us surprise or despair. The Japanese war is just reaching its crescendo. It is, therefore, hardly the time to look about for things, much less to bargain. Then there are competing demands on post-war American economy and we suffer from all the disadvantages of a sellers' market. Above all, there is the overriding consideration in American minds that any large-scale development of Indo-American economic relations would ultimately entail political intervention in the *domestic* affairs of the British Empire.

The United States would, therefore, prefer to look to other markets than India for the disposal of her capital goods, and there are plenty begging to be obliged. The Commission of Inter-American Development has received several applications from member-States for investment of U.S. capital. The Joint Mexican-American Commission of Economic Co-operation has approved projects, which in Mexico alone would require a capital expenditure of some 400 million dollars. The Chief Engineer of the U.S. Foreign Economic Administration, Alex Taub, has compiled a list of some 1,000 projects—mining, manu-

facturing and other fields—of the approximate value of 1,000 million dollars. Besides there are Chinese Government projects, which will need an *annual* investment of 4,000 million dollars for ten years after the war. All this means an *economic empire* sufficiently large for the United States, at least for the immediate post-war period. Why should they then poach on the *petty preserves* of the British Empire?

This line of reasoning, however, shows utter ignorance of the economics of multilateralism. It ignores all the possibilities of an expanding world economy. It assumes an unwarranted contradiction between simultaneous expansion of British and American exports. A highly industrialized Britain with a population of less than 50 million imported more than 800 million dollar worth of goods from the United States alone in the pre-depression period, while we with a population then of approximately 350 million imported less than 50. An industrialized India will experience a pretty large increase in its international trade and Britain will have a larger share in it. But all this fails to carry conviction to British imperialists steeped beyond redemption in the stupidities of colonial economics; and their American allies, who have of late developed a too delicate sense of political propriety.

Apart from this, one wonders, if it would be worth while for us to obtain capital aid from the United States on the terms that they are likely to demand. Mr. Eric Johnston, President of the Chamber of Commerce of the United States, has, in a recent article, done some pretty plain speaking: "I am not talking about gifts. Nor am I talking about loans. In loans the money gets spent by the foreign borrower with little or no control over it by the American lender. I am speaking of what is called *direct investment*. I am speaking of American money that goes into a foreign country and builds a plant which remains substantially under American direction and is operated with American skills of engineering and management. This is better for us because we can watch our money. It is better for a backward country because then it gets the productive benefit not only of American capital but of American know-how." Americans have, of course, no desire to "invest in undeveloped countries and then suck out all the dividends." They favour "co-operative effort" for "mutual profit." Referring to us, Mr. Johnston says with a flourish: "What they want now and what they should have—is a partnership of their local capital with foreign capital in the risks and profits of new enterprises on their soils."

All this looks excellent but for the actual experience of many concerns working on these lines in South America. In many of them, local investors own a large part of the stock and have a majority on the directorate, but most of these local directors are dummies. In fact, by these methods American financiers have obtained a stranglehold on these countries' economic systems so strong as to control them politically without the enjoyment of any sovereign power. It may only just be imagined, what it means to have one's power and communications system, controlled financially and technically by foreigners. Actually the United States' control over South American economic system is much more widespread. There is a certain W. R. Grace Company of New York, which practically controls all the transportation and trade along the west coast of South America. It has now textile mills in Columbia, Peru and Chile, vegetable oils and paints and sugar plants in Chile and flour and cement mills in Bolivia. "In all of them there are substantial stockholdings by local investors," who elect majority of the directors, but they are all dummies, nominated by American financiers. It would certainly be suicidal for us to enter into an economic alliance on terms such as these. Having sufficient experience of the techniques of British political imperialism, we are not going to court the economic imperialism of their cousins across the sea.

But then what is the alternative? There seems to be a regular conspiracy to closet our economic system in the tight embrace of the British Empire. It is highly interesting to analyse the conduct of parties and persons, who are forcing our industry and trade in the contracting channels of imperial commerce. It is significant that important people in the United States have, after the failure of the Simla Conference, begun to lecture to us and to their own men on the desirability of the maintenance of the status quo in trading and foreign exchange system of the British Empire. It is indeed surprising that so responsible an Administration Officer as the Assistant Secretary of State, Mr. Clayton should have justified the Empire Dollar Pool on purely economic grounds. He takes a purely static, hence unscientific, view of economic phenomena, when he argues that "it has not reduced total purchases of American goods by all sterling area countries when considered as a group.... U.S. exporters get an amount of business comparable to India's excess of exports to the United States over imports to this country." It is easy to debunk the childish economics of this silly argument, but there is politics behind it; and in this our position is too pitiable for argument. In this connection, the part, that Mr. Harry Wallace, now Secretary for Commerce, has played, is, to say the least, highly regrettable if true. But he is part of a whole system, which has for long been subtly working for the economic and political supremacy of the Anglo-Saxon race.

In this country, too, the Empire game is being well played. In a recent address to the Bombay Provincial Muslim Chamber of Commerce, Sir Akbar Hydari, Secretary, Department of Industries, Government of India, made a highly important policy statement: "....Only a certain amount of dollar exchange is now available for the import of American machinery.... *For this the industrialists have to show that certain types of machinery are not available in the United Kingdom or in any of the countries in the Sterling Bloc.* The next step after this would be to ask for the release of the dollar exchange. But, this can be done provided the industries set up in this country are of national interest." This innocent statement is, on analysis, as mischievous as it is interesting. Who is to decide, if a certain industry is or is not in the national interest? And who is to decide whether dollar exchange is or is not to be released? The answer to these two questions will reveal in its true light the real nature of Government policy. About the availability of machinery in the United Kingdom, Sir Akbar's argument is illogical. Availability means availability by a certain date at a certain price. If we can prove that the United Kingdom will not be able to supply machinery by a certain date and at a certain price, it ought to be taken as non-availability. Apart from this, if Sir Akbar's speech does in any sense reflect the policy of the Government of India, we would be compelled to say that its economics is very poor. It is *mechanistic*. Every industry must prove its own case. This is reminiscent of the policy of discriminating protection. If such are the economic principles underlying the post-war planned economic drive, woe betide this country.

Indian Interests in Burma

RECENTLY discussions have been going on in New Delhi between the representatives of the Government of India and the Indian interests concerned with the problem of replacement and rehabilitation of our nationals in that country and also between the Indian representatives and the representatives of the Burma Government. At the conference convened early this month by the Burma Indian Chamber of Commerce, of the representatives of the Associations and Chambers of Indians in Burma and Indians in India interested in Burma, Sir Annamalai Chettiar firmly placed the Indian view-point in this regard. It is clear that a phase has arrived when the Indian interests should be properly represented and the mode and pace of replacement and rehabilitation of Indian evacuees should be properly regulated.

The Tory blue-print on Burma created widespread suspicion about the intentions of the British ruling classes in Burma after its reoccupation. The British White Paper only served to confirm the suspicions for it was felt that the three-year trusteeship period was only meant to give the British interests proper time to entrench themselves strongly in Burma. Indeed the way in which the Military Administration in Burma has been going about, could not fail to cause consternation among the public. Under the camouflage of military exigencies, every step is being taken to oust Indian interests in Burma. We have commented already on the Agricultural Project Board which has been constituted to oust Indian rice traders in Burma, by means of a monopolistic organization with the backing of the Government of Burma and of Britain in respect of finance and transport. Nearly 2 lakhs of Indians living in Burma have been depending on this rice trade. During the quinquennium preceding the outbreak of the war, nearly 2½ million tons of rice were exported per annum from Burma to India and Ceylon. Almost the whole of this huge trade valued at nearly 30 crores of rupees per annum was handled by Indian merchants. Now the newly constituted Agricultural Project Board will be the sole purchasing agency of surplus rice in Burma and this Board in co-operation with the British Ministry of Food and the Ministry of Transport will distribute the rice throughout the world. This arrangement will continue not only during the period of military exigency but is also likely to continue for several years thereafter. It cannot be emphasized too much that the only consequence of such an arrangement would be the complete ruining of lakhs of Indians who have been depending on this trade for generations. Meanwhile, the Government of Burma has also decided to establish its own machinery for the import of commodities essential for the civilian population from India to Burma. In this case the Government of Burma, it must be recognized, has tried to enlist the co-operation in some measure of some Indian firms in handling, storing and distributing such imports in Burma under its instructions. But what is being done in Burma leaves no doubt that we are in for some Government-backed or Government-subsidized syndicates which would effectively control the economic life of Burma during the crucial reconstruction and rehabilitation period. The need for co-ordinated action cannot be overemphasized. At the same time if such action invariably operates against the economic interests of only one section of the population, suspicion would be widespread that such indeed is the intended result. Sir Annamalai Chettiar only voiced the general apprehension in the public mind "that advantage may be taken of the confusion of the reoccupation of Burma to make cut-and-dried solutions and force them down the throats of Indians without adequate previous consultation with the interests concerned." If the Government of Burma was popularly constituted, nobody would have challenged its competence to take measures and actions in the larger interests of the country, and if in the process some non-Burman interests had to be subordinated, it would have to be done. But now there is no doubt in whom sovereign power resides. The British Government has expressly taken upon itself the task of economic and political reconstruction of Burma during the interim period. Consequently, it owes itself to exercise its powers in a non-discriminatory manner and not be in indecent haste to take advantage of its position to instal British interests in Burma to the injury of established interests of a particular community. The Tory Blue-print set up the pattern of thinking which sought to reinstate British interests in Burma and appease the Burmans by offering them the landed and commercial interests which were in Indian hands. The custodian of industrial and commercial property has already been appointed and he is going about and looking after the British industrial and commercial properties. But no such custodian of agricultural land or residential property has been appointed and naturally there is no survey or accounting of the Indian interests which are going simply by default.

It is not only that the administration of Burma is trying to squeeze out directly or indirectly Indian interests in Burma, but they are also attempting to discourage the return of Indian evacuees to Burma. The notorious "application form" has already raised a storm of protest in India. Out of a pre-war population of 17 millions in Burma, Indians constituted 1½ millions, of whom probably about 450,000 returned to India after the Japanese had overrun Burma. Most of them are now anxious to go back to Burma which they have made their home. Consequently public opinion in India cannot recognize any position in which the Burma Government which has during the last three years enjoyed Indian hospitality, can call for and scrutinize the applications of Indian evacuees wanting to return to Burma as if they were an alien and undesirable poeple. They have been "displaced" by the war and they must get the same sympathetic consideration from the authorities which "displaced people" in Europe are getting. The Government has to help them to return to their home and vocations as quickly as possible. While they have been in India many of them have been receiving Government allowances and assistance. Now Government has to actively help them to return to their country. The Government has to give them the cost of passage, transport facilities and also some maintenance allowance for a short period immediately after their return to Burma and before they have properly set up themselves again economically. Of course, while there is the present military exigency, the pace of the re-entry into Burma must be regulated, especially because transport facilities available for their return are strictly limited. What, however, can be rightfully urged is that no invidious distinction between one community and another must be made and that the Indians returning to Burma must have at least the same preferential terms as are accorded to any other community. The transport bottle-neck can be overestimated. Even if a few passenger ships on the Indian register are fully pressed to service for the return of the evacuees to Burma, 50,000 passengers per month could easily be carried over to their country. A few more ships loaned from

the British India Steam Navigation Company or requisitioned by the Government of India from the international pool, would be enough to transport the entire Indian evacuee population to Burma within the course of a few months. Out of a pre-war Indian population of 1½ million in Burma, about half a million remained there through Japanese occupation. It would be futile for the Government of Burma to hope that merely by exercising invidious control over the re-entry of Indians into Burma, a favourable condition could be created for British exploitation of Burma. It will be recalled that the authors of the Tory Blueprint envisaged just such a possibility and said with evident glee that "in the confusion caused by the Japanese occupation, many records must have disappeared· the general exodus of the Indian immigrants in the face of the Japanese advance solved the major part of the alien problem, and the administration will have a cleaner sheet on which to write than at any time since the conquest in 1886." It would be unfortunate if the British Government in Burma by its actions conveys the impression that under the cover of present exigencies, it is not only trying to smoke out Indian interests in Burma, but also attempting to prevent the return of Indians who had fled before the Japanese Army.

So long as the British Government has full responsibility for the administration of Burma, there would remain suspicion in the public mind that Indian interests might not get the same square deal which the British interests may be getting. In view of this it is essential that the status of India's representative in Burma should be enhanced. Indian interests should be more actively associated in the general administration of the country as also in the work of reconstruction planning. The restoration of the *status quo ante* would provide a datum point for the new regime in Burma. Of course, the new requirements of economic reconstruction in Burma would require very great changes but such changes must at least be seen in the background of the *status quo ante* as a corrective to unlimited corruption and favouritism. India and Burma have long-standing economic and political relationships and the Japanese advent in the country is no more than a brief interlude. Though threads cannot be taken up casually just from where they were left before the Japanese overran the country, what Indian interests claim is that they should not be made to labour under any widespread discriminatory practices exercised against them either directly or indirectly during the regime of the British administration. that is, pending the advent of a popularly-constituted Government of Burma and that there should be no attempt to force a situation in which Indians find themselves worsted at every turn. The case for economic co-operation between Burma and India will always remain very strong and there can be no doubt that a popular Burma Government will actively seek the friendship of her big neighbour. Indians in Burma do not want any special favour which would stand in the way of big economic and social changes in the larger interests of the country. But the underhand method which is being used now to oust Indian interests in Burma and to prevent their rehabilitation cannot fail to arouse widespread indignation. The long-term questions of Indo-Burman economic co-operation or such questions as immigration have to be worked out later between the Government of India and the Government of Burma. But now Indian interests must resolutely press for equal rights and equal access to economic opportunities in Burma and a clear recognition of the legitimate and established interests in the country. India and Burma are at least both members of the British Empire, to put it in the mildest way, and the common amenities and rights of membership of the British Empire cannot be denied to the two countries which have been economically, politically and strategically always almost one. The mode and pace of re-placement and rehabilitation of Indian interests in Burma have to be worked out in the proper spirit; now even such outstanding questions as the invidious distinction between skilled and unskilled labour may be reopened and solved to the satisfaction of all parties concerned. What cannot be allowed is the method and manner in which the present military regime in Burma is working steadily to smoke out Indian interests in Burma and reinstate British interests in fuller measure than ever before the war.



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The Week's Notes

INDIAN PAPER INDUSTRY

In his address to the annual meeting of the Indian Paper Mills' Association, Mr. Shanti Prasad Jain asked that protective help be extended to all classes of papers and paper boards produced in India, because Indian mills are likely to be adversely affected by foreign competition after the war. Those who are conversant with the progress of the industry, and in particular, with the partial protective policy adopted by the Government, will have very little difficulty in recognizing the justice of this claim. When protection was first granted to the paper industry in 1925, the industry was almost wholly in non-Indian hands and protection was confined to the varieties of paper which these interests were producing, other varieties being excluded on the ground that they were not produced. Indian mills entered the field rather late and though some of the varieties of paper which they are producing receive protection, there are other varieties which do not. It is their claim which Mr. Jain is pressing now. The non-Indian interests which entered the field earlier and are strongly entrenched are naturally apprehensive of the growth of Indian mills and are opposed to any measure which would strengthen them, especially in the production of kraft, paper boards, etc. But the opposition of non-national interests should not stand in the way of the Government recognizing the just claims of Indian industry, particularly in view of the promised rapid expansion of industry and liberalisation of protection.

THE ECONOMIC LIBERATION OF POLAND

The Polish nation has been, throughout the course of history, a terrible sufferer for two reasons. She is surrounded on all sides by powerful neighbours who have repeatedly made attempts to eat her up. But the greater cause of her weakness and misfortune has been her landed aristocracy, which is incomparable, in recorded history, in its lewdness and its exploitation of the peasantry. The Soviet-inspired Government of Poland has liquidated these *kulaks* and the peasants have now come into their own. This economic liberation of Poland is an event of historic importance. It will remove the fundamental weakness in the Polish social structure. It must, of course, be frankly confessed that Poland at present does come effectively within the Soviet Empire. At the same time, the qualitative difference between the empires of the Western Democracies and the Soviet Empire must not be overlooked. Wherever the Western Democracies have spread their tentacles, they have caused a complete economic and cultural impoverishment of the whole community; whereas the Soviet Empire has meant an immediate economic liberation of the masses. It is, of course, too early to say how Soviet imperialism will develop. It may, for all we know, develop along the traditional lines, but this is obviously going too far into the realm of conjecture. At least so far as Poland is concerned, the masses have greatly benefited. Estates exceeding 125 acres have been divided between peasant families. Expropriated landholders can apply for a holding of 12-1|2 acres or a pension equivalent to the salary of a Polish civil servant of the sixth category. Private property in land has not been abolished. Peasants are given titledeeds and they are free to cultivate their land as they choose. Land can also be inherited but cannot be sold. It can be pledged as security for a loan, but it is proposed to limit foreclosure, so that the pledge will probably be against moveables only. Though the new settlement has, partly due to its revolutionary character and partly due to its sabotage by landlords, affected production, this is bound to be a temporary phase as in Soviet Russia itself.

PLANNING MEMBER ON POLITICS

While the results of Sir Ardeshir Dalal's economic mission abroad are eagerly awaited here, his political pronouncements seem somewhat unfortunate. As soon as the Wavell plan was made known Sir Ardeshir declared from America that the rejection of the Wavell plan by India would alienate U.S. sympathy and friendship. Now, commenting on the failure of the conference, he is reported to have said: "After every allowance has been made, in the circumstances the failure cannot but create the impression in the minds of the people of the United States that the differences among Indians are irreconcilable and that, therefore, if they cannot attain political salvation, it is not the fault of any body else. This is an extremely unfortunate impression to create, but it does exist." Friends in India would feel that it is Sir Ardeshir's duty to correct that mistaken impression. Sir Ardeshir should have been closely following the Simla parleys and have no difficulty in seeing on whom the responsibility for the breakdown rests. He is too well acquainted with the politics of the Muslim League to think that it is the attitude of the nationalist elements that hinders a settlement. With the same promptness with which he has conveyed American reactions to India, we should like Sir Ardeshir to convey to America how strong Indian reactions are to this sudden breaking off by Lord Wavell. It is not improbable that critics here will say that as if he is giving American reactions, Sir Ardeshir is actually giving his own and endorsing the *status quo* in India.

U.N.R.R.A. ORGANIZATION

The discussions of the U.N.R.R.A. Mission with the Government of India are nearing completion. India is to supply jute, short staple cotton and oil seed of the value of Rs. 6-1|2 crores and other goods of the value of Rs. 1-1|2 crores—Rs. 8 crores being India's quota. The U.N.R.R.A. Mission will be shortly opening its office in New Delhi for handling the goods which India will supply. But why should not the main office of the U.N.R.R.A. Council for the Far East be established in India? In a communication issued on the subject, the Federation of Indian Chamber of Commerce and Industry suggests that the Far Eastern main office should be situated in India, which was also the headquarters of the Eastern Group Supply Council when it was set up in 1940. Also it is necessary that there is adequate recruitment of Indians to the key positions in the U.N.R.R.A. organization. The treatment given to Indians in recruitment to the offices of the League of Nations and I.L.O. has been niggardly, to say the least. It is the duty of the Government of India to take up this question with the U.N.R.R.A. Mission now in India and secure satisfactory assurances.

EMPLOYMENT OPPORTUNITIES IN THE U.S.A.

Whereas in India, employment service has made its modest beginning only very recently, the same in the U.S.A. has commenced its actual working quite efficiently. The employment service of the War Manpower Commission announces that the U.S. veterans of the present war who have been released from military service are obtaining civilian jobs of their own choosing because of wide employment opportunities and special placement methods. Indicative of the desire of the veteran to go into work of his own choice are the figures given by the War Manpower Commission, which show that for every 100 jobs accepted, 212 jobs were offered. In the month of May 1945, a total of 69,000 veterans of this war returned to private industry in quite varied capacities, ranging from unskilled work to management. These figures show that the end of European war has not in any way adversely affected the national economy of the U.S.A. The employment service which maintains offices throughout the United States has lists of employers who want to hire veterans and the returning servicemen are referred to them. This service is not, however, confined to war veterans only. It also acts as a liaison agency between non-veterans both men and women.

EGYPT PREPARES A PLAN

Egypt has developed her industrial resources by expanding her old industries and starting new ones under the stimulus of war. She is now determined to consolidate her position by organizing her industries on a sound basis. With this end in view the Egyptian Ministerial Committee recently submitted its Five-Year Plan for post-war reconstruction. The plan is under Government consideration at the moment. It covers most of the fields of production and is estimated to cost Le 115,000,000. One salient feature of the plan is the extensive development of the transport system including improvements in the Egyptian State Railways, electrification of the Cairo-Helwan and the Cairo-Mataria lines and a vast network of roads all over the country together with the construction of many new bridges. The plan envisages building of new aerodromes. Special emphasis is laid on the development of civil aviation. The Government propose to take over the Allied military workshops at an acquisition cost of about Le 1,000,000. The other schemes include the growth of co-operative and industrial banks, reclamation of State land for sale to small-holders, improved agriculture on modern scientific lines, improvement of national defence, campaign against recurring epidemic diseases, and so on. A notable scheme is that of the Assuan Hydro-electric project at a preliminary cost of Le 3,000,000. The project is to be completed under the supervision of a British consulting engineer and a British financial and economic expert. The plan aims at an all-sided development of Egypt's national economy and is expected to make her a predominant power in the Middle East.

SURVEY OF TEXTILE SITUATION

The speech of Mr. Krishnaraj M. D. Thackersey at the meeting of the Textile Control Board last week was a sober, though not a very cheerful survey of the textile situation in India. Definite steps have been taken to increase the supply of cloth to the certain consumers. Defence services demand has been cut by nearly half; in the half-year August 1945 to January 1945 the Defence purchase will amount to only 160 million yards—just 8 per cent. of India's productive capacity. In all, the increase in the supply to the civilian consumer in 1946 is expected to be 500 million yards. Measures of standardization and production of utility cloth have been enforced from June 1, 1945 and luxury cloth and other varieties wasteful of yarn and fuel have been cut down. Dyeing and other finishing charges have been considerably reduced. But the supply of coal still continues to be a big difficulty despite periodical official assurances. In an important centre like Ahmedabad which nearly accounts for 27 per cent. of total production, work had to be stopped for 22 days out of 153 with a resulting shortage of 15 per cent. in production. Other centres too are having the same difficulty. To what extent this adds up to the cost and prevents a further downward revision of prices so much favoured by the Textile Board, it is very difficult to say. The Government's assurance that the Indian mills' preoccupation with the production of utility cloth will not be taken advantage of by foreign mills to dump superior cloth on India seems to have been followed up in action by appropriate steps. All this, together with Mr. Kasturbhai's evidence that the Washington textile conference would not affect India's exports, points to a bright future. On the most thorny and unpleasant question of distribution, Mr Krishnaraj is quite frank. He thinks that a stage has now been reached when it is necessary for the Government to secure uniform application of distribution policy and administration of control measures in all provinces and States. Unless this is done, whatever efforts the Board might have made to increase and maintain production, scarcity conditions will continue to prevail inasmuch as cloth will not reach the consumer in the manner required. It is a welcome feature that the chairman of the Textile Board has recognized that however important the increase of production of cloth, its distribution is a different and equally important problem.

THE I.M.A. ON HEALTH INSURANCE

While considering the Government scheme of Health Insurance, the Working Committee of the Indian Medical Association, recently declared that nothing short of a scheme on the lines of the Beveridge Plan will meet the requirements of the people of India. It was good that Messrs. Stack and Rao, the I.L.O. experts, when required to critically consider the original Adarkar scheme, had consultations with the I.M.A. which have substantially modified the original scheme. Still, the Committee feels, and rightly, that the unified scheme ignores the fundamental factors necessary for the prevention of diseases and achievement of positive health on which ultimately depends the real success of the scheme. They think that an early adoption of unemployment insurance and creation of new employments, introduction of the system of old age pensions, adoption of pre-medical measures such as regulation of wages, enforcement of factory laws, good housing, education and nutrition and an over-all national health drive, are the measures necessary for a real success; and these are not given a proper and adequate attention in the scheme. Regarding medical care, the Working Committee recommended that the dependents of the insured workers should be included in the scheme from the start. In case the Central and Provincial Governments are not prepared to pay for it, it is suggested that a levy may be imposed on the workers for the purpose. Similarly, arrangements have also to be made for the institutional treatment of some major diseases. The suggestions of the I.M.A. are, it must be admitted, quite sound. It is, however, likely that they may involve quite a heavy additional expenditure and may upset budget estimates. It is excusable, therefore, if they are not all of them implemented in the very beginning. Their implementation, however, at the earliest opportunity is one of the requisites of the ultimate success of the scheme.

ZONAL SCHEME FOR MOTOR TRANSPORT

In pursuance of the Government of India's policy of rail-road co-ordination, the Bombay Government has prepared a scheme of zones for motor bus transport. To start with, the Deccan region will be divided into three transport zones. A limited liability company will run the transport service in each zone.

The existing road operators, the railway companies and the Provincial Government only will be entitled to subscribe to the share capital, in the ratio of 25 per cent,, 30 per cent., and 35 per cent. respectively. Ten per cent. of the share capital will be allotted to the promoters. There will be nine directors, each of the three groups being represented by three directors. The value of the operators' share will be equal to their vehicular assets. Operators will be entitled to nominate their own candidates as promoters who will be entitled to additional shares over and above their vehicular assets. These promoters will ultimately be the managing directors. Road operators as a class have expressed their agreement and support to the principle of the scheme, but the main ground of difference is the allocation of shares. At the recent annual general meeting of the Bombay Motor Lorry Owners' Association the President made a strong appeal to the Government to reconsider the allocation of shares and bring it on par with other provinces, for instance, Bengal and the U.P. It was urged that the allocation as between the operators on the one hand and the railway companies and Government on the other should be 50 per cent each or at least 49 per cent and 51 per cent respectively. The President also pointed out that it was the road operator who is mainly responsible for developing motor transport and in consenting to the merger he is surrendering his life interest. The view of the Association that the allocation of shares should be made on an equal basis may be viewed with sympathy. The displaced small operator, who is usually himself a driver, may be given priority in the employment of the zonal companies. The community will heave a sigh of relief that the days of uncertain arrivals and departures singular lack of amenities and the high-handedness of the petty operator will at last come to an end.

EXTENT OF BEGGARY

In a recent address, Mr. Barnabas organizing Secretary, Social Services League, Lucknow, said that the total number of beggars in India is about 14 lakhs, of whom 6 lakhs are blind, 2-1|2 lakhs deaf and mute and 1 lakh insane. These figures would seem to be a serious underestimate. No census of beggars has been taken and even the figures in the census reports under the category of the so-called unproductive occupations, do not give a correct idea. But the figure, 14 lakhs, in the large population which easily exceeds 400 million, works out to less than half per cent and is highly incorrect. There is little doubt that despite the increase in employment during war-time, there has been a considerable increase in beggary, due to inflation and privation notably in Bengal and other distress areas, where there was no alternative to begging. There have always been considerable numbers of able-bodied beggars, including the professional mendicants stalking the country as *sanyasins* (without any of the *sanyasin's* merits), and spreading disease and committing crime. The remedy for all these kinds of beggary would be the organization of employment opportunities by the State as part of a right economic order. It would be futile to seek to abolish it by law as is attempted to be done in Madras. Beggary can be abolished by law no more than can prostitution be.

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134"—135" W.B.		
	International	132
	Studebaker	24
158" 160" W.B.		
	Diamond T	36
	International	372
	Reo	48
	Studebaker	84
194" 195" W.B.		
	Diamond T	12
	International	48
	Reo	12
	Studebaker	12

The nearest equivalent W.B. to those mentioned is intended in regard to the various makes specified.

2. Applications for import licence in the prescribed form together with (i) copies of documents evidencing that the applicant firm now holds a tranchise from the manufacturer for a particular make or makes of vehicles;

(ii) statement showing the number of vehicles of each make imported by the firm during each of the years 1937, 1938 and 1939; and

(iii) a detailed description of the territory for which the firm holds the tranchise, should reach the undersigned on or before the 15th August, 1945. Applications not received by that date will not be considered.

3. The number of each make of vehicle will be distributed amongst applicants at the discretion of the War Transport Department and their decision will be final

S. D. GUPTA.
Controller of Motor Transport (Supply).

WAR TRANSPORT DEPARTMENT

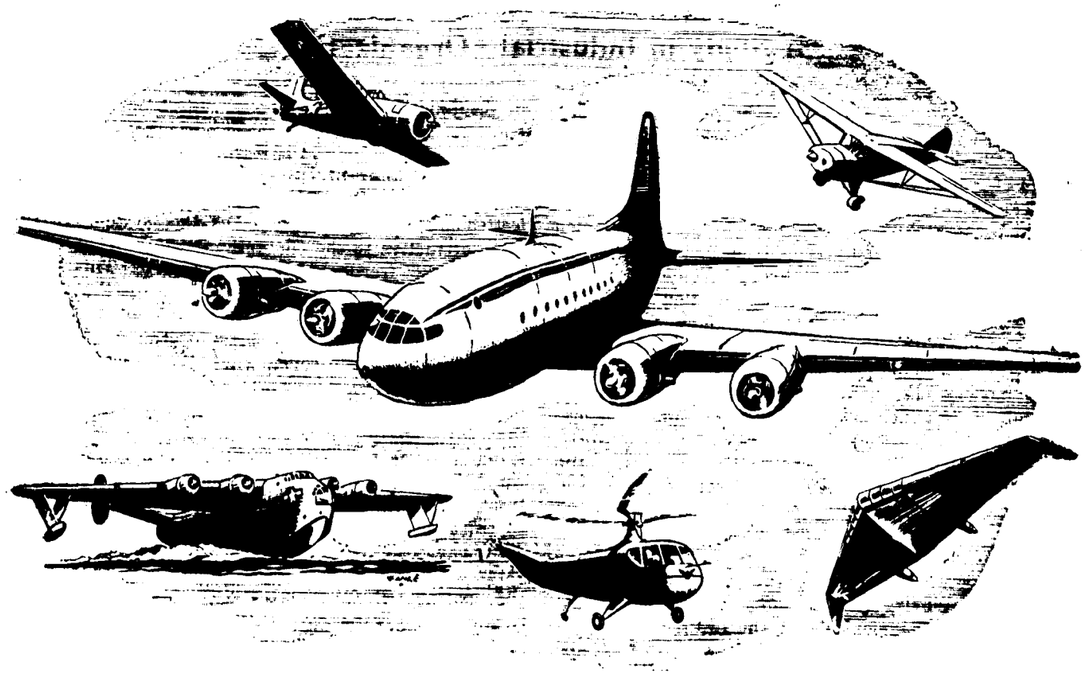
Applications are invited for import licences for import of light commercial and transport vehicles of various capacities from United Kingdom during 1945 and 1946, from firms holding a tranchise from the manufacturers. There is no quota limit and firms are advised to book orders immediately with the manufacturers and to restrict their applications for import licence to the number they expect to obtain.

2. Applications for import licence in the prescribed form together with—

(i) copies of documents evidencing that the applicant firm holds a tranchise for a particular make or makes of vehicles; and

(ii) a detailed description of the territory for which the firm holds the tranchise from the manufacturer should reach the undersigned on or before the 15th August 1945. Applications not received by that date will not be considered.

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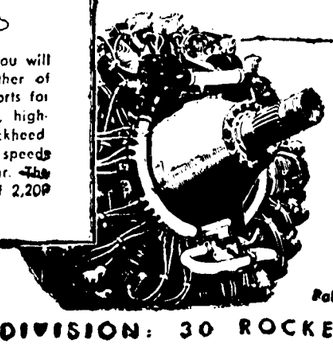
The real use of the plane is for transportation, the life blood of commerce and trade. The plane gives a faster, broader distribution of goods. Fastest of all carriers, it gives you access to the world. It takes the trouble out of travel. It turns long distance mail into local letters. It builds business through faster, better distribution of the world's goods. Your improved standards of living, the higher economic status of your nation, will owe much to air transport, just as your present way of life owes much to the steamship, railroad, and automobile.

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THE WORLD ABROAD

Prospects of U. S. Help to Indian Industry

(From Our Special Correspondent)

NEW YORK, July 23, 1945 (By Cable)

ONE can make any kind of statement about a vast continent such as the United States without being wholly incorrect, but it would take more than a few weeks' study of political and economic affairs of that country to be able to venture any generalizations that can stand the test of time. The bout of liberalism that characterizes recent legislation in Congress is perhaps not wholly unexpected. But who a few months ago would have believed not only that Congress would ratify the Bretton Woods Agreements, liberalize the lending facilities of the Export-Import Bank and authorize the President to reduce tariffs by fifty per cent., but that the administration would win such resounding victories without having to fire a single shot? The harvests of Roosevelt's astute strategy are being reaped by President Truman. Indeed, the Congress is ready to yield at once to President Truman what it would have given only after a great fight from the opposition. The United Nations' Charter will be ratified within the next fortnight by the Senate and will go thereafter to the President for signature. But these easy successes by the Administration must be tempered by the knowledge that this gesture by Congress is possible only because Truman may be trusted to follow conservative right-wing policy conforming with the views of the less progressive forces in the country. Few observers can deny that banking and business interests in America have breathed a sigh of relief at the passing away of a powerful political and economic revolutionary in the person of Roosevelt. May be that America is fortunate even in this loss. There has been a general feeling that Truman is less brilliant than Roosevelt and less of a dictator too and is just the right type of man required at present. However that may be, it cannot be denied that the Administration, judging from all indications, is likely to adopt a more conservative attitude in politics, industry, banking and labour.

The Indian industrialists' mission has been in the United States for nearly four weeks. They have had a mixed reception and naturally talks and interviews have reflected varying attitudes. They were not received with a flourish of trumpets in this country and perhaps there is a much greater gap here than in Britain between expectations and actual receptions. This is not passing judgment one way or the other, but it is only right to point out that much of newspaper stories sent to India regarding the enormous interest which the visit of Indian industrialists is expected to create must have been heavily overdrawn. The fact is that America feels that she is up to the neck in war and nothing should be allowed to deflect her from all-out effort to win the Pacific War quickly. This has had effect on the attitude of the business world and conditions of travel and inspection trips to factories and indeed coloured the general outline of arrangements for the Indian delegation. Preoccupied with their own internal market, American manufacturers feel that, with reconversion still some distance away, it would be useless to think actively of export trade, when the entire production for the next two years may not be sufficient, to meet fully the home demand. In Britain, however, industry is definitely switching over rapidly for export trade and British reaction to Indian visit, therefore, was more enthusiastic. The Administration's feeling that the delegation is not a delegation but just a group of business men visiting and looking around has led it to the erroneous view that the mission would not like any active assistance in regard to their plans of itinerary or activities.

In recent months a large number of missions from several countries have been in the United States and no mission is likely to arouse any enthusiasm unless it has something more concrete to present than does the Indian Group. These factors explain the somewhat different environment in which the Indian delegates found themselves, but the delegation has not stayed long enough to get a truer picture of American situation. Their contacts with representatives of different types of industries in the course of their tours have undoubtedly modified their earlier impressions that Americans are not interested in India. On the other hand interest in certain sections of industry has been greatly awakened. Some fruitful conversations have taken place, which would soon result in co-operation and closer contact. The general impression held by the United States export firms that the Administration would not favour any active export policy with reference to India, was found on further inquiry, to be without basis. Not only would there be no discouragement but the Administration would encourage to the extent possible trade with India. There is no basis for the suspicion that the United States and Britain have reached an understanding about demarcating spheres of influence in the East. Some private understandings between individual businesses in the United States and Britain probably exist. But these are frowned on officially. The impression which the delegation has formed in this matter may be summarized in one sentence: Subject to limitations of friendship with Britain, the United States Administration will do its best to foster and encourage export of capital and other goods to India.

The dollar exchange question has of course come up several times in the course of discussions with business men and officials. It is a little unfortunate that the delegation gave insufficient attention to unblocking of sterling during their stay in Britain. But they were apparently quite content with the assurance that something would be done about it. Under the circumstances the emphasis laid on this matter since their arrival here cannot result in anything tangible; because however urgent the issue may be to India, it is not equally important to American exporters who already have foreign customers ready to give dollars for goods. Despite this, there is anxiety at official and unofficial levels to ensure that Indian trade does not suffer for lack of dollars. It may safely be predicted that for specific objects of capital outlay dollars will be provided without any reference to blocked sterling. But these objects should be such as would pass the official test of the Export-Import Bank which has been given the power to increase its credit from 700 million dollars to 3,500 million dollars. It may be expected to finance useful capital outlay, but America is anxious to know more concretely what additional exports to her are possible so that loans may be paid off without creating transfer problem. The tourist trade will be one of the items entering into it, but what are the others? While it is recognized that a dollar loan for really useful productive purpose is in the long run self-liquidating and could be paid off on a multilateral basis, the Administration is not willing to bank on general long-term results but would like to have more specific terms of repayment. Indian economists would do well to go into this matter a little more thoroughly. Dollar scarcity will not be a more serious handicap to Indian industrialization. The capacity of India to absorb American capital goods is strictly limited as American prices are high compared with British prices and except in certain lines of mass production, capital goods are more expensive. To what extent India can follow

America in mass production methods is not clear. In respect of electrical equipment making refrigerators, radios, etc., India can import from the United States, but lines of profitable import seem severely limited. Again, the signal for reconversion has not been given. That means greater delay in delivery. Of course, when the process starts America will be able more quickly to reconvert, but that is not yet. After the war it is quite possible that a few American firms might establish themselves in India to supply technical and scientific skill. The number of engineers, chemists, metallurgists, etc., that the war has trained is enormous.. Some of them will be glad to set up in India. This should prove valuable. Finally, India should not forget that for the next two years at least the world will be a sellers' market while she herself desires to buy. The actions and speeches of her politicians and economists and her attitudes should all be dominated by the knowledge of that fundamental fact. When the world once again turns into a buyers' market, Indian industrialization will be easier and quicker.

Washington Letter

International Finance Measures Approved

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, July 21, 1945 (By Cable).

CONGRESS action last week in approving the United States' membership of the International Monetary Fund and the Bank for Reconstruction and Development and in expanding the capitalization of the Export Import Bank is believed likely greatly to strengthen President Truman's hand at Potsdam and in international relations generally. Taken together, the two measures mean that this country will make available approximately nine billion dollars to attack the world's economic ills. Ultimately investment by the United States in the Bretton Woods organizations will amount to $5,902,000,000. The Export-Import Bank's lending authority was expanded from $700 million to $3,500,000,000. Until the Bretton Woods Pact is ratified by a sufficient number of nations which may take six to eight months more--the United States, through the Export Import Bank, will be in a position to make reconstruction and industrialization loans to countries demonstrating their need and also ability, eventually, to repay. It is not contemplated however, that the Export Import Bank will compete with the two international institutions.

The Export Import Bank which has functioned principally, if not exclusively, in the Western hemisphere is designed to make short-term loans while it is expected that long-range projects in the various countries will obtain finances from the International Bank. India's interest in obtaining credits here through the Export Import Bank has been increasing lately especially during the visit of the Birla-Tata group and the visit of India's Planning Member, Sir Ardeshir Dalal. It is known that the President of the Bank, Mr. Wayne C. Taylor, gave the industrialists some reason to be encouraged about the prospect of obtaining credits here. On the other hand, Indians are understood to feel that the Bretton Woods arrangements will be specially beneficial to their country in that these may facilitate dealings outside the sterling area. As approved last week by the Senate, the Bretton Woods legislation differed only in the smallest degree from that previously passed by the House and the House has, therefore, quickly concurred in the Senate's action so that now all that is needed is President Truman's signature. The Senate passed the Bill by 61 to 16—which was, incidentally, sufficient to have approved the measure even if it had been submitted in a treaty form.

The principal political aspect of the five days' debate on Bretton Woods—an unusually brief period for a matter of such important—was the division among Republicans themselves. Republican Senator Taft, considered better acquainted with the substance of the measure than most Senators, fought almost alone against immediate approval. He proposed several amendments variously designed to postpone the vote until autumn or at least to approve only the Bank. He also proposed amendments designed to force member-countries to remove exchange restrictions before being entitled to use the Fund's resources. But all these failed. The Senate Republican leader, Mr. White and Senator Vandenberg, leading Republican supporter of the San Francisco Charter, both voted for the legislation while only two Democrats voted against it.

Recognizing an increasing concern among American business men with the future of Indo-American trade prospects, the Commerce Department last week published a special India Edition of its Magazine *Foreign Commerce Weekly*. The general tenor of the articles therein is that the Indian market will be limited for several years to essential imports of Producers' goods at the expense of consumers' goods which are desired but are not considered urgent in the general scheme of Indian economic planning. The Leading Article has been contributed by Mr Clayton Lane, the American Foreign Service Officer who has spent four years at the American Mission in New Delhi during the war. Mr. Lane said: 'India's basic ways of life are among the oldest of any in the world today. To expect that they will readily be changed by the plans made by Economists, Industrialists or Officials in Bombay, New Delhi or elsewhere is unreasonable.' Mr. Lane has, however, attributed to the India Government a determination increasingly 'to reduce India's poverty, to intensify and stabilize its agriculture, to expand its industries and communications, to improve public health and to provide a wider and a more practical education on which so much of progress in all other respects must depend.' He says, it seems likely that all the available dollar exchange will be expended on production goods and the most essential Consumers' goods and, therefore, resumption of some exports to India which the United States sent in considerable quantities in the pre-war period may be delayed.

According to Mr. Lane, India Government's emphasis on producers' goods and essentials follows not only the Government's conception of national interest but also responds 'more than formerly, to the insistence of Indian Industrialists, Editors, and Economists that the country's industrial and agricultural development must be the first concern in the Import policy despite extreme scarcity of much of Consumers' merchandise.' Proceeding to discuss the problem facing India's 400 million, he has commented that the 'basic problem of food supply will remain for many years to qualify any excessive expectations that India's economic progress can be accomplished merely by erecting a few score of factories. There is as yet no assurance that the wider industrial employment contemplated can even keep up with the growing pressure of the population on the land, the implications of which some Indian Economists regard with much concern.' Other articles deal with more specific matters, for instance, the capacity of the Indian market for machinery from the U.S., the Historic Indo-American trade relations Indian Industrial Policy and tariff, etc.

London Letter

Industry Faces Shortage of Man-Power

FROM OUR LONDON CORRESPONDENT

LONDON, July 25, 1945 (By Cable).

THE textile industry is at present over half a million persons short of the pre-war establishment. The carding, spinning, doubling and weaving sections of the cotton and rayon industry require 180,000 hands to make up their pre-war personnel, while the wool industry requires 80,000, the finishing sections some 40,000. Clothing and the hosiery industry need some 200,000 and foot-wear manufacture some 30,000 to regain their pre-war figures. Civilian supplies of textiles have reached their lowest level since the outbreak of the war and there is little hope that the situation will improve much before the next spring. In addition to the general shortage of labour for the manufacture of consumption goods the comparatively low level of wages in the textile industry vastly increases the difficulties. Large numbers of textile workers who are now employed in higher paid jobs refuse to return to the textile industry. In this connection it may be remembered that the labour deficiency in the textile industry has been caused by the call-up for forces and their direction into manufacture of arms. Meanwhile, practically no new recruitment for the industry took place; thus the industry has to face the fact that large numbers of trained personnel will never return and return to full working capacity will be delayed by the necessity of training "green" labour.

On V-E Day some three million people were engaged in various industries who are now free to leave their employment, but two million of them did not work in industry before the war. One million are men over sixty-five and women over sixty and the other two million consist of younger women with domestic responsibility. All these are no longer subject to direction by the Ministry of Labour and the great question is how many will continue in employment at least for the time being. It is estimated that by the end of the year 750,000 men and women will be released from the forces, but initial releases have been slow. This is in accord with the demobilization plans and release will gain speed within the next month or two, but there has been a widespread agitation for increasing release quotas. Even *The Times* in a leading article expressed doubts whether military establishments at home require to be retained at full strength and whether larger numbers could not be demobilized almost immediately. Labour shortage affects also the export industries, in fact every industry in the country. Tomorrow, however, we shall know who won the elections and then we can expect the new Government to tackle the problem with more energy than the Caretaker Government could possibly do.

The British steel industry is planning to spend £12 million in five years to bring the plant up-to-date. This was announced by the Steel Federation yesterday. Thirty-three millions will be spent on replacements and reconstruction of rolling mills and new continuous hot strip mill. Nineteen new blast furnaces are to be built and these will be of greatly increased efficiency and will replace some of the existing less efficient plant. Twenty millions are to be spent on new steel melting shops and six and a half million on new coke ovens with a capacity of two and a half million tons. To reduce the consumption of coke per ton of output the plans include erection of ore crushing, sintering and screening plant. At present every ton of steel requires two tons of coke for production and the price of coke has doubled during the war. Any reduction of coke consumption per ton of steel will, therefore, affect the cost of steel favourably. Planned expenditure, it is expected, will raise the steel production capacity of this country by 20 per cent. Whether the planned 120 millions will be enough or not, it is certain that it is the maximum that can be spent, as other industries are formulating similar plans and they all will have to share in what funds there will be available.

Acute housing shortage in London and other towns where bombing did considerable damage has led to the recurrence of a movement called "vigilants." The "vigilants" after the 1918 armistice took the law into their own hands and resettled houseless families in empty houses. New vintage "vigilants" followed the same procedure and set the law officers a pretty problem. But some local authorities took a hint and demanded of Government wider powers to enable them to take possession of empty houses to house bombed-out families and others in need of accommodation. The "vigilants" can be proud of quick victory because the Government sensed the bad humour of the public with slow housing progress and empowered the local authorities to requisition any empty house unless the owner occupied or let it within a fortnight. Up and down the country, the local authorities entered quest with vigour and what housing accommodation there is will be fully utilized within a month or so. There are, however, still thousands of houses not sufficiently repaired for occupation and local authorities are constantly asking the Ministry of Labour larger allocation of builders and repair workers. The housing problem must remain a bugbear for Government and local authorities for several years, though some relief may be expected in the later years, when demobilization of building workers and intake of new personnel will be further advanced and new building will be in progress.

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A DELHI DIARY

THE failure of the Simla Conference has thrown the politics of this country again into the melting pot. What will be Lord Wavell's next move?—is the question generally asked. Will he resign or at least threaten to resign to bring round Whitehall to a just and honourable settlement of the Indian problem? Or, will he fly to England, after the elections, and try to convince H.M.G. about the reasonableness of the nationalist demand? Obviously, there is a considerable amount of wishful thinking in all these political conjectures. Just at this time, British politics itself is in the melting pot; and people are too much excited as to who are going to be declared to be the rulers of Britain and its embire, to worry about the politics of a dependent country.

Great tensity prevails here regarding the results of British elections. Indian politicians, though naturally interested, are indifferent as to who actually wins. They have only recently come down from Simla hill-top, fairly familiar with the latest technique of British diplomacy. They don't seem to care, what will be Britain's next move. They are apparently looking forward, in fact actually campaigning, for general elections in this country, which will serve as a plebiscite at least so far as the League is concerned. According to knowledgeable sources, a proposal to hold early elections to the Central Legislature is being actively canvassed. Regarding provincial elections, it is understood that they will be held some time after the end of the current financial year. The Congress proposes to give a pretty tough fight to the League in its own strongholds and expects to win. More light has, in the meantime, been thrown on the Simla debacle within the last three or four days by Congress leaders. One significant fact revealed by Maulana Azad was that he made an offer to waive the claim of the Congress to nominate Muslims to the Executive Council provided two able and suitable nationalist Muslims belonging neither to the Congress nor to the League were accepted. This offer he made without consulting the Working Committee and there is no doubt that the Committee would have wholeheartedly supported it. But it underlines the fact that a person who has been dubbed a "show boy" by his opponents has been decisively in charge of the negotiations on behalf of the Congress and has done remarkably firmly and skilfully. Incidentally it is significant that the news of the Maulana's offer has been blanketed in the League Press. Another important revelation was Dr Pattabhi Sitaramayya's statement that Lord Wavell went back on his own assurance to the Congress President that no single party would be allowed to break the conference and that Whitehall issued a directive that Mr Jinnah must not be antagonized. Perhaps the Wavell-Azad correspondence would throw light on the question of the assurance.

Meanwhile the Muslim League Secretary, who has all along denied the existence of a Desai-Liaquat pact, has come out to denounce as falsehood Mr Rajagopalachari's charge that the Nawabzada went back on his word. To Mr Rajagopalachari, who obviously knew the fact and to Mr Bhulabhai Desai, its author, it must come as something of a surprise that Dr Pattabhi, a member of the Congress Working Committee, should look upon the fact, made without the knowledge of the Working Committee as "a surprising development, aimed at bypassing the Congress and supporting the plan all along pursued by the British Government."

Meanwhile, the Central Government moves at snail's pace in respect of matters of vital importance which require immediate attention and speedy action. Thus, for instance, after the publication of the first part of the Famine Commission's report a suggestion was that a survey should be conducted in the areas deficient in food with a view to determine the exact degree and extent of such deficits. But it seems that this valuable suggestion has been lost somewhere in the archives of the Government's Secretariat. Another victim of Government's dilatoriness and procrastination or perhaps lack of intelligence has been the ticklish problem of reform of the present abominable land tenure system. Several months back the Planning Member spoke in urgent terms on the need for speedy action in this regard. It is obvious, suitable action can only follow adequate and comprehensive knowledge. Some one high up in the Government of India stands in need of enlightenment on that point.

If the news that the Government in view of the cloth famine in the country has refused to spare any textiles for the U.N.R.R.A. is correct, the authorities must be congratulated on that decision. For the first time within recent memory, the Government have behaved sensibly, if the news is true.

As we go to the Press, the results of British elections are coming. What will certainly gladden the hearts of Indians is the ignominious exit of Mr Amery Indeed it was a sight to see the crowds outside newspaper offices, anxiously waiting to hear the news of his defeat and jubilantly applauding, when it came. His India policy stands thoroughly debunked. It is hearty news that many other Tory reactionaries share Mr Amery's fate, our Sir James Grigg including. The latest party position up to 10 p.m. last night was Labour Party's 375 seats as against 188 seats for the Conservatives. The Labour Party has thus decisively won. Mr C. R. Attlee, Britain's new Prime Minister, assures: "It will enable us to implement the policy of the Socialist Party." This election result coming at the present juncture of world affairs is a highly significant event not only in Britain's domestic affairs but in the politics of Europe and the world. It will be a shock to poor Franco, who had banked heavily on a Tory victory. Progressive forces in Greece, Italy, France and Poland will feel greatly encouraged. The strain on the foreign policy of Soviet Russia will be greatly eased. Conservative England has made at last a historic departure from its ancient traditions. It is an event comparable in its historical significance to the Revolution settlement of 1688 and the Reform Act of 1832. By peaceful methods, England has accomplished what cost France and Russia a couple of bloody revolutions. It is too early to say, if it is a triumph for full-blooded socialism. At least the road is clear and Britain can march ahead, if it so wills. One thing is clear, Churchillism is dead. All his comrades have gone. The great descendent of the Duke of Marlborough now goes into oblivion with all the laurels of war to his credit. But the laurels of peace will go to others, who march breastforward to Britain's historic destiny as the pioneer of evolutionary socialism.

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MONEY MARKET

Gilt-Edged Quiet—Stock Exchange Buoyant

BOMBAY, July 22, 1945.

DUE to contraction of floating funds during the week under review, call money rate improved and ruled at 1|2 per cent. The Banks continued to show more interest in advancing money against 3-1|2 per cent. paper. There were substantial withdrawals from banks by business men and others for paying taxes to the Government. The 2-1|2 per cent. loan issued and subscribed within an hour of the day of issue on Monday last absorbed considerable floating funds in the market. All these factors led to the contraction of floating money, thus leading to a rise in the call money rate. It is, however, believed that the tendency for tightness witnessed during this week might prove a short-lived affair.

Against an invitation of two crores of three months Treasury Bills, tenders to the tune of only seventy lakhs were offered as against 2.41 crores last week. Perhaps in the recent history of the money market this the first time tenders were poor, far less than the amount invited. This is due to Banks taking no interest in Treasury Bills. Out of seventy lakhs offered 58 lakhs at 4 as. per cent. were accepted. 17 lakhs more than last week. Only 12 lakhs were rejected during the week under review as against two crores last week out of 2.41 crores.

The Treasury Bill results during July 1945, 1944 and 1943 will be read with interest:

	17-7-45	21-7-44	22-7-43
Amount invited	2 crores	4 crores	8 crores
Amount offered	.70 „	9.7 „	15.93 „
Amount accepted	.58 „	4 „	8 „
Rate per cent.	0-4-0	0-7-9	0-15-9

The above comparative figures will disclose the great keenness with which the banks were bidding in the past years and the utter lack of interest they are displaying this week. This is due to the policy pursued by the Reserve Bank and the borrowing programme of the Government in general and the successful introduction of 2-1|2 per cent. rate of interest.

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Reserve Bank

The statement of affairs of the Reserve Bank of India for the week ended July 13, discloses that the total notes issued have declined by a small amount of Rs. 19 lakhs but the notes in circulation denote an increase of Rs. 1,75,00,000. Government balances have been up by 17-1|2 crores perhaps as the result of large receipts under Customs, Railways. Advance payments, etc., while the balances held abroad, have again mounted up by Rs. 7,85,00,000 and have crossed the limit of Rs. 400 crores to Rs. 402-93,00,000.

Gilt-Edged

Compared to last two weeks, the gilt-edged market was uneventful during the week under review. Owing to professional profit-taking the market assumed a quiet tone. The banks increased their rates on advances against securities. Some of them had reached their saturation point and had no inclination to advance any more money against 3-1|2 per cent. Government Paper. Hence this tapered off from Rs. 102-14 to Rs. 102.10. Other scrips were also on the downward trend. Three per cent. rupee paper ruled quiet at Rs. 95-6-0.

The newly floated 2-1 2 per cent. new loan was mostly absorbed by the Reserve Bank. It was sold from Tuesday at a premium of two annas. 2-3|4 per cent. 1948-52 ruled quiet around Rs. 101.4 and 3 per cent. 1946 bonds changed hands at Rs. 102.9.

Bullion

Gold prices were on the upgrade during the first part of the week under review owing to speculative activity. A rumour was current that the Reserve Bank was about to revise its policy of gold sales. Opening on Monday at Rs. 77.15, the prices moved up to Rs. 80-0-6 on Wednesday. Owing to profit-taking next day gold declined to Rs. 78-13-0. The Bank who sold only 18,000 tolas of gold on the first two days increased their offerings to 20,000 tolas. The market closed at Rs. 78-14-0. Stocks of gold are estimated at 1,25,000 tolas and the daliy average offtake is reported to be 15,000 tolas. A steady tone characterized the silver market too during the early days due to speculative activity. The Reserve Bank has not resumed sales of silver.

Stock Exchange

The buoyant tone witnessed during the last week in the Bombay Stock Exchange continued this week also. The firmness of the Calcutta and Madras share markets added additional impetus to their counterpart in Bombay. Considerable business was transacted and the gains were substantial. There was a large-scale buying too in all the leading counters. Tata Iron and Steels were again in the limelight. Tata Defds. moved up from Rs. 2,225 to Rs. 2,275 owing to expectations that last year's dividend level would be maintained. Likewise ordinaries rose from Rs. 415 to Rs. 424-8-0. Indian Irons and Bengal Steels also closed higher in sympathy at Rs. 42-6 and Rs. 34-4 respectively.

Textiles followed in the wake of Steels. Bombay Dyeings were in great demand and showed a consistent rise from Rs. 1,915 to Rs. 1,953-12, a rise of Rs. 38-12 over the previous week. Simplex recorded a gain of Rs. 13 at Rs. 297-8. Indore Malwas which were tame early in the week around Rs. 695 spurted up to Rs. 736-4-0. Kohinoors improved by Rs. 10 to Rs. 619-8 and Swadeshis by Rs. 11-8 to Rs. 545. Central Indias moved up from Rs. 381 to Rs. 389. Most of the other scrips also registered fair gains.

FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT

Madras Letter

MADRAS, July 21, 1945.

THE decision of the Rayon Panel one of the several panels appointed by the Government of India in the Planning and Development Department, that India must have a rayon industry, has been of topical interest to South India. Alwaye, in Travancore, which is fast developing into a great industrial centre, will become famous with the establishment, very shortly, of a factory to produce rayons. In this connection it may be recalled that before the war, India was consuming about 75 tons of rayon yarn per day. These yarns were imported mostly from Japan, one of the greatest producers of art-silk. In the pre-war days our imports on an average amounted to about 33 million lbs. of art-silk yarn per annum. This yarn is of particular significance in South India where handlooms consume large quantities, now made impossible by the conditions arising out of the war. The war has moreover revealed new uses for rayon and has made special demands on the industry manufacture of high tenacity yarn for tyre cords that would stand the wear and tear of the military vehicles, tent clothing, parachute cloth and tarpaulins. Rayon clothing is also bound to be the luxury clothing of the poor, who cannot afford real silk. In the circumstances, the post-war prospects of the industry seem to be bright. Though there may be a few mills coming up in India for the production of art-silk, the factory at Alwaye will probably the first to start production. It is learnt that the factory will utilize the *etta* bamboo in the nearby forests which yield the best rayon pulp. Rayon, it is understood, will be produced by the Viscose process and to start with the production is expected to be five tons per day.

Plea For Industrial Banking

Dr. R. M. Alagappa Chettiar, President of the Southern India Chamber of Commerce has issued a statement on the need for developing a system of working credits which will be available for the industrialization of the Province. With schemes for the rapid expansion and establishment of industries, he says that the concommitant development of industrial banking can no longer be postponed. Dr. Alagappa Chettiar says: "Joint-stock banks can be of some help, but not to the extent necessary. What is required is an industrial banking corporation in which the Government play a leading part in exactly the same way as they do in regard to the development of industries. The local joint-stock banks will be the shareholders of this corporation. It will naturally have a quasi-public character. As the provision of long term credit is the essence of industrial banking, short term deposits from the public which is the mainstay of the finances of ordinary banks will be unsuitable for it. Its finances will have to come by way of shares and deposits of the share owning banks, public funds and guaranteed debentures." The statement has provoked thought and attention not only in the industrial and commercial circles but also in official quarters and if something tangible turns out of this, it will be to the good of the industrialization of the Province.

Travancore's Finances

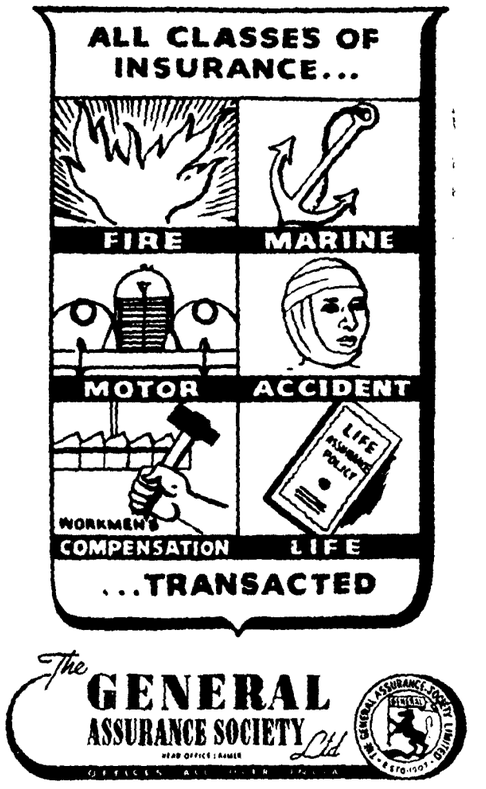
An all-time record revenue of Rs. 623.65 lakhs is the feature of the Travancore Budget for the forthcoming year, which was presented to the Legislature this week. The expenditure has been estimated at Rs. 499.71 lakhs, leaving a surplus of Rs. 123.94 lakhs. The current year is expected to close with a revenue surplus of Rs. 166.45 lakhs as against the budget forecast of Rs. 70.86 lakhs and this surplus has been credited to the Post-War Reconstruction Fund to be drawn upon only for financing schemes of public utility and reconstruction measures. No new taxation or any enhancement of the existing rates of taxes have been contemplated in the budget. It has been stated that there will be no need for any loans. A change in the present system of assessment of land tax is under contemplation in order to equalize the burden of taxation on an equitable basis. Amongst the various schemes for the coming year, provision has been made for the following: shark liver oil manufacture Rs. 1-1/2 lakhs; establishment of silk textile and spun silk factory Rs. 2 lakhs; cardamom marketing scheme Rs. 1 lakh; scheme for the development of fisheries Rs. 2 lakhs; introduction of compulsory education in one rural and two urban areas Rs. 7 lakhs; investigation of major irrigation works Rs. 1 lakh; improvement of tanks Rs. 2-1/4 lakhs; road construction Rs. 5 lakhs; canal improvements Rs. 3 lakhs; coastal navigation and improvement of ports Rs. 12 lakhs; aerodrome Rs. 3-1/4 lakhs; augmenting the Kodayar Reservoir Rs. 16 lakhs and development of medical institutions Rs. 5 lakhs. A ten-year programme of free and compulsory education has also been drawn up.

Insurance Business

"In recent years, certain undesirable features have crept into the conduct of insurance business in India and one should confess that the position does need State interference as the industry cannot effect any reform by concerted action", said the Hon. Mr. M. Ct. M. Chidambaram Chettiar addressing the annual meeting of the United India Life Assurance Company held the other day. While he conceded interference of the State, he was not in favour of the amendments proposed by the Select Committee on the Insurance Amending Bill, particularly the controversial clauses 14 and 18. He suggested that the Government should take the considered views of the industry before proceeding further with legislation. He strongly pleaded that income-tax bases applicable to insurance companies should be placed on a rational footing. Most companies were now being taxed on valuation surpluses and to the extent these surpluses arise on account of bonus loading in the premiums, this tax basis was unfair and illogical. He cited the example of the United Kingdom where the entire surplus distributed to or set apart for the benefit of the policy-holders was exempted from income-tax and hoped that a similar rational outlook would also prevail in this country so that the law can be amended accordingly.

Stock Exchange

The success of the new loan and the present easy money conditions imparted a firm tendency to the gilt-edged market, particularly short and medium dated loans. There was a fair volume of investment support from institutional investors. Good speculative buying was aslo in evidence. 3-1/2 per cent. Paper closed at Rs. 102-10. There was a large volume of business in 3 per cent Victory Loans 1957 which closed at Rs. 101-9. Sellers in Madras, Travancore and Cochin Loans were scarce and hence business was poor. Bank shares maintained the firm tendency. In textiles, Buckinghams, Maduras and Cambodias were very active and were quoting higher at Rs. 348-8, Rs. 76-8 and Rs. 31-8 respectively. Mysore Spuns and Mysore Silk Filatures came in for good buying. Cochin Malabars led the market this week in the Planting section. Though there has been a decline of 7-1/2 per cent to 50 per cent in the total dividend, the good balance sheet was responsible for the quotation being put up to Rs. 18-10 c-d. In the A.V. Thomas group, Midlands were being bought up on dividend expectations. The quotation rose to Rs. 12-10. In the Miscellaneous section, United Breweries rose to Rs. 202 c.d., Mettur Chemicals were better at Rs. 16-10 c-d. and Mysore Papers saw a big rise to Rs. 26-2.



Bombay Letter

BOMBAY, July 21, 1945.

THE Indian film world has been upset with the news that two up-to-date studios are to be set up on a basis of partnership between British and Indian capital—namely, the Three Stars Film Co., Ltd. in London, and the Triple Star Film Co., Ltd, in Bombay. In the first one, two-thirds of the capital would be subscribed in India and the remaining in Britain. Mr. D. P. Kaura is to be the Managing Director and the chairman of the Unico Corporation. Sir Francis Price is to be the Chairman. Among the technical Directors are Mr. Mahomedally Currimbhoy, one British technician, Mr. Sydney Bux and on the Directorate will be the representative of Messrs. G. M. Calcuttawalla and H. F. Currimbhoy. Indian men and women will go to Britain to be trained in British studios and British technicians will be sent out to India to train the technical staff of the Indian studios. Another aim is to raise the number of cinema theatres from 1,500 to 1,600 at present to 6,000.

This move has been viewed with disfavour by leaders of the Indian film industry in Bombay. Mr Chandulal Shah, a former President of the Indian Motion Picture Producers' Association, stated: "To set up theatres in association with Indian capital ostensibly to show Indian picture and then to use them to exhibit British pictures is likely to harm the Indian industry. Indian picture-houses must be used primarily to show pictures produced in India with Indian capital."

The Indian film industry requires better equipment and more technicians for which India would have to depend on foreign countries for sometime to come. However, for the capital, it should be Indian Rao Bahadur Chunilal would appeal to Indian industrialists not to be shy of the film industry which, according to him, was as good as any other enterprise. If Indian enterprise remained aloof, foreigners would obtain a dominent influence by stepping in with capital.

Art Silk Industry

Mr R. J. Chinoy at a meeting of the Art and Silk Mills' Association has advanced a plea for the setting up of rayon manufacture in India. This industry is well developed in the U.S.A. where Mr. Chinoy went to study the technique of the industry. India has during the past three decades imported rayon of quantity 37 million yards and the need for establishing this industry is thus clear. Most of the chemical requirements of the industry are produced in our country and the important raw material, sulphite of woodpulp can be imported from Scandinavia, Canada and the U.S.A., until it can be manufactured in our country. The important problem now, however, is the selection of a site ensuring large supplies of water and also providing facilities for disposal of used up water which is injurious to vegetation and human life.

Mr. Krishna Rao, Deputy Chief Controller of Civil Supplies and former Commissioner for Development, Mysore, also emphasized the need for setting up this industry on sound lines. He put forth the plea that the Indian industrialists should co-operate with the foreign experts as high technical skill is required.

Butter Supply

Bombay province is facing a shortage in the supply of table butter for no fault of her in the matter of production. The price of table butter has risen by 40 per cent. in the last two months and it looks this rise may not be checked without a serious control. Large quantities of this article are being exported to other provinces notably Bengal and Madras where too they largely find their way to the black market. Even in Kaira which is normally a surplus centre for this product, enquiries show only a shortage in the available supply. It is stressed from all quarters that the Government of Bombay should undertake a survey of the production of table butter and revise their policy of issuing permits for exports. It is felt that much of this shortage is due to the very lenient issue of permit for export of this product outside the province.

Cotton

The cotton market fluctuated within narrow limits during the week. Tenders against the July contract have been very heavy amounting over 2,35,000 bales with still two more tender days to come.

The Bull Syndicate is weighing over all this cotton. It should not be presumed that the Bull Syndicate is weighing over all this cotton as about 40 per cent. of the cotton is being rejected in surveys and appeals. The future course of the market will be affected by two factors: the weather conditions which will determine the extent of the new crop and secondly, the 'floors' and 'ceilings' that will be provided for the 1945 season. Against the Government proposition to reduce the 'floor' level of the Indian cotton contract basis Jarilla 3|4 from Rs. 350 to Rs. 300, a resolution has been tabled for the forthcoming meeting of the Indian Central Cotton Committee recommending raising the 'floors' by Rs. 50 on the ground that the cost of living and the cost of production have not gone down. In Egypt too the Government buying level has been raised by 10 per cent. The present quotation of I.C.C. September is Rs. 426.

Controversy is going round as to who is responsible for the continuance of *options* in the Bombay market. In permitting Futures trading Government made it a condition that option trading should be banned and in order to make this effective, they have made this a penal offence under the Defence of India Rules. Some quarters blame the East India Cotton Association, Bombay, for their inaction but it has been pointed out that option are extremely difficult to control. No records of these are kept in the books and differences are being received or paid in cash. Further, the Board of the E.I.C.A. can take disciplinary action if any member gives information about the name of the party and other relevant information. In the absence of such information, the Board can take no action and it is precisely because of the difficulty of checking it about the Textile Commissioner was advised to make this a panel offence. Surely, it is now for the Government of India to take such action under the very wide powers that they have rather than blame the Association for inaction.

U.P. Letter

CAWNPORE, July 23, 1945.

THE report of the Department of Agriculture reveals a certain amount of activity on the agricultural front for the year ended June, 1944. The provision of interest free loans for development purposes and distribution of better seeds have been the main features of the work done by the department. A total sum of Rs. 1,35,000 has been given as interest free loans to the cultivators for levelling, lay out, clearing of jungles, construction of embankments and drainage, cuts of old fallow and culturable waste land. The usual interest bearing *takavi* loans have also been given totalling to Rs. 1,83,000, for purchase of bullocks, implements or for the construction of wells for irrigation purposes. In addition to these 104 applications for interest free loans for *bundhi* construction in Bundelkhand and 107 applications for *takavi* for the improvement of tanks in the Eastern and North-Eastern tracts involving a total sum of Rs. 4,33,500 have been passed on to the district authorities. This is expected to bring some 27,560 acres of culturable land under the plough.

The 270 seed stores distributed about 4,80,000 mds. of *rabi* and 71,000 mds. of *kharif* seeds, excluding sugarcane. Improved implements totalling 16,600 ploughs, chaff cutters, hoes, sugarcane mills, winnowers and water-lifting appliances have also been distributed. The peasant has also been made to learn the utility of consolidation of crops through block sowing especially in the tube well area east of the Ganges and through a successful use of this in the raising of wheat the total production showed an increase of 4,45,800 mds.

Attention has also been paid to the use and production of manure. Through successful persuasion and subsidy the department has been able to make the growers secure about 6,52,000 cft. of compost manure from preservation of cattle urine earth. Added inducement was given by instituting rewards for growing excellent crops. Some 32,000 mds. of castor cake and nearly 2,000 mds. of ammonium sulphate were distributed in the tube well area alone. Green manuring was advocated and 4,270 mds. of *sanai* seeds were distributed for this purpose.

Other agencies have also been working on the lines of the department and a total of 18,00,000 mds. of seeds of *rabi* and *kharif* crops were distributed, excluding 44,66,000 mds. of sugarcane throughout the province. 68 tube well projects have been completed during the year under review and a further 305 existing masonry wells bored. Into the bargain the department has been responsible for the running of several instructional and research experimental and demonstrational institutions.

The U.P. has been the foremost in planning in almost all the lines of post-war development schemes. It is gratifying to see that agriculture is receiving its due share in the efforts of the Government to raise the standard of living of the people in this province.

Supplies Blocked

The permit system of cloth sales has been in force now for nearly two months. This week the Province's Textile Controller, Mr E. Royston, was in Bombay, pleading with the Textile Commissioner, for further short circuiting the distribution agencies, and ask for the supply of cloth in mill-packed bales directly from mills to the district importers instead of through the quota-holders. Meanwhile, there have been reports of blocking up of supplies. While the quota-holders have been only too willing to pass on the supplies to the permit holders the latter have not always seen their way to take away all the supplies, and where the supplies have been taken away, the process of its passing through the numerous channels is not yet complete. The cloth still has to reach the consumer. It will reach him ultimately after a long time while the cloth crisis continues unabated.

While the appointment of the Textile Controller was to some extent due to the agitation of the trade and industrial circles, great disappointment is caused since the textile controller has largely come under the influence of the bureaucracy. Though the Provincial Government professed that appointments of district importers would be made from among persons experienced in the trade, this principle does not seem to have been altogether followed in practice. Much hindrance has also been caused by the recent order made by the textile controller that the weekly returns of the quota holders should be made in English. Contravention of this will mean cancellation of licenses. Though these absurdities have been pointed out yet they have received no fair hearing.

Training Of Bank

Many new bank branches have been opened in several important towns in the U.P. and there has been an acute shortage of trained hands. In many cases people with little or no experience of intricacies of banking have had to be placed in key posts. The Punjab perhaps has provided more men for the numerous banks in this Province than any other province. To overcome this shortcoming of the Indian banking, the Hindustan Commercial Bank of Cawnpore, have decided to start a scheme for the training of apprentices for the posts of officers. That there is keen desire on the part of Indian graduates to join banking institutions is evident by the fact that the Hindustan Commercial Bank have received as many as 4,000 applications from which they will make their selection.

Civic Planning

The U.P.'s Chambers of Commerce have shown much interest in civic planning, and a meeting of the Province's four Chambers of Commerce and the Employers' Association of Northern India, was called this week to discuss the lines on which the proposed Development Board will work for the betterment of civic conditions in Cawnpore. It will be generally agreed that if any town improvement is to be carried out it must be done through a thoroughly Indian agency. But the Development Board is coming, and it is also certain that its Chairman will be Sir Edward Souter. Labour will be represented on it by a tried Radical Democrat, and there will be the usual vested and communal interests on it among whom in the traditional British manner, Sir Edward would hold the balance even, throwing all chances of real improvement to the wind.

Projects of a total cost of Rs. 47 lakhs have been sanctioned by the Board of Public Health for the improvement of drainage and water supply in some of the towns of the U.P. The Chief Engineer, P.W.D. has prepared Rs. 3 crores projects for taking up immediately the repair and improvement of 288 miles of roads and construction of about 450 miles of new roads.

Woollen Goods

The production of woollen goods for civilians is now in full swing. Next winter there will be no shortage of these goods. In fact it is felt by everyone connected with the industry that the control of the industry is now superfluous. The production is sufficient to meet all demands, and it is up to schedule. The Wool Adviser to the Government of India, it is learnt, has already indicated his views on these lines to the Government.

Punjab Letter

LAHORE, July 22, 1945.

RATIONING of wheat at Simla has, for the time being, been postponed. On an estimate about 75,000 men, women and children will be receiving their rations in wheat or wheat-flour there. Reserves are however being built up in the summer capital of the province.

Government is still hesitating to introduce early rationing in Jullundur, Ludhiana, Sialkot and Multan which places were included its original programme. Wheat prices in the rationed towns have been lowered to some extent by the authorities but still a marked difference prevails between them and those ruling in the non-rationed areas. Protests of the consumers have gone unheeded. The authorities go by the decisions of the syndicates which are their creation. The quality of wheat has not improved at all. The excuse advanced is that the stocks were bought long long ago. The rationing has been so inadequate in its scope, so restricted in its coverage, and so ill-managed that representations have been made to the Government that the experiment has proved unsuccessful and if it is not to be conducted on an all-Punjab basis, why should the three cities of Lahore, Amritsar and Rawalpindi alone be pinched and penalized?

Cloth Situation Deteriorates

Meanwhile the cloth situation has taken a serious turn in the Provinces. In Lahore the authorities have still no clear-cut policy and are trying various experiments. The latest experiment is that of selecting 1,000 licensed shop-keepers in the city and asking the citizens to register themselves with them and get the cloth by turns. Whosoever would register first, either through influence or otherwise, would get the cloth, and others shall have to wait till eternity, perhaps. This will deprive thousands of poor labourers and others of their quota, because they will be thrown at the mercy of the cloth dealers. The new plan to be enforced from the 26th of July is a complete surrender to the porfiteers and black-marketeers.

The Merchants' Association in Lahore has, on the other hand, made a representation to the authorities that "unless the drain of cloth by the officials and police through their influence" is checked and they are allowed freedom to serve the consumers, the situation will get worsened.

On July 17th the Lahore cloth dealers refused to sell any fine cloth, because of the interference by the police and officials. The District Magistrate suspended the sale two days later and declared that "owing to the available supplies of cloth in Lahore being far short of the demand....it has been necessary to reconsider the question of cloth distribution in Lahore."

Before this two experiments were unsuccessfully made: one distribution of cloth through chits issued by the Civil Supplies Officer and the second through depots on the basis of the digit system.

The Citizens' Civil Supplies Committee has asked the Government to stop all exports and introduce total rationing of cloth which they think is the only method to check corruption. It has been urged that the co-operation of the Mohalla Committees of the people should be sought. If the present method of distribution is to be maintained, coupon system, as in Britain, should be introduced. The labourers in the cloth factories should be encouraged to produce more by giving them higher wages and special allowances. The cloth mills should be switched on to the production of basic necessary varieties for the vast masses of people.

The authorities of Lyallpur are experimenting with complete rationing of cloth and Muzzafargarh and other mofussil cities are soon, it is learnt, likely to follow suit.

Cotton Cloth-Dealers Licensing Order.

The Government has amended the Cotton Cloth-Dealers Licensing Order, which had caused a great heart-burning amongst the dealers, who recently held two conferences, one at Lahore and the other at Amritsar. Speeches were made condemning the order as unworkable and stressing the fact that "much of the shortage of cloth was created by Government officials who would not release 4-1|2 lakhs bales of cloth reported to be lying in Bombay and Ahmedabad and some thousands in and around Amritsar. "The freezing and distribution of cloth were severely criticized.

The clauses relating to the filing of securities and the cancellation of licenses have not been amended by the Government. But the amended Order meets most of the demands of cloth hawkers inasmuch as they are no longer required to issue receipts or invoices or keep their duplicates or keep accounts. As regards the total income-tax paid by cloth-dealers the amendment lays down that they are required to show the actual income-tax paid together with the details of the particular business on which it has been paid.

Cotton Yarn Not Available

Hosiery producers are face to face with a serious crisis caused by the non-availability of cotton yarn. Various hosiery associations at Lahore, Jullundur, Ludhiana and Amritsar have passed resolutions pointing out to the Government that "unless regular supply was promised all the business will come to a dead stop."

It is gathered that hosiery machinery worth several lakhs is lying idle at Lahore. A large number of factories have been closed at Ludhiana—the chief hosiery centre—and Jullundur, while the machinery of a number of factories has been shifted by the owners to Nagpur, Indore and other places outside the Punjab. It is estimated that at least 50,000 labourers including women and children are involved at Ludhiana alone. Thousands of workers at other places will have to face unemployment if no early arrangements for the supply of yarn are made. The Punjab Government has been urged to allot yarn quota to the hosiery dealers.

Sind Letter

KARACHI, July 20, 1945.

SIND is now facing food shortage in certain districts. Reports of wheat shortage come from Dadu, Sukkur and Shikarpur. The new crop has turned out to be smaller than anticipated. But the Government have taken prompt measures to avert a serious crisis. Export of wheat from these districts is banned except with the permission of the Director of Civil Supplies or the District Magistrate. Considerable quantities of wheat seed are being imported from the Punjab and are being distributed to the cultivators. Rice is also being imported into the province from the same quarter. Permits have been issued to a few parties in Karachi to send wheat from Government stocks to areas where shortage is felt. Government have also revised the three-year old Food Control Order. The main provision introduced in the order is that all wholesale and retail dealers and also producer-traders of wheat, paddy, rice, *juwar, bajra* and gram are required to take out licenses. The storing of food grains has been limited to four months' consumption at the rate of one seer per head per day for non-producers and 12 months' consumption for producers.

Fishing Industry

A systematic attempt to exploit the vast edible fish resources in the province is being made and the details of a long-range scheme are now available. A fishing harbour along with a wholesale centre and a fish curing yard are to be built near the Chinna creek in Karachi. Fish carrier launches are to be employed to fetch the deep sea fish to the harbour from where the catch will be carried to the adjacent wholesale centre for being auctioned, packed and [illegible] to consuming markets. The centre will [illegible] attached to it. The entire plan [illegible] dispatches [illegible] have a railway yard [illegible] series in Aberdeen and [illegible] cost is based on the model of fish[illegible] Glasgow. The fish carrier for the sea [illegible] Rs. 60,000 and those for the creeks Rs. 265,000. It is also proposed to import a master fisherman from Great Britain to train indigenous fishermen on modern methods of fish catching by means of carriers and other equipment. The appointment is expected to cost about Rs. 10,000 per year. In the meantime, fishermen in Karachi have been organized under a co-operative society intended to render financial aid as well as to help in marketing.

Dr Naidu, the Fisheries Expert to the Government of Sind, in a Press statement stated that Karachi had vast possibilities for the expansion of the fish industry. Karachi waters were full of large size fish, and there was unlimited virgin field from the Persian Gulf to Cutch, which could be exploited with great profit.

Income-Tax Complaint

Complaints in connection with a change in the method of assessment in cases, in which books of accounts are not closed, are being heard. In such cases assessments in the past used to be levied invariably on the basis of a flat margin on turnover a margin which was ascertained from other closed books. The sales, after due verification, were being accepted and assessments made under Section 23(3) of the Income-tax Act, because provisions of Sections 22(2) and 23(2) were taken as complied with on the submission by the assessee of his returns and on the production by him of his account books in the unclosed condition in which they used to be. It is now alleged that a deviation has been made from this regular practice and assessment is made *ex parte* under Section 23(4) on the ground of alleged default of the assessee in not submitting a copy of the profit and loss account and a balance sheet. This is done, it is alleged, even in cases where the turnover figures are entirely accepted; and in cases of some firms registration is refused.

Referring to these complaints, the Buyers and Shippers Chamber, in a representation to the Central Board of Revenue, observes: "That the fact of the accounts being unclosed automatically means that there can be no profit and loss account in existence and besides, on account of no stocks having been taken, and further in many a case in the absence of a capital account not being maintained for a long time, it is impossible to prepare and give a balance sheet. A perusal of Note 5 of Rule 19 will clearly show that copies of the profit and loss account and balance sheet have to be filed along with the return only in cases where there are closed and adjusted accounts maintained on the mercantile accounting system. In other cases, such as in case of unclosed accounts merely a statement showing how the profit returned has been arrived at has to be submitted. In the latter type of cases preparing a balance sheet is not possible, nor is one required to be submitted along with the return of income. Thus it will be seen that the grounds on which *ex parte* assessments under Section 23(4) are framed, are not tenable."

Co-operative Move[illegible]

Analyzing the causes of the failure of the co-operative movement in Sind, the Registrar told a Press conference: "The co-operative movement in Sind has failed due to non-existence of settled villagers. A number of villages which form societies and receive loans from the co-operative banks often disappear within five or six years which makes it difficult to effect recoveries." He revealed that if any society was formed in remote and scattered villages, the *wadera* took loans and utilized the money for himself. He was of opinion that these societies should either be centralized at one important, key town and some responsible man put in charge of them, or taluka banks should be started with limited liability to help the rural population. In this connection he particularly referred to the Tando Allahyar experiment, which had proved a success. Here three co-operative societis were amalgated into a taluka bank last year with a working capital of Rs. 1,59,000. The Registrar hoped to establish such banks in all taluka towns within the next five years.

BOOK REVIEWS

A DETAILED PLAN FOR THE DEVELOPMENT OF INDIAN JOINT STOCK BANKING: By Brij Narain. pp. 111: 1945. Uttar Chand Kapur & Sons, Lahore.

This is the essay by Prof. Brij Narain which won him the prize instituted by the Traders' Bank, Lahore. Prof. Brij Narain's main thesis is that orthodox methods of finance will not industrialize India within a reasonable period of time and that India can be rapidly industrialized through an expansion of bank credit, which though an unorthodox method, is nevertheless not an untried one. The concept of 'created money' to finance production such as is behind the Bombay Plan is fundamentally sound, says Brij Narain, but he would prefer bank credit expansion to currency inflation. In support, he cites the German experiment which created an enormous volume of bills discounted by the banks and rediscountable with the Reichsbank. This pre-financing, by bill, of production which will move products into the market within a reasonable time and will be non-inflationary, is a perfectly sound idea. But it would call for a radical change in banking methods and in the rediscounting policy of the Reserve Bank. Among other measures Prof. Brij Narain suggests large-scale bank amalgamations, industrial banks and deposit insurance. The work on the whole is rich in statistics, but there is no plan, much less a detailed one, as its title claims.

BANKERS' ADVANCES AGAINST GOODS: By D. S. Sastri. pp. 310. Price Rs. 12|8. 1944. Thacker & Co., Ltd., Bombay.

This is a book which will prove most useful to the practical banker and to the student of banking. Mr. Sastri has been engaged in banking business for nearly 25 years now and has pressed into service his intimate knowledge of practical banking. The system of making advances against goods by banks has not so far been the subject matter of detailed study in India and the work under review fills a distinct gap in banking literature. The elucidation of the law relating to advances under 'pledge', 'hypothecation' and documents of title to goods is particularly well done. The author describes in successive chapters the procedure for making the varied kinds of advances, the documents to be executed, the difficulties to be faced and precautions to be taken regarding safeguarding the security. There is a chapter on Insurance also. In conclusion, the author suggests some measures for improving the present position relating to advances—building up a system of warehousing under Government control, registration with the Registrar of Joint Stock Companies of advances made by banks to registered partnership firms, standardization of practices regarding rates of interest on advances and nature of security, etc. The book suffers from too many spelling and printing mistakes, which, it is to be hoped, will be corrected in the second edition now in the press.

BOOKS RECEIVED

MANAGEMENT IN RUSSIAN INDUSTRY: Edited by Arthur and Jacob Marschak. Published by Oxford University Press, London, New York, Toronto. 1944. Pages 198. $3.00 (Price).

ECONOMICS OF POST-WAR INDIA: By Dr. S. K. Muranjan. Published by Hind Kitabs, Bombay. 1945. Pages 98. Price Rs. 3-8-0.

BOMBAY COTTON ANNUAL, 1943-44: Published by the East India Cotton Association, Ltd., Bombay. Pages 242.

ECONOMIC DEVELOPMENT IN S.-E. EUROPE: With an introduction by Professor David Mitrany. Published by P.E.P. (Political and Economic Planning), 16, Queensway, Anne's Gate, S.W.I. Distributed by Oxford University Press, Amen House, E.C. 4. Pages 165. Price 10-6-0.

THE BOMBAY PLAN: A CRITICISM: By Professor P. A. Wadia & Prof. K. T. Merchant. Published by The Popular Book Depot, Lamington Road, Bombay. 1945. Pages 50. Price Rs. 1-8-0.

BOARD OF ECONOMIC INQUIRY, PUNJAB. Publication No. 83. COST OF PRODUCTION OF CROPS ON A CANAL-IRRIGATED ESTATE IN THE PUNJAB, 1935-36 to 1939-40: General Editor, L. C. Jain, M.A., LL.B., Ph. D., D.Sc Econ (London). Pages 58.

BOARD OF ECONOMIC INQUIRY, PUNJAB: Publication No. 84. General Editor, L. C. Jain, M.A., LL.B., Ph.D., D.Sc. ECONOMIC ASPECTS OF ANIMAL HUSBANDRY IN HISSAR—A FAMINE AREA of the Punjab. Inquiry Conducted by Roshan Lal Anand, M.A. Under the Supervision of Lt.-Col. W. S. Read (P.V.S.) M.F.D, (1945) Pages 69. Price 0-8-0.

INDUSCO: (Its nature and scope) Edited by Rohit Dave. Printed by M. E. Karim, at De Lux Printers, Victoria Garden Road, Byculla, Bombay, 27, and Published by S. V. Kulkarni, Maharashtra Grantha Bhandar, Bombay 4. Pages 48. Price. 0-10-0.

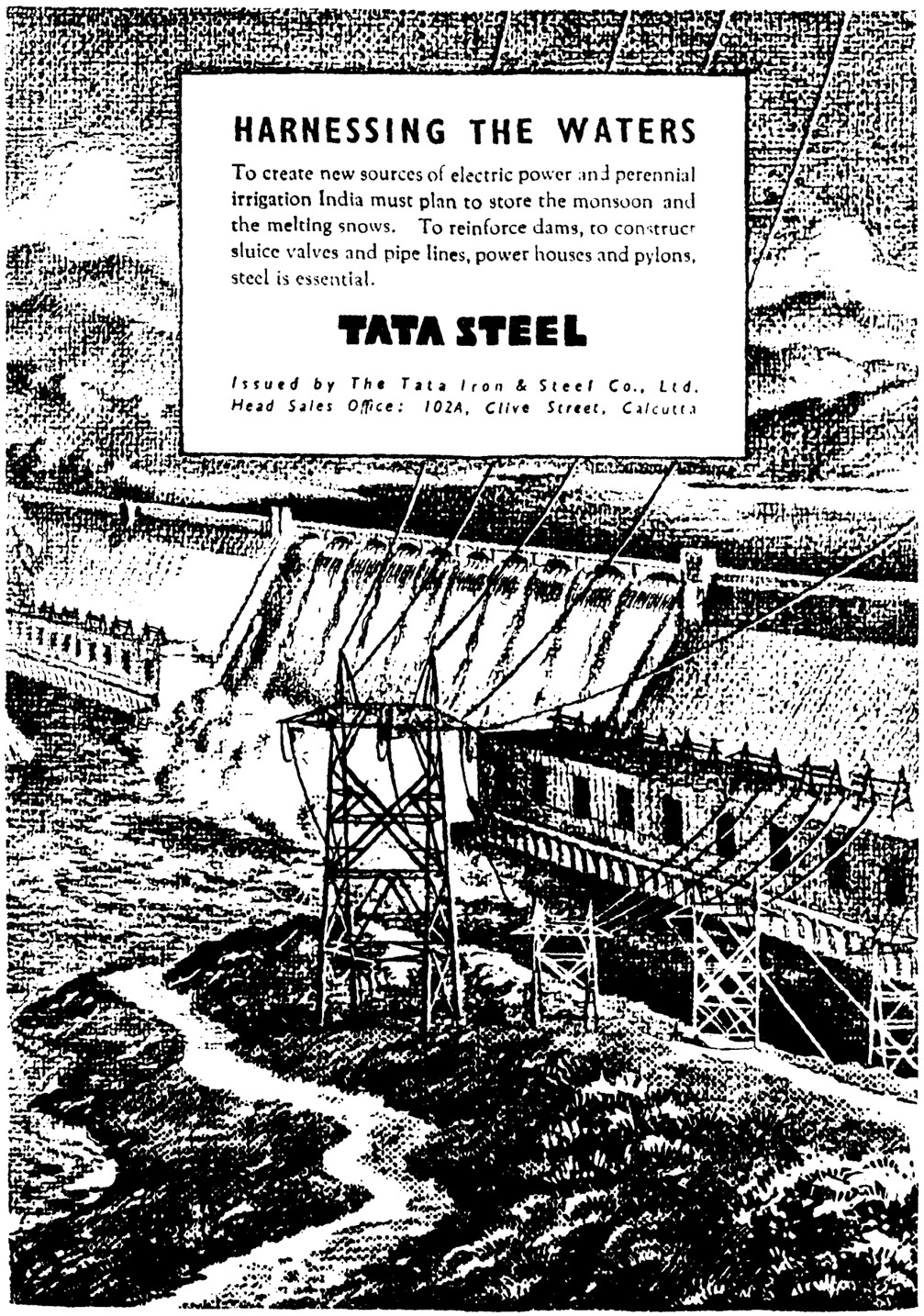
THE BOARD OF ECONOMIC INQUIRY, PUNJAB. Pamphlet No. 6. Supplement 5 to Publication No. 52. (General Editor, L. C. Jain, M.A., LL.B., Ph.D., D.Sc., Econ. (London). *AGRICUTURAL* STATISTICS OF THE (BRITISH) PUNJAB, 1940-41 to 1943-44. By Gulshan Rai, B. Com., Industrial Economist, Department of Industries, Punjab. 1945. Pages 30. Price 0-6-0.

AN ANALYSIS OF THE SOURCES OF WAR FINANCE AND ESTIMATES OF THE NATIONAL INCOME AND EXPENDITURE IN THE YEARS 1938 to 1944: Published by His Majesty's Stationery Office. (London) Pages 55. Price One Shilling.

UNITED STATES No. 1. (1945) *CONVENTION*: Printed and Published by H.M. Stationery Office. Pages 11. Price 2d.

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NDUSTRY

Industry and Standardisation

TANDARDIZATION may be defined as the unifi- cation of the methods, practices and technique volved in the manufacture, construction and use of aterials, machines and products and in all lines of deavour which present the necessity of performing petition work. From the view point of the buyer id vendor it is the establishment of a criterion for e dimensions, quality or performance of these aterials, machines and products. In the former pect it tends to assist engineering and scientific velopment and to prevent waste in manufacturing. its latter aspect its purpose is principally to assist promoting a common understanding between pro- icer and user.

The essentials of standardization are (a) inter- iangeability, (b) standards of size and kind, (c) iality and (d) performance.

(a) *Interchangeability*: Interchangeability is the sence of standardization and arose from the divi- on of labour and industry. When a man made more ian one article of a particular type it was frequently xpedient to produce several component parts at a me thus establishing a uniformity of size of each art to conform to the size of the other parts it had fit. With the advent of machine processes uni- rmity of product naturally developed until with mi-automatic and fully automatic machines the ivision of labour was carried much further. Stan- ards were, therefore, established for component rts so that one part would fit satisfactorily with any her mating part. Interchangeability within an dustry is an invaluable aid to bulk production and educed cost of production further makes possible rvice in replacements as now instituted in some odern industries.

(b) *Standards of Size and Kind*: Manufacturing a standard means that an article approximates to at size within certain limits dependent upon the ature of the fit required. The operation of this stem of interchangeability extended from within e industry, until now all leading nations have andard classifications regarding fits and ranges of zes. The primary objective in standardizing is simplification." In the same aggregate output the ewer the number of types and sizes, the cheaper is e cost of production. Less stock has to be carried esulting in a reduction of idle capital, while quicker rnover, more ready replacements, and speedier de- veries are among the other advantages to be shared y the producer, distributor, and the consumer.

The selection of a suitable range of sizes is in self quite a difficult problem. It is not easy to dif- erentiate between essential and unessential detail. he most desirable range of sixes is one which com- romises most successfully between the needs of the anufacturer and consumer—the former wants least arieties and the latter greatest choice. Standard- zation in size is a problem in mutual economy. The ustomer by appreciating the problem can do much oward promoting mutual savings. This, therefore, s a matter for national co-operation through Stan- lard Organizations.

(c) *Standards of Quality*: The specification of his kind is both a protective measure as well as an id to "simplification." The manufacturer who wishes o enhance the reputation of his firm establishes and naintains a standard of quality distinguished by a trade-mark. This procedure offers a satisfactory safeguard to both producer and consumer in most cases, where a firm of good repute is dealing with a well established line of goods, but in many instances a customer has no means of comparing the merits of seemingly equally attractive propositions.

The engineer is anxious to ensure that the quality of this purchase is such as will meet the demands of the work to which it is put to. The manufacturer wishes not only to sell his goods but to gain prestige and further custom by giving satisfaction. Standard specifications, therefore, provide a definite common basis upon which a bargain can be struck. A standard specification helps the classification and effects a compromise to meet the requirements of common practice.

(d) *Standards of Performance*: Tests of perfomance are most essential to an Engineer. An engineer may know exactly what work he wishes a machine to do but meets great difficulties in determining what performance the machine should give under test. In some instances he may specify conditions which will greatly add to the manufacturers' difficulties and so to the cost. On the other hand, through some ambiguity, vagueness, or ommission in the contract, the machine may fail to fulfil its function. The most probable reason of all disputes in contracts is the lack of standard methods of testing.

A standard specification will represent the combined experience and knowledge of experts, practical business men and be designed to ensure that the transaction is definite and binding and that not only the machine possesses the most suitable features for general performance, but that economy in production will have been given equal consideration.

Standardization is the only basis on which industry can really organize itself today and the important role which it plays in the scheme of industrial evolution is not generally appreciated.

It lowers unit cost to the public by making mass production possible. By concentrating on fewer lines, it enables more thought and energy to be put into designs, so that they will be more efficient and economical. By simplifying the carrying of stocks, it makes deliveries quicker and price lower.

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Paid-up Capital	33,61,250
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K. N. DALAL.
Managing Director.

TRADE

World Cotton Trends—1945-46

MORE cotton exists in the world today than can be sold at remunerative price to its producers under free competition. Surplus of supply has been continuously rising since the outbreak of war, in the face of shrinking world consumption and international trade. The 1944-45 supply is estimated at more than 51 million bales of 500 lbs. each. Consumption during the same period is expected to be about 24 million bales. In fact, the present period of surplus can be traced to as far back as 1929-depression. Only in the U.S.A., the policy of 'impounding' surplus cotton was adopted as an anti-depression measure. During the war, many other producing countries, including India, were obliged to hold large surplus stocks, and 'price-supports' were instituted to shelter cotton-growers from the weight of accumulating surpluses.

In spite of war-time stringencies—such as shortage of man-power, materials, food and shipping—ever since 1939-40 total world production of cotton every year overtopped world demand. The present price levels at which cotton is sustained are likely to induce even greater production. Of still greater significance is the relation, for the years immediately ahead, between world's exportable surplus cotton and the total volume of international trade. Over a long period, the yearly peace-time exports of cotton in the world had been about 13 million bales. Period by period it was 129 million bales for 1930-39, 12.6 million bales for 1920-29 and 12.8 million bales for 1909-13.

This relative stability in the world trade in cotton is partly due to the development of the textile industry near and around the cotton-growing areas. In part, it may also be ascribed to the trend towards self-sufficiency in certain regions. Thus, the Soviet Union and China formerly each importers about a million bales years- achieved self-sufficiency in later years. Of course, a few of the great exporters of cotton became, at the same time, importers of special qualities of cotton. India, on balance exporting huge quantities, has become an increasingly significant importer of special qualities—well over half a million bales in most years, and as many as 655,000 bales in 1937-38. But countries in the Western Hemisphere—the chief surplus regions—have never imported as much as a million bales in any year. As Japan developed its textile industry, the annual average import of about 1-2|3 million bales in 1912-13, rose to a peak of 4-1|2 million bales in 1936-37. But at the same time there was a fall in Europe; cotton imports, thus offsetting the increase in Japanese imports.

If, then, 13 million bales may be taken as the normal volume of international trade in cotton, the combined 1944-45 surplus of the major exporting countries, after allowing for an end-season carry-over equal to six months' domestic consumption of these countries, will be of the order of 19.5 million bales—i.e., about 1-1|2 times the world's exports in a normal pre-war year! However, total exports in 1944-45 have been estimated to be as low as 3.5 and 4 million bales, including Lend-Lease shipments. Thus, surplus for export in 1944-45 is some five to six times the town which is possible to ship; and stocks that will be carried over on August 1, 1945, in 1945-46, in the major exporting countries, will, it appears, be about 15.5 to 16 million bales; and all this can only move through exports.'

Assuming that production of cotton in 1945-46 will not increase over 1944-45 level and that consumption in the producing countries can also be maintained at 1944-45 level, surplus for export in 1945-46 will be increasd by about 6.3 million below—the total accumulations reaching to about 22.5 or 23 million bales—i.e. to about 175 per cent of total normal pre-war exports. And again, the 13 million tons of international trade was when world was in peace and there was no major obstacle of payments as 9 to 9.5 million bales of trade shall have to be recovered—for 1944-45 world exports have been only about 3.5 to 4 millian balance.

We can roughly postulate the quantities likely to be exported to the countries of 'free-world", in 1945-46, assuming the war in the Orient to continue in the 1945-46 season.

Exports to	1945-46 estimates	Actual average imports 1934-35 to 1938-39.
	(1,000 bales of 500 lbs. each)	
Europe, including U.K.	5,200 to 7,500	8,891
North & Central America and Caribea	650 to 750	469
South America	150 to 250	30
Asia and Australia, excluding Japanese-controlled regions	500 to 600	431
Others	0 to 450	3,900
total:	6,500 to 9,500	13,721

In normal times, cotton importing countries used to carry working stocks. European countries could not maintain such working stocks during the war. Hence, now when war in Europe has ended, imports are likely to exceed the actual consumption of imported cotton by these countries. However, not only because of the deterioration of textile industry in war time (it is estimated that textile productive capacity in Europe has declined by 15 to 20 per cent) but also because of the headway made by the synthetic fibres, Europe's consumption of cotton would be less than its pre-war consumption. With the war in the East continuing, international trade in 1945-46 cannot exceed 8 million bales. It follows, therefore, that estimated export surplus of that year would be nearly three times the actual exports.

So much for the 1945-46 outlook. It is premature to estimate long-term trends. But some dominant factors cannot be overlooked. With the restoration of stable, political and economic conditions, improvements, in European textile production may continue from year to year for some time to come. Nevertheless, cotton in Europe faces two distinct adverse trends—one of the shifting of textile industry to the populous and low cost regions of the East, and the other is the large-scale substitution of synthetic textiles. Many authorities believe that Europe will never again be able to import more than 7.5 million bales of cotton. Outside Europe, the Orient as a whole is the only importing major region. Peace-

when it comes in the East, will doubtless find China and Japan cotton-hungry, but the future of Japanese textile industry hangs in balance. Over a long term, probably no country in the world has a better prospect for further development of its textile industry than do India and China. It is a manifestation of the world tendency of cotton mills to move to cotton fields. Egypt is also aspiring to take up textile production; so also Brazil. But this movement of industry towards the sources of raw materials tends to minimise the movement of raw materials, and not rarely stimulates local production of raw materials. This is an unchallangeable factor in the redistribution of international trade both in raw materials and manufactures therefrom, which cannot be lightly ignored by India.

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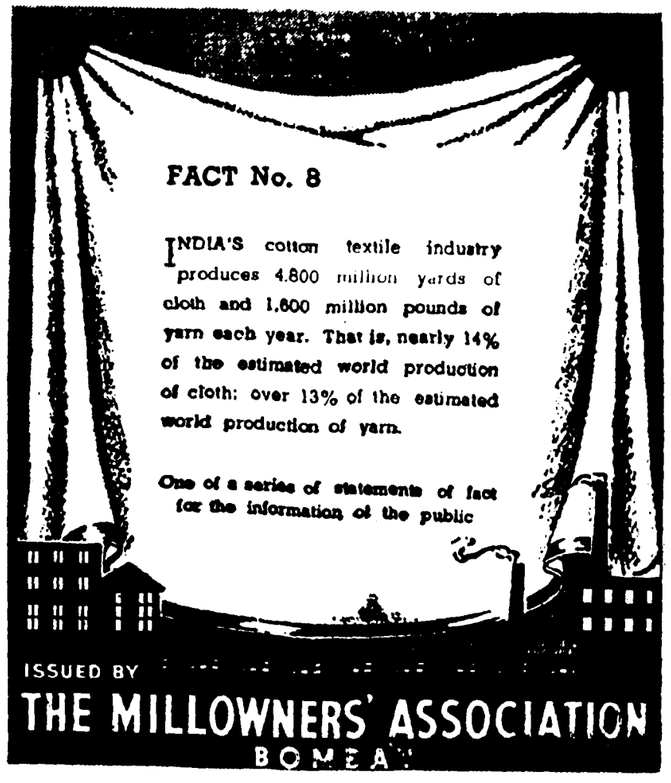
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CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT (Rs. in lakhs)

	13-7-45	6-7-45	14-7-44	1-9-39	13-7-45 compared with 1-9-39
Notes held in the Banking Dept. ..	10,79	12,73	11,03	35,04	— 24,25
In circulation ..	1140,69	1138,93	932,22	182,13	+958,56
Total Notes ..	1151,48	1156,66	943,25	217,18	+934,30
A. Gold Coin and bullion ..	44,41	44,41	44,41	44,41	..
Sterling Securities ..	1034,33	1034,33	828,33	59,50	+974,83
Total of A ..	1078,74	1078,74	872,74	103,92	+974,82
B. Rupee Coin ..	14,89	15,06	12,67	75,87	— 60,98
Rupee Securities ..	57,84	57,84	57,83	37,39	+ 20,45
Silver bullion under coinage ..	..	..	..	.. ..	..
% of Reserve to Liabilities ..	93.683	93.668	92.525	63,149	+30.534

IMPERIAL BANK (Rs. in lakhs)

	13-7-45	6-7-45	14-7-44	1-9-39	13-7-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts ..	234,64	237,13	227,45	87,26	+147,38
Govt. Securities ..	143,17	140,59	126,94	51,03	+ 92,14
Other Investments ..	4,77	4,50	3,23	96	+ 3,81
Loans	15,18	14,68	13,44	7,66	+ 7,52
Cash Credit Overdrafts	45,70	46,01	46,25	19,76	+ 25,94
Bills discounted ..	4,17	3,68	5,41	2,95	+ 1,22
Cash in hand, with R.B.I. and other Banks	31,18	39,41	41,68	14,69	+ 16,49

BANK OF ENGLAND (£ '000)

	18-7-45	11-7-45	19-7-44	30-8-39	18-7-45 compared with 30-8-39
Total Bullion ..	1,242	1,379	1,236	263,700	—262,458
Public Deposits ..	11,000	8,800	16,700	31,000	— 20,000
Other Deposits ..	263,600	271,800	226,900	129,100	+134,500
Of which Bankers Deposits ..	210,900	219,000	170,400	90,100	+120,800
Govt. Securities ..	227,300	227,900	224,400	113,100	+114,200
Other Securities ..	13,000	13,200	14,600	31,000	— 18,000
Of which Discounts and Advances ..	2,100	3,900	4,900	6,400	— 4,300
Notes and Coins ..	50,200	53,400	17,700	34,200	+ 16,000
Notes in circulation	1,301,100	1298000	1,133,600	529,000	+771,600
% of Reserve to Liabilities ..	18.26	19.03	7.25	21,88	— 3.12

TREASURY BILLS SALES
(3 Months' Tenure)
(Rs. in lakhs)

Date of Issue 1945	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
April 10	9,05	4,00	0 5 7	..	42
,, 17, ,, ..	6,20	4,00	0 5 9	..	89,25
,, 24, ,, ..	5,15	4,00	0 6 9	..	1,01
May 1, ,, ..	7,67	4,00	0 6 11	..	67,50
,, 8, ,, ..	5,75	4,00	0 7 11	..	1,82
,, 15, ,, ..	5,71	2,00	0 7 5	..	2,10
,, 22, ,, ..	5,42	2,00	0 7 0	..	2,31
,, 29, ,, ..	7,38	2,00	0 6 0	..	2,45
June 5, ,, ..	8,86	2,00	0 4 11	..	4,50
,, 12, ,, ..	..	2,00	0 4 0	..	5,11
,, 19, ,, ..	4,11	200	0 4 0	..	3,91
,, 26, ,, ..	5,80	2,00	0 3 11	..	3,31
July 3, ,, ..	2,26	86	0 3 11	..	..
,, 10, ,, ..	242	42	0 4 0	..	4,69
,, 17 ,, ..	70	56	0 4 0	..	..

CLEARING HOUSE RETURNS
(Rs. in lakhs)

	1943-44	1944-45	April 1945	May 1945	July 13 1945	July 20 1945
Bombay	24,42,31	22,36,97	2,07,63	1,82,29	52,63	..
Calcutta	17,40,12	23,51,59	1,95,29	1,96,35	53,04	..
Cawnpore	1,02,41	1,12,95	9,48	8,01	2,10	1,94
Delhi	1,02,41	1,29,94	11,98	10,77	2,24	2,53
Karachi	1,02,84	1,24,54	11,22	12,37	2,33	2,57
Lahore	78,82	74	7,80	7,47	..	1,81
Madras	2,00,02	1,27,37	20,53	20,49	5,72	5,47

NON-SCHEDULED BANKS
(Rs. in lakhs)

Date	Liabilities Demand	Time	Total	Cash Balances	% of Cash Balances to Liabilities
21-12-1943 (536) ..	17,52	17,27	34,79	4,82	14.0
30-6-1944 (572) ..	21,06	23,37	44,49	5,39	11.9
28-7-1944 (572) ..	20,91	18,50	43,42	4,85	11.1
25-8-1944 (579) ..	22,12	23,81	45,93	5,18	11.2
29-9-1944 (579) ..	22,27	23,24	45,51	5,07	11.1
27-10-1944 (565) ..	22,18	25,78	47,96	5,30	11.1
24-11-1944 (568) ..	23,33	24,46	46,80	5,61	11.9

Number of banks submitting their returns within brackets.

BANKING DEPARTMENT (Rs. in lakhs)

	13-7-45	6-7-45	14-7-44	1-9-39	13-7-45 compared with 1-9-39
Cash	10,94	12,85	11,30	35,15	— 24,21
Balances held abroad*	402,94	395,06	182,97	10,06	+392,86
Investments ..	17,19	20,58	11,13	6,82	+ 10,38
Bills discounted—					
(a) Internal and External ..	10	..	47		
(b) Treasury Bills					
Loans and Advances to Government ..	49	68	18	31	+ 18
Deposits—					
(a) All Govts. ..	310,96	298,41	87,31	14,89	+296,07
Of which G. of I.	294,79	277,20	..	14,89	+279,90
(b) Banks ..	72,39	82,55	92,13	26,91	+ 45,49
(c) Others ..	20,32	20,48	14,00	1,24	+ 19,08

*Including Cash and Short-term Securities.

SCHEDULED BANKS (Rs. in lakhs)

	13-7-45	6-7-45	14-7-44	1-9-39	13-7-45 compared with 1-9-39
Demand Liabilities in India	623,46	624,05	569,72	134,36	+489,10
Time Liabilities in India	240,28	240,16	182,44	102,24	+138,04
Cash in India ..	34,21	35,69	28,02	6,70	+ 27,51
Balances with Reserve Bank ..	71,72	81,19	92,70	23,17	+ 46,55
Advances in India	281,84	280,83	215,18	101,52	+160,32
Bills discounted in India	14,62	14,39	9,63	3,57	+ 11,05

U.S. FEDERAL RESERVE BOARD (Million dollars)

	19-7-45	12-7-45	20-7-44	31-8-39	19-7-45 compared with 31-8-39
Resources:—					
Total Reserves ..					
Total Bills Discounted ..	18,051	16,053	19,164	14,661	+ 3,390
Bills bought in open market ..	126	73	39	6	+ 120
Total U.S. Govt. Securities ..					(—350,000)
Liabilities:—	21,613	21,544	14,566	2,426	+ 19,187
F.R. Notes in actual circulation	23,176	23,151	18,981	10,951	+ 3,709
Reserve Account ..	14,660	14,570	12,754	10,951	+ 3,709
Total Reserve to Deposit and F.R. Liabilities ..	45.2%	56.5%*	86.9%	41.9%	

Figures in brackets are the actual ones. *Gold only.

TREASURY BILLS MATURITIES
(3 Months' Tenure)
(Rs. in lakhs)

Date of maturity*	Amount	Date of maturity*	Amount
June 4, ...	4,00	Aug. 7, ...	4,00
,, 11, ...	4,00	,, 15, ...	4,00
,, 18, ...	4,00	,, 22, ...	2,00
,, 25, ...	4,00	,, 29, ...	2,00
July 2, ...	4,00	Sept. 5, ...	2,00
,, 9, ...	4,00	,, 12, ...	2,00
July 16, 1945	4,00	,, 19, ...	2,00
,, 22, ...	4,00	,, 26, ...	2,00
,, 31, ...	4,00	Oct. 3, ...	2,00
		,, 10, ...	86
		,, 17	42

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	Apr. 1945	Mar. 1945	Apr. 1944	Mar. 1944
Amount (£ in '000) ..	105,310	91,808	936	5,220	8,763	1,368

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	July 20, 1945	July 13, 1945
Bombay on London (s.)	1-5 31/32	1-5 31/32
Bombay on New York (Rs.)	332¾	332¾
London on Bombay (s.)	1-6	1-6
London on New York ($)	4.02½—4.03½	4.02½—4.03½
New York on London ($)	4.03	4.03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	28th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	3%	2%
U.S.A.—New York Fed. Res. ..	29th Oct. 1942	1%	½%
	27th Oct. 1942	1½%	1%

CASH POSITION
(Rs. in lakhs)

	13-7-45	6-7-45	14-7-44	1-9-39	13-7-45 compared with 1-9-39
Reserve Bank of India	10,94	12,85	11,30	35,15	—24,21
Scheduled Banks ..	105,93	116,87	120,78	31,87	+74,60

B—General

INDIA'S FOREIGN SEA-BORNE TRADE.
Imports and Exports of certain Commodities

COMMODITIES.	Imports (Rs. '000)				Exports† (Rs. '000)			
	Feb. 1945	Jan. 1945	Apr.-Feb. 1944-45	Apr.-Mar. 1943-44	Feb. 1945	Jan. 1945	Apr.-Feb. 1944-45	Apr.-Mar. 1943-44
Grain, pulses and flour	63,26	94,17	7,27,71	1,47,84	17,43	1,02	71,32	2,30,62
Provisions and oilman's stores	8,53	22,69	96,93	55,45	72	1,00	23,58	54,48
Sugar	..	..	2	13	5,85	1,60	31,37	42,27
Tea	16	..	93	1,17	2,19,32	3,96,08	36,51,25	87,54,01
Hides and skins (raw or undressed)	20	3	2,60	2,17	39,99	29,44	3,81,44	4,12,27
Oils—vegetable, mineral and animal	7,04,75	6,94,26	71,09,33	36,32,58	6,99	12,92	1,00,86	82,64
Seeds (including nuts)	11,96	6,93	1,36,25	1,23,11	40,49	69,77	7,40,65	11,15,80
Cotton, raw and waste	2,84,22	1,73,49	22,84,55	17,52,78	70,82	25,27	6,90,63	7,48,71
Jute, raw	..	..	..	38	..	..	..	7,48,71
Chemicals, drugs and medicines	68,93	75,96	9,31,92	7,25,94	2,92	3,03	38,31	66,83
Cutlery, hardwares and implements, etc.	29,03	38,80	3,30,60	2,77,06	2,82	1,15	24,70	33,75
Dyes and colours	49,98	74,25	7,15,10	8,37,56	6,38	4,73	45,44	33,75
Machinery of all kinds including belting	1,62,11	1,69,47	14,96,52	11,39,09	7	6	3,19	7,52
Metals—iron and steel	28,46	22,59	3,24,16	2,03,28	5,50	10,77	85,05	1,05,40
Metals—other than iron and steel	35,94	37,43	2,50,10	7,09,38	8,37	10,69	47,08	20,47
Paper and stationery	21,62	35,97	2,66,27	1,96,70	54	92	29,14	5,30
Vehicles (Excluding locomotives, etc., for Railways)	20,36	15,80	1,60,16	1,26,73	2	..	85	1,17
Cotton yarn and goods	9,64	19,19	1,46,21	1,33,63	2,58,17	2,14,63	34,29,90	42,45,00
Jute, yarns and goods	9	2	1,67	5,34	4,30,64	5,20,01	56,41,77	49,46,25
	17,84,48	18,19,70	1,81,31,71	1,18,85,35	15,90,52	18,05,90	1,97,13,98	1,99,20,37

* For all commodities grouped into five classes, in the Sea-borne Trade Account of the G.I.
†Excluding Foreign merchandise.

INDEX NUMBERS OF INDIA'S FOREIGN TRADE
(Base 1927-28=100)

	Declared Values of Exports		Declared Values of Imports	
	1943-44	1944-45	1943-44	1944-45
April	118	135	164	142
May	125	133	117	123
June	128	145	137	128
July	142	132	105	133
August	176	140	159	136
September	132	131	136	125
October	124	130	145	120
November	126	132	134	113
December	126	..	150	..
January	132	..	119	..
February	116	..	108	..
March	123	..	136	..

FOOD INDEX (WHOLESALE PRICES)*
(Base: Last week of August 1939=100)

Week ending		Increase or decrease
Average for February 1945	231.4	−2.2
Average for March 1945	234.9	+3.5
Average for April 1945	233.7	−1.2
Average for May 1945	234.2	+ 0.5
2nd June 1945	234.2	+1.0
9th " "	234.1	−0.1
16th " "	234.6	+0.5
23rd " "	234.4	−0.2
30th " "	233.3	−1.1
7th July 1945	234.2	+0.9

*Issued by the Office of the Economic Adviser to the Government of India.

INDEX NUMBERS OF WHOLESALE PRICES: 1944-45

	All India (1926 Aug. 1939 =100)	Calcutta (July 1914=100)	Bombay (July 1914=100)	Cawnpore (1913=100)	All India (Food articles) (Aug. 1939=100)
April	234	297	264	289	230.3
May	237	292	268	274	226.0
June	240	300	267	280	230.5
July	245	299	260	321	237.4
August	245	308	258	316	235.5
September	243	301	244	308	230.4
October	243	297	240	311	234.6
November	246	299	..	299	235.9
December	249	301	..	..	234.7

TEA STATISTICS: (lbs. in million)

Year (Apr.-Dec.)	Production	Year (Apr.-Mar.)	Exports
1939	384.67	1939-40	359.907
1940	390.70	1940-41	349.466
941	415.36	1941-42	391.988
942	475.39	1942-43	322.911
1943	452.33	1943-44	409.859
1944 (Provisional)	409.26	1944-45 (6 months)	334.566

CAREFUL MEN
always insure with
NEW ASIATIC INSURANCE Co. Ltd.
Covers LIFE, FIRE, MARINE, MOTOR, Workmen's Compensation, Burglary Cash-in-transit, Riot, Earthquake shocks, Fidelity Guarantee etc.
Head Office
Life: New Asiatic Building
Connaught Circus, New Delhi.
General: 8, Royal Exchange Place, Calcutta.
Bombay Branch: Imperial Bank Annexe, Fort.
Madras Branch: 289, Linga Chetty St., G.T.
Branches at: Calcutta, Lucknow, Lahore, Karachi, Nagpur, Indore, Jalgaon, Hyderabad (Deccan), Trichinopoly, Calicut, Bezwada Colombo.

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities		Market	Unit	This week Rs. a. p.	Last week Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	8 10 0	8 10 0
	Superior	"	"	8 14 0	8 14 0
	Ready	Lyallpur	"	9 1 6	8 15 6
	Red	Hapur	"	..	..
	Dara	Cawnpore	"	..	..
	"	Calcutta	"	..	..
2. *Rice	Punjab Basmati New	Amritsar	"	23 0 0	23 0 0
	Punjab Basmati Old	"	"	24 0 0	24 0 0
	Punjab Basmati Sela	"	"	22 8 0	22 8 0
	Parmal	"	"	14 8 0	14 0 0
	Sona	"	"	16 8 0	14 12 0
	Begami	"	"	19 8 0	19 0 0
	Jhona	"	"	13 4 0	..
	Common Sheoli	Cawnpore	"	26 10 8	..
	Medium Grade	Calcutta	"	11 12 0	..
3. *Linseed	Ready Bold	Bombay	"	14 15 6	14 3 0
	" Small	"	"	14 12 7	13 15 4
	" Bold	Cawnpore	"	8 0 0	8 0 0
	" Small	"	"	8 0 0	..
	" "	Calcutta	"	12 8 0 to	13 0 0
4. *Mustard	Yellow	Cawnpore	"	13 0 0	12 0 0
	Black	"	"	12 0 0	10 1 0
5. *Groundnuts	Karnel (Coromandal)	Madras	"	10 0 0	10 13 6
	Karnels	Bombay	"	..	..
6. *Potatoes	Desi	Cawnpore	"	14 0 0	19 0 0
	Pahari (Haldwani)	"	"	414 0 0	420 0 0
†Cotton (Raw)	I.C.C. (July 1946)	Bombay	per candy of 784 lbs.	0 12 10	0 12 10
7. †Cotton (yarn)	No. 10½s.	"	per lb.	1 1 0	...
	No. 20s.	"	"		
9. †Cotton (piece-goods)	Long cloth (std. quality)	"	"	..	..
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 (400 lbs.)	..	..
	Lightnings (Mills)	"		..	..
11. †Jute (bags)	B. Twills (2¼ lbs.	"	per 100 bags	79 0 0	79 0 0
12. †Jute (cloth)	Hessian cloth 8os.	"	per 100 yds.	74 0 0	74 8 0
	Hessian cloth 10½ os.	"	"	65 4 0	65 8 0
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 82 lbs.)	22 2 0	22 2 0
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	29 0 0	29 0 0
	Goat skins (good quality)	"			
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	150 0 0 to	170 0 0
	Goat skins	"		190 0 0	190 0 0
				3 2 0	3 2 0
				1 13 0	1 12 0
16. †Shellac	T.N.	Calcutta	cr md.	2 12 0 to	2 12 0
17. †Kerosene Oil	Superior	"	per tin of 4 gallons	1 9 0 to	1 9 0
				71 0 0	71 0 0
18. †Coal	Selected Jharia A	"	per ton f.o.r.	5 1 3	5 1 3
19. †Cement	Indian	"	full wagon load of 16½ to 22 tons	13 5 0	13 5 0
				68 12 0	68 12 0
20. †Coffee	Plantation A	Mangalore	per cwt.	68 12 0	68 12 6
21. †Tea	Indian market	Calcutta	per lb.	137 0 0	137 0 0
22. †Sugar	First Crystals	Cawnpore	per md. (ex-factory)	0 14 2	0 13 1
			"	16 1 6 to	16 1 6
				16 12 0	16 12 6
23. ‡Oils—Linseed	Ready	Bombay	per quarter	..	13 0 0
Castor	"	"	"	..	10 12 0
Copra	"	"	"	..	10 6 0
Groundnut	"	"	"	..	10 7 0

†Marketing Adviser's Report (weekly), July 21, 1945.
‡The Times of India, July 17, 1945.

COTTON STATISTICS
A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)	July 19 1945	July 12 1945	NEW YORK (Cents per lb.)	July 19 1945	July 12 1945
Futures:			1945 Futures:		
July 1945	416½	412-1/2	Oct. 1945	22.95	22.75
Sept. "	428½	425-1/2	Dec. "	22.99	22.79
			Jan. "	22.98	22.78
			March 1946	22.98	22.79
Spot:			Spot	23.39	23.20
Jarilla F.G. 411		412	May, 1946	22.97	22.78

B.—ALL-INDIA COTTON MOVEMENTS
(In bales)

	Week ending July 7 1945	Week ending June30 1945	This season 1944-45	Last season 1943-44
Receipts at Bombay	10,742	32,530	1,906,353	1,674,346
Receipts at Karachi	7,623	12,124	1,051,720	896,168
Total bales ..	18,365	44,654	2,958,073	2,570,514
Exports from Bombay	..	91,936	146,171	139,943
Exports from Karachi	35,000	14,000	890,000	797,000
Total bales ..	35,000	28,936	1,036,171	936,943

*Indian Trade Journal, July 19, 1945.

ALL INDIA INDEX NUMBERS OF WHOLESALE PRICES OF FOOD ARTICLES

Month	1940 No.	1941 No.	1942 No.	1943 No.	1944 No.	1945 No.
January ..		108.2	127.1	198.8	233.0	233.5
February ..		103.9	127.2	193.4	243.4	231.2
March ..		107.6	128.4	238.9	236.8*	234.9
April ..		105.9	134.3	243.0	233.7	233.7
May ..		108.1	144.7	264.7	228.3	234.0
June ..	104.0	114.2	158.9	299.5	232.1	
July ..	104.0*	126.3	160.6	300.2	236.9	
August ..	103.9	122.9	163.2	291.6	237.3	
September ..	105.9	121.7	173.6	280.6	234.2	
October ..	105.9	122.8	172.9	268.2	233.9	
November ..	110.2	131.8	184.6	269.2	236.4	
December ..	108.8	132.1	195.0	242.9	231.4	

D—Prices

INDIAN STOCKS AND SHARES

	24-7-45 Rs. a. p.	17-7-45 Rs. a. p.
GOVT SECURITIES:		
3¾% (1948-52) (98	..	..
3% (1945) (100)	..	..
3% (1952-54)-(98½)	101 8 0	101 9 0
3% (1960-68)	98 7 0	98 8 0
3½% G.P. Notes	102 6 0	102 12 0
4% (1960-70)	..	..
4½% (1955-60)	117 0 0	117 0 0
5% (1945-50)	100 14 0	101 5 0
Calcutta		
3% Loan (1945-52)	..	..
3% Vic. (1957)	100 7 0	100 9 0
3% Loan (1953-55)	100 4 0	..
3½% G. P. Notes	..	..
4½% (1955-60)	117 3 0	..
5% Loan (1955-60)	..	..
TEXTILES: Bombay		
Ahmedabad	412 8 0	400 0 0
Bom. Dyeing (250)	1971 4 0	1936 4 0
Central (10)	392 8 0	384 0 0
Century (100)	910 0 0	906 0 0
Colaba (10)	232 0 0	229 0 0
Ind. Bleaching (10)	169 0 0	168 0 0
Kohinoor (100)	620 0 0	614 0 0
Phoenix	620 0 0	629 0 0
Sholapur (1,000)	6975 0 0	6975 0 0
Simplex	298 8 0	285 0 0
Swadeshi (100)	548 8 0	537 8 0
Vishnu (50)	493 12 0	495 0 0
Finlay (100)	298 8 0	298 0 0
Swan (100)	320 0 0	318 0 0
Morarji (100)	755 0 0	740 0 0
New Great (100)	393 0 0	389 8 0
Apolo		38 6 0
Sassoon Ordy.	14 11 0	14 4 0
Sassoon Defd.	3 1 0	2 15 0
Poddar	337 8 0	326 4 0
Calcutta		
Calcutta	...	...
Ben. Nav. (10)	...	...
Cawn. Tex. (2-1/2)	13 8 0	13 12 0
Dunbar (100)	345 0 0	241 0 0
Kesoram	20 0 0	20 0 0
Elgin Mills (10)	70 4 0	
Muir Mills (50)		
New Victoria (2-1/2)	8 5 0	8 0 0
Basant		14 2 0
Madras		
B. & C. Ordy (100)	350 0 0	342 0 0
Bang. Wool (100)	478 0 0	478 0 0
Pankaja (100)	272 0 0	270 0 0
Cambodia (100)		29 0 0
Coim. Spng. (50)		
Sitaram Spng. (50)	176 0 0	178 0 0
Vasantha (100)	305 0 0	302 0 0
Madura (15)	77 4 0	75 4 0
Lakshi Old (50)		189 0 0
Sharda (100)	...	...
Lahore		
Ajudhia	7 1 0	7 12 0
Cawn. Tex. (2-1/2)		12 14 0
New Vic. Ord. (2-1/2)		8 2 0
New Vic. Pref.		...
Raza Tex. (10)		74 0 0
JUTE: Calcutta		
Alliance (100)	761 8 0	750 0 0
Anglo-India (100)	532 0 0	530 0 0
Barnagore		
Birla (10)		
India (786)	786 0 0	
Champdany (100)	295 0 0	
Ganges (300)	675 0 0	650 0 0
Bally (100)	420 0 0	420 0 0
Budge Budge (100)	615 0 0	605 0 0
Cheviot (100)		400 0 0
Howrah (10)	96 4 0	96 1 0
Kamarhatty (100)	797 0 0	802 0 0
Kankinarrah	968 0 0	...
National (10)	37 6 0	
Orient (100)	328 0 0	330 0 0
Presidency (5)	15 11 0	
Ruddee (50)	149 8 0	145 0 0

Hyderabad quotations for 16-7-45.

	24-7-45 Rs. a. p.	17-7-45 Rs. a. p.
TATA SHARES: Bombay		
Chemical (10)	20 6 0	20 10 0
Oil	77 0 0	76 0 0
Power (1,000)	1900 0 0	1886 4 0
Hydro (100)	203 0 0	204 0 0
Steel (Ord.) (75)	424 8 0	422 8 0
Steel Pref. I (150)	225 0 0	225 0 0
Steel Pref. II (100)	167 12 0	168 0 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com.	13 10 0	13 2 0
Braithwaite (10)	13 10 0	13 2 0
National Iron (10)		
Steel Cor. Ord. (10)	34 10 0	34 4 0
Steel Corpn. Pref. (10)		
Jessops Ord. (10)	27 6 0	
Kumardhubi (10)	12 12 0	
Bhartia Elec. (10)		25 0 0
Ind. Iron	42 9 0	42 12 0
COAL: Calcutta		
Amalgamated (50)		60 2 0
S. Karanpura	36 6 0	37 14 0
Bengal (100)	775 0 0	
Bhalgora	22 8 0	23 8 0
Burrakur (10)	46 6 0	44 4 0
East India (5)	44 13 0	40 0 0
N. Damuda (1/2)		
Equitable		74 8 0
Standard (10)	47 4 0	18 8 0
Ghasak and Mullia	17 3 0	
Kuardi		
New Beerbhoom	48 11 0	49 2 0
Ramgoringe	67 12 0	69 0 0
Dhemo Main	29 11 0	20 2 0
SUGAR: Calcutta		
Buland	42 12 0	
Balrampur (10)	18 6 0	
Somastipur	21 12 0	22 2 0
Belsund (7-1/2)	16 14 0	
Carew (10)	30 9 0	39 14 0
Murree Brewery (5)		26 10 0
New Savan (10)		
Ram. Cane Ord.	19 15 0	19 14 0
Lahore		
Pan Sugar (100)		
Gokulnagar Ordy.		
Murree Brewery (5)		
Jagjit	25 8 0	
Jaswant		10 2 0
Madras		
Mysore (10)		55 0 0
Deccan (10)	30 12 0	30 12 0
Deccan (25)	75 8 0	75 0 0
Travan. Sugar (7)	15 12 0	15 9 0
South India (10)		
PLANTINGS: Madras		
Cochin Malabar (3)	18 13 0	18 6 0
Chembra Peaks (2)	9 15 0	9 12 0
Woodlands (10)	12 8 0	12 9 0
Thirumbadi (1)	4 8 0	
Travn. Rubber	...	...
TEA: Calcutta		
Bisnauth (10)		48 0 0
Cen. Cachar (100)		
Tezoore (10)		20 0 0
Eastern Cachar		12 0 0
East India	19 6 0	...
BANKS & INS.: Bombay		
Central (25)	87 0 0	86 1 0
Imperial F.P. (500)	2195 0 0	2180 9 0
Imperial P.P. (125)	550 0 0	550 0 0
Reserve (100)	142 4 0	142 0 0
India (50)	196 0 0	200 0 0
New Ind. In. (15)	84 0 0	84 4 0
Lahore		
United Com. (50)	77 8 0	...
Hind. Com. (50)		55 0 0
Pun. Na. P.P. (50)		185 0 0
Pun. Na. F.P. (100)		236 0 0
Bharat Bank Pref.		
New Bank A		
New Bank B		

	24-7-45 Rs. a. p.	17-7-45 Rs. a. p.
New Bank of La. B.	...	...
Oriental	...	55 0 0
MISC.: Bombay		
Ajmer	15 1 0	14 14 0
Assct. Cement	212 0 0	212 0 0
Bom. Sub. (100)	215 0 0	214 0 0
B.I.C.	7 12 0	7 7 0
Alcock	431 4 0	418 11 0
Belapur (Sugar 150)	223 0 0	222 8 0
Bom. Bur. N. (50)	532 8 0	...
Bom. Bur. N. (50)	193 12 0	193 8 0
Bom. Steam (250)	631 4 0	630 0 0
Bom. Tram	147 4 0	148 4 0
Bombay Petrol	6 1 0	5 13 0
Scindia Steam	37 13 0	37 11 0
Shivarajpur (50)	57 8 0	54 8 0
And. Val. (1,000)	1810 0 0	1802 8 0
Indian Iron (10)	42 9 0	42 8 0
Indian Copper (25)	3 7 0	3 4 0
Prem. Const. (30)	215 0 0	215 0 0
Burma Corpn.	5 13 0	5 9 0
Calcutta		
Bengal Paper (25)		230 0 0
I.P.P. (100)	...	...
Shree Gopal (10)	...	...
Star (10)	...	...
Titaghur	32 12 0	32 0 0
Ind. Cop. (2s.)	3 9 0	3 5 0
Cons. Tin	3 13 0	3 14 0
Burma Corpn.	5 12 0	5 9 0
Ass-Ben. Cem. Ord.	20 1 0	
Aluminium Corpn.	17 6 0	17 10 0
Rohtas Industries		
Br. Bir. Petroleum	6 2 0	6 2 0
Midna. Zamindari	201 0 0	201 0 0
Ben. Navigation		...
Dalmia	7 10 0	...
Lahore		
Indian Iron	42 10 0	42 8 0
Dharangdhara	497 8 0	480 0 0
Rampur Distillery		17 6 0
National Saltpetre	7 2 0	...
North India Oil		...
Shree Gopal (10)		...
Star (10)		...
Kayee Glass	...	...
Kayee Industries		91 0 0
Jagajit Distillery	8 1 0	8 4 6
Hind Motors		4 7 0
Delhi		
Rampur	45 7 0	45 0 0
Rampur Dist.	18 12 0	17 2 0
Un. Com. (50)	78 0 0	79 0 0
Dharangdhara x.d.	495 0 0	480 0 0
Bharat Bank ord.	102 0 0	101 0 0
Gwalior Brewery		18 8 0
Raza Tex (10)	75 0 0	72 4 0
Cawn. Tex. (2-1/2)	14 0 0	13 12 0
Hind. Com. Ba. (50)	55 0 0	55 0 0
Delhi Flour	16 0 0	16 0 0
Amrit Ordy.	13 8 0	12 8 0
Amrit Pref. I	13 8 0	13 8 0
Amrit Pref. II		...
Delhi Cloth Mill	125 0 0	175 0 0
Buland Sugar	43 0 0	44 0 0
Raza Sugar		...
Cent. Dist.	20 0 0	22 0 0
Hyderabad		
Hy. Bank (O.S. 50)	53 0 0	...
Azamjahi (O.S. 100)	684 0 0	...
Hy. Spg. and Wg. (P.C. 7000)		...
Osmansahi (P.C. 100)		...
Nizam Sugar Ord. (O.S. 25)	309 9 0	...
Chr. & Fer. (O.S. Pref. (O.S. 25) (50)	85 8 0	...
Hy. Com. (O.S. (100)	369 0 0	...
Hy. Iron & Steel (O.S. 10)	9 0 0	...
Sirsarenl (P.C. 10)	19 8 0	...

COMPANY DIVIDENDS

Names of Companies	Amount per Share	Date of Meeting or Payable on
Alkali & Chemical Corpn. of India Ld. (Pref.)	Rs. 2-8	16th July
Bank of India Ld. ..	Rs. 2-12 (f)	..
Bengal Jute Mills C., Ld. (Ord.) ..	As. 10	31st July
Bengal Jute Mill Co., Ld. (Pref.) ..	Rs. 2-12	31st July
Bhatkawa Tea Co., Ld.	Rs. 4 (f)	25th July
Birla Jute Manufacturing Co., Ld. (Ord.)	Re. 1	1st Aug.
Birla Jute Manufacturing Co., Ld. (Pref.) ..	Rs. 3-12†	1st Aug.
Borham Jan Tea Co. (1936), Ld. (Ord.) ..	Re. 1	25th July
Borham Jan Tea Co. (1936), Ld. (Pref.) ..	Rs. 6	25th July
Calcutta Safe Deposit Co., Ld.	As. 2	25th July
Calcutta Bank of India, Ld.	Rs. 1-8 (f)**	..
Dantmara Tea Co., Ld.	As. 8	23rd July
Eastern Federal Union Insurance C., Ltd. ..	As. 3-1/5	20th July
Engo Tea Co., Ld.	Rs. 7-8	3rd Aug.
Ethelbari Tea Co. (1932), Ld.	As. 4	24th July
French Motor Car Co., Ld.		
Hasimara Tea Co., Ld. (Ord.)	Rs. 3-8 (f)	10th Aug.
Hattikhira Tea Co., Ld.	Re. 1	31st July
India Paper Pulp Co., Ld.	Rs. 6	1st Aug.
Murphulani (Assam) Tea Co., Ld. (Prefd. Ord.)	Rs. 1-8	..
Murphulani (Assam) Tea Co., Ld. (Ord.) ..	Re. 1	..
National Tobacco Co. of India, Ld. (Ord.)	Re. 1	16th Aug.
New Beerbhoom Coal Co., Ld. (Ordy.) ..	Re. 1	30th July
New Beerbhoom Coal Co., Ld. (Pref.) ..	As. 5-3/5	30th July
New Dooars Tea Co., Ld. (Ord.) ..	Rs. 70 (f)	..
Rajabhat Tea Co., Ld.	Rs. 2 (f)	28th July
Rutema Tea Co., Ld.	As. 12	25th July
Tide Water O. I. Co (India), Ld. ..	As. 12	8th Aug.

** Including Bonus of As. 4 per share.
† Less Income-tax.
(f)—Final Dividend.
(I)—Interim Dividend.

COMMODITY MARKET

MADRAS, July 21, 1945.

Grdundnuts

Very firm conditions prevailed in the groundnuts market. The British Ministry of Food made good purchases at varying rates from 31 to 34. It is stated that the Ministry are in great need for groundnuts for European countries like France, Norway, etc., with the result that the commercial community expects an even greater demand for groundnuts in the future. The presence of the officers attached to the U.N.R.R.A. in India and the report that groundnut oil is to be bought by them gave added strength to the seeds market. Firms raised their limits during the week from Rs. 68 to Rs. 77. There was fair buying but sellers appeared to be holding back for better prices. The oil market continued to be firm at Rs. 168 for ready.

Hides And Skins

As a result of the efforts of the representatives of the British Supply Ministry and of the officer on Special Duty, Leather Distribution, some wagons were allotted for the transport of hides from the tanneries in the Andhra districts to Madras. They are continuing their efforts to ease the transport bottleneck. There have been fair sales to the British Ministry in the past fortnight but these have been far below requirements. The Chief Representative in Madras of the Ministry left for New Delhi en route to London early this week. It is learnt that he will discuss with the authorities in Delhi the raw hides position and the internal transport situation. It is stated that in London, discussions would centre round the present supply position in this country. The circular by the Ministry that when they withdraw the present subsidizing scheme for kips, shippers will have great handicaps in regard to trade with the United Kingdom has been received with mixed feelings. Local buying was slack due to transport difficulties. There has been no change in the skins section.

HAPUR, July 25, 1945.

Grains And Pulses

The wheat, gram, Urad and Moong markets ruled quiet with small fluctuations. Peas market in the initial stages of the week remained firm on export demand but latterly eased following reports of suspension of exports. Arhar prices were steady on expectations of resumption of exports. Arrivals of wheat have considerably reduced owing to rainy weather, and are infficient even for local requirements. Barley and Arhar arrivals are quite negligible.

The production of grains (rice, wheat, gram, barley, etc.) in all this provinces except in the Punjab is smaller than that of last year. The position of the U.P. is reported to be more unsatisfactory as in several places, the public is eating Betjhar in place of gram and barley. It is necessary that some arrangements for the imports of wheat, gram, barley and rice in good quantities should be made for the U.P.

The All-India Rice forecast (final) is put at 27,122,000 tons for this year as compared with 30,664,000 tons last year.

Guwar

The local Guwar market remained very sensitive. There was a record rise in prices, and although it was following by a reaction quotations on the close have been appreciably higher as compared with last week. Magh forward opened at Rs. 6|15 and closed at Rs. 7|2|6, touching the highest and the lowest at Rs. 7|3|9 and 6|14|3, respectively. Rumours are current here that the U.P. Government is contemplating to put ban on forward trading of Guwar. This has caused a great resentment in the trade circle. It may be mentioned here that the prevailing rates are for new crops and they cannot wield any influence or effect on grain prices or their arrivals. Guwar is not a commodity for human consumption but is a cattle fodder, not for milch cattles. The Government is being requested not to suspend forward business under such circumstances.

The following are the latest quotations and stock figures of various local commodities against those of last week's in brackets:— Wheat: Rs. 10|4 (Rs. 10|4), Stock 55 Khattis (57 Khattis); Gram: Rs. 8|14 (Rs. 8|14); Peas: Ready Dara Rs. 7|9|9 (7|7|9); Khatti Old Rs. 6|7; Khatti New Rs. 7|6; Stock 99 Khattis (100 Khatties); Arhar: Ready Dara Rs. 7|6 (Rs. 7|6); Khatti Old 6|10 Khattis); Arhar: Ready Dara Rs. 7|6 (Rs. 7|6); Khatti Old 6|10; Khattis New Rs. 7|6; Stock: 99 Khattis (100 Khattis; Arhar: Ready Dara Rs. 7|6 (Rs. 7|6); Khatti Old 6|10; Khatti New Rs. 7|6; Gur: Rs. 10|6 (Rs. 10).



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Britain Moves Left

FOR the first time in history, the British people have put the Labour Party in power with an overwhelming majority. For the first time in history, again, a great shifting of the masses to the Left has been achieved by means of the ballot box. Beyond doubt this decisive swing of the British people to the Left is one of the greatest events, the significance of which to Britain herself and to the rest of the world it is difficult to visualize at once. Certain immediate consequences, however, are quite clear. The Tory reactionaries, with their out of date shibboleths, have been swept off. Even Mr Churchill has been censured. How else to explain the 10,000 votes which could be won by an unknown farmer who entered the lists in the last minute without any preparation? The massacre of the parliamentary remnants of the Munichеers has been complete; equally complete has been the rout suffered by Mr Churchill's own adherents. The purge is even more drastic than the one which befell the Chamberlainites under the Churchill regime. At long last the common man who works on the farm, and the factory and fights on the front seems to have realized that it is he who has won the war. The Labour party itself must have been astonished and gratified by the response it has evoked from the people.

Electoral triumph and cabinet formation are but the beginning. In the present context of national and international conditions, acceptance of responsibility, even with abundant popular support, is no cause of jubilation. The Labour Party must be conscious of the formidable nature of the job it has to do. Doubts might be cast on the quality of Labour leadership and whether it will prove equal to the task. Constitutionally minded British people are certain to give full backing to their Government. But enemies there will be, both at home and abroad, some sullen and silent, others vocal and vigorous, but all watchful, hoping that Labour will bungle and discredit itself and throw away an historic opportunity and that there can be a swing back to reaction at the end of five years. It is not unlikely that the Conservative-minded British people who have so abundantly supported the Labour party will judge its performance by the highest standards and will not hesitate to throw it on the heap if it falls short of reasonable expectation. Labour must proceed warily, step by step, preparing the ground very well. The consequence of bungling will be the rise of Fascism in Britain. Happily, the entrance of new and young elements into the Parliament and probably the cabinet, and the war-time experience of Labour leaders with *real* politics and economics are a great constructive asset.

Fundamentally, Labour's return to power does not in itself render more easy of solution Britain's basic home and foreign problems. From the political

point of view, the overwhelming question is the maintenance of world peace by friendly relations with Russia and the U.S.A. From the economic stand-point, the vital need is a second Industrial Revolution at home and an expansion of exports which would sustain and improve British living standards. Both are intertwined and form part of the larger question—whether Britain can retain her status as one of the three world powers. It need hardly be added that any policy which results in derogation of political status or abatement of economic standards will be looked upon by the British people as a policy of bankruptcy.

Naturally, on the threshold of great changes on traditional policies, the question arises whether Britain is, by virtue of her resources and talent, entitled to the high political status and economic standards which she has enjoyed heretofore and whether they are sustainable either by the old or new policies. All parties in Britain are agreed upon the tenability and possibility of their rights; but hope to achieve them by different means.

First, in the field of foreign policy will there be continuity? Britain's ex-Premier threatened that the alternative to continuity will be a decline to a secondary status in world affairs. It is now commonly held that there will be continuity, but with a different emphasis. This would seem to be correct. The Tory Party hoped to keep up Britain's status by the age long balance of power tactics setting up reactionary political systems on the continent of Europe and retaining at all cost the Colonial Empire and the sympathy of the U.S.A. A system of alliances against the predominant power on the continent being the cardinal feature of this policy, Britain had to wage war on Germany twice within a generation to keep up her status. This she could do with the help of France during the first world war. In the present war France failed and has lost status; but Germany has been crushed once again, this time with Russia's help; but Russia has emerged as the colossus not only of Asia, but of the continent of Europe as well. The European continent offers no convenient power to suit Britain's policy of balance. All the European peoples have swung to the Left and would be unserviceable against Russia. Germany cannot be resurrected for the purpose and even France is fast turning Left. In face of this universal swing to the Left on the part of the European peoples, any repetition of the Tory policy of balance of power by setting up reactionary regimes would be fundamentally anti-democratic and would sooner or later lead to a conflict with Russia, the result of which could only be disastrous to Britain. The Tory landslide would seem to rule out this peril.

Even a Labour Government, whatever its sympathies with the Leftist swing on the continent, cannot afford and is unlikely to assist all the European peoples going with Russia the entire way. In the nature of the case an island power on the margin of the continent that Britain is, cannot afford to allow any nation, however friendly and good intentioned to begin with, become so predominant over both Europe and Asia as to make the latter feel that such friendship would no longer be necessary. The British wing has been towards progressive socialism, not doctrinaire communism, the British people desire a Left compromise falling short of communism in many matters. The European peoples might, for the moment feel more radical than the Britishers; but by a sympathetic approach, the Labour Government can succeed in creating the same love of compromise among the continental peoples also.

In any case, this trend on the continent is likely to be balanced by a solid and united policy in the colonies and Dominions and by ties with the U.S.A. The U.S.A. has not been particularly jubilant about Labour's triumph, but America's friendship with Britain, being based upon enlightened self-interest, is unlikely on this score to suffer.

In the field of economic policy, Labour is pledged to the nationalization of basic trades and industries, but this comes somewhat low in the priority. Whatever measures are taken on the domestic economic field will be judged solely in the light of how far they enable the expansion of exports so vital to their standard of living. Nationalization and state control might help to raise productive efficiency, but that does not automatically secure foreign markets. Hitherto foreign trade has thriven and languished by private enterprise; if nationalization becomes the policy, can it give freedom of enterprise in the field of foreign trade? If State trading becomes necessary, will it help expansion of exports without being looked upon as "discriminatory." Already some Americans are of opinion that Labour's triumph will give an impetus to restrictions on trade and hinder free trade. Already a barter agreement with Russia for timber is being talked of. But the difference between Tory and Labour is exaggerated in this respect. The Labour Government is giving priority to export production. No Government in Britain can at present forego bilateralism and exchange control; the Tory Government had already gone far in the direction. The U.S.A. cannot afford to demand as the price of her credits the abandonment of vital economic controls by the borrowing nations. She would be isolated in that attitude.

What will be the repercussions of the Labour triumph on India and the colonies? It might be readily stated that no radical political revolutions are in the offing. Indian nationalist leaders have discounted all high expectations. But the necessities of high policy are bound to compel Britain to a settlement with India. Equally, the Leftist swing in Britain and the necessity that Indian forces must settle issues with a Socialist Government are bound to affect Indian politics and economics. In any case, communalists, not to mention other Tory satellites in India, who have attempted to explain away Mr Churchill's defeat, will be obliged to take a less obstructive line Immediately, however, the effect on the India Government's economic policy will be unimportant, unless anxious, anticipating bureaucrats take a cue from Labour's attitude. But the more important effects will be indirect; they will follow the transfer of power to Indian hands. It is a matter for speculation whether an Indian national Government which comes into being as the result of an understanding with the Labour Government will incline to the Left more than it would otherwise do on the basis of domestic realities.

Disposal of War Surpluses

A recent press message reports that the United States of America Army and Navy Liquidation Commission will soon send a Field Cmmissioner and staff to New Delhi to plan the disposal of surplus American war materials in India. Further, according to the present plan a prominent United States business man will be appointed from early this month as New Delhi Field Commissioner. This new appointment has served to underline the fact that the war in the Far East is fast approaching culmination and the task of post-war disposal of surplus war materials of not only the United States Government but also of the British and Indian Governments will soon have to be tackled on a systematic and co-ordinated basis. In fact, the problem of disposal cannot be taken up by itself but has to be essentially linked with the other post-war tasks of relief and rehabilitation, reconstruction and general economic policy. It has been early recognised that this problem of disposal of war surpluses will be on a very much larger scale than after the last war. In fact, it has been estimated that surplus property in 1919 was infinitesimal compared with the surplus which will be emerging at the end of the Far Eastern war; the value of the former was probably no more than two or three per cent, as much and was far less widely scattered throughout the world. Again, the problem has to be viewed also in the context of the general position of the dollar after the war. By far the bulk of the war surpluses will belong to the Government of the United States. On the contrary the United States economy, thanks no doubt partly to the profound war-time changes, will present further problems for the non-dollar area. A scarcity of dollars after the war is in fact envisaged as one of the most dominant factors which will determine the general development of economic policy of all other countries. For us in India the dollar problem will be very acute especially having in mind our vast post-war programme and also the uncertainty surrounding the prospects of our utilizing our sterling balances to subserve the pressing requirements of our economic programme. Thirdly, what will be the relationship of the disposal policy in relation to the final settlement of the lease-lend aid so far rendered by the United States to the other Allied Governments and also with the U.N.R.R.A. aid which it might contemplate for the rehabilitation of the devastated countries in Europe and Asia? And finally, how far can this disposal programme be fitted in not only with the requirements of our transition to peace economy but also to the long-term requirements of our economic development?

What would be the volume of war surpluses at the end of the war in India? The United States Government is reported to have come to the decision to dispose of the war surpluses as far as possible in the areas in which they happen to be located on the morrow of armistice. This means that the surpluses which would be located in India at the end of Far Eastern war would be as far as possible disposed of in India. This might be accepted as a basis of policy but only in so far as the surplus equipment, machinery, etc., may be useful for our own reconstruction purposes. However, it has been estimated that at the end of the war, within India we shall have stores worth about Rs. 100 to 125 crores plus other capital assets of great value. We need not give absolute credence to these estimates. For, undoubtedly, much will depend on the duration of the Far Eastern war and general military logistic. Neverthless, it is quite clear that the war surpluses coming for disposal at the end of the war would be of a sufficient magnitude to exert decisive influence on the Government's economic policy. We are not yet aware of how much of the surplus store will be standing with the United States Government, how much with the Government of India and how much with the British Government. As a result of the Hydari Mission the burden of war effort in India has already shifted to a considerable extent from the Government of India to the British Government. From now on, contracts with Indian firms will be progressively liquidated and in 1946 Britain will supply all war materials which she can supply, only the residue being tenderable by Indian firms. Consequently, Indian industries are already finding themselves with the problem of disposal. The Disposals Directorate has already been set up and is tacking this problem. The arrival of the American Liquidation Commission makes it urgent that the disposal policies of various Governments are properly co-ordinated and adjusted to our broad economic policy of transition and long-term development.

Turning first to the question of the financial aspect, the British Government have been sending stores and materials to this country as also building up assets not only under the terms of the financial settlement but also for the use of the British forces stationed in India. The exigencies of the war necessitated avoidance of any hard and fast rules regarding the size of the stores to be maintained at a particular time. This elasticity has had its advantages during the course of the war but will raise problems at the time of subsequent disposal. The American forces similarly have been building up stores, for their own use, in addition to the general lease-lend aid which the United States Government has been rendering to India and the Allies in the Far East. Inevitably therefore, the question of disposal is linked up with the question of the Indo-British Financial Settlement and also the final settlement of lease-lend aid we have been receiving from the United States and the reverse lease-lend which we have been rendering to her. If we have to return to the United States the lease-lend aids which we have been receiving in excess of the reverse lease-lend aid we have been rendering, the volume of the war surpluses of the United States ready for disposal would considerably increase and the problem will be rendered more difficult to that extent. It is, however, the general hope that the question of the final settlement of lease-lend not only in the case of India but also in the case of other Allied countries would not be allowed to further bedevil the complex economic problems and will be amicably waived. Even in that case the surpluses belonging to the United States Government which would be available for disposal would be a very large amount and the question of the mode of payment has to be squarely faced. In what fashion will the United States accept payment for the war surpluses which it would like to dispose of in the Indian market and the other world markets? This is of the first importance, if seen against the general dollar problem which will face the world economy at the end of the war. It has been estimated that the "armistice value" of war surplus at the end of the last war was barely half a billion dollars. This time the amount of United States Government property likely to be available for disposal at the end of the war might be as high as 20 billion dollars and that there will be surplus materials which orignally cost between 60 to 100 billion dollars. Much of it will be combat equipments. But as Mr Arthur Robert Burns, Adviser on Trade in the Office of Economic Programmes of the Foreign Economic Administration has estimated, potential surplus of civilian goods may alone amount to 18 billion dollars of which perhaps half may be held and disposed abroad. In addition there woud be vast quantities of capital equipments and raw materials. International co-ordination of the disposal policies of the various Governments have to be worked out in the interest of the healthy development of the world economy. The United States Government have consequently laid down certain broad lines of policy with a view to ensure that in the rush of disposals, world market equilibrium is not so disturbed that the world is pushed into a global deflation. However, returning to the question of the proper rode of payment in the context of the world dollar problem, we have to ensure that the disposal of the vast international war surpluses, the great bulk of which is held by the United States Government, does not aggravate post-war exchange problems and block effectively the channels of multilateral trade. Of course the United States which will have to make large contribution to the U.N.R.R.A. may choose to utilize

some of the war surpluses which are so utilisable for relief and rehabilitation work. This would considerably diminish the relevant problem. But the residual problem would still remain of a considerable complexity. Of course many of the Allied and neutral countries have built up considerable dollar balances during the war and for the time being they can buy for dollars. India, on the contrary, has no such comparable dollar balances to her credit, thanks to the operation of the Empire Dollar Pool. Payment in local currency may be resorted to. But its effect on the world's supply of dollars has to be studied in relation to the development of post-war international trade. In such cases the question of the United States granting dollar credits will of course be important and serve to solve temporarily the problem. On the contrary realising the basic intractability of the dollar problem, whatever temporary expedients may be resorted to, Mr Arthur Robert Burns has suggested firstly, that there should be clear and liberal provision that payment may be postponed if the purchaser cannot acquire exchange; secondly, that for the period of postponement the United States might accept local currency; and thirdly, if that accumulates the United States would consider using the procedure adopted in regard to the Boxer Indemnity, that is to say the use of the unrecovered balance for cultural and philanthrophic (and we may add economic developmental) purposes in the countries concerned so that instead of disrupting international exchanges in fruitless efforts to obtain payment, the balance may be used for the building up of general goodwill.

It is of course recognised that Government's disposal policy would be framed not with the purpose of selling at the highest immediate profit of the Government but of doing it in a way that it serves the purpose of maintaining the general economic stability and helping the reconversion and reconstructon of the economy concerned. In disposing of surplus consumers' goods in the civilian market the Government of India has to see that the disposal policies of the American and Allied Governments do not injure our own industries and put part of our productive capacities out of commission. Consequently they have to be co-ordinated with our import policy. The surplus equipment which we can procure must of course be procured to the fullest extent in so far as they would help us to push through our post-war economic programme. But it has to be ensured that we are not forced to buy at uneconomic prices equipments which are not the best from the technical point of view. Thus while we may be justified in buying American "liberty ships" with a view to building up a mercantile fleet , we have to remember that ships built in wartime will not be able to compete successfully with those built later for commercial civilian uses unless the difference in technical efficiency for commercial purposes is fully reflected in the price paid for the liberty ships. Similarly, military trucks or transport aeroplanes may not be the best and the most economical, technically speaking, and the difference in technical efficiency have again to be reflected in the price. Having this qualification in mind we can regard the surplus war materials of the United States Government as beneficial to our economic needs and such consumers' or producers' goods which we may thus get may supplement the new goods which we may purchase from the United States directly. Just as in the case of imports of consumers' and capital goods the Government should think seriously of attaching proper industrial advisory committees truly representative of industry to the Disposals Board. All facts relating to surplus supplies including the information as to grades, qualities, division and location of the supplies should be placed before such advisory committees. The further question of the manner and method of disposal of surplus plant and other stores should also be properly worked out. It appears that Government of India have laid down that as a rule available surpluses should be disposed of to Central Government Departments, Provincial or State Governments or public undertakings and only after their demands are satisfied in full, to the civilian market. In so far as such equipment as road making machinery etc., which would be essential for the purpose of execution of a large scale public works undertaking the relevant Governments are of course entitled to get those equipments for the purpose. But in so far as the surplus plants and equipments would be of use to industrial reconstruction and development they should also be offered to industry and not to the Governments and public undertakings alone.

It is quite clear therefore that the proper disposal of the war surpluses of the United States Government as well as the Governments of the United Kingdom in India in accordance with a formulated policy is of the first importance. There should be planning not only in the context of the domestic economic situation but also in the context of the requirements of smooth working of the international economy. This means a co-ordination of the disposal policies of the various Governments at various levels—domestic and international. The necessity of dislocating as little as possible the economy of the country and the world as a whole is of course paramount from the point of view of transition from war economy to peace economy. But the disposal policy can also be co-ordinated with the international relief and rehabilitation policy which may be enunciated as also with the tasks of general post-war economic development which the various countries may be contemplating. At the administrative level, the United States of America Liquidation Commission, the Disposal Directorate of the Supply Department, the Planning Department, and the Commerce Department of the Government of India have to work in close liaison. The Industrialists' Delegation which are now travelling in Great Britain and the United States are exploring the possibilities of importing capital goods from those countries for our post-war requirements. But a considerable volume of such capital goods would be forthcoming as a result of the disposal of the war surpluses. True they would be of a specialized kind and the danger would be that our planning work might be unduly conditioned by the availability of the special equipments which may be thus readily available. Nor must we exaggerate the importance of the capital equipments which we may thus procure and which would be useful for our post-war programme. For the United States of course the primary determinant of the disposals policy would be full employment at home and an economic instrument of foreign policy. To us the war surpluses will be available to quench some of the consumers' needs which have been starved in the course of the last few years; some more capital goods would also be available and welcome in so far as they help our reconstruction programme. The manner and mode of disposal must be so regulated that domestic economic stability is not upset. In the final analysis the short-term financial considerations have always to be subordinated to the long-term economic considerations.

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Tripartism in Wartime

THE tripartite principle that employers' and workers' representatives should associate and participate in Government agencies and organizations, in formulating national policies has found a widespread acceptance. It is proposed here to study the working of this principle in war-time.

The degree to which the tripartite method of occupational representation has been made use of in increasing the tempo and efficiency of production for national defence has varied considerably from country to country, partly because of the difference in constitutional structure, political system and tradition and partly because of the varying strength of various organizations concerned. Where for instance, trade union movement is highly organized under responsible leaderhsip or where employers are organized into associations which could negotiate on behalf of their members and undertake the responsibility for decisions reached, results of great importance to the war or defence effort have been achieved. Occupational representation in economic and social systems in response to the needs of the war has been a smooth and rapid process in countries used already to collective bargaining and self-regulation in industry. This was true not only in countries where peace-time machinery was so moulded as to meet also the needs of the war as in New Zealand, but also where informal consultation was the practice in working together and solving common problems as in Great Britain. It may, however, be said that even in countries where industrial systems had more or less recent origin or where traditions were not deep-rooted, the cause of tripartite collaboration did not suffer mainly due to the all-pervasive character of the emergency. This not only solved the immediate problem of industrial strife and the better utilization of the resources and technical skill of the country, but it tempered and at the same time assisted the extension of state control. In national emergencies like the war on the present scale, State-control is likely to degenerate into dictatorship. The tripartite principle is a powerful antidote to this degeneration.

But the tripartite principle played its useful role in many other ways in the solution of war problems. The first problem with which the workers and the employers were vitally concerned was regarding the conditions of employment. It was necessary, so long as the emergency continued to forego temporarily certain social gains achieved in the pre-war period temporarily lowering the standards of living and working conditions. Similarly, to include a greater number of men in certain occupations, temporary lowering of the standards of skill was also felt necessary. In both these cases, workers' and employers' organizations have joined hands with the Government authorities, and have smoothened the process and lessened the friction. Trade unions, however, were careful to limit as far as possible, through the co-operation with the employers and the Government the strains and difficulties of working under war-time conditions. In the field of prevention of industrial strife, the collaboration between the workers' and employers' representatives and the Government authorities had been of invaluable use. Provision has been made in all cases for the more rapid handling of grievances and for the extended use during the war period of conciliation and arbitration procedures. The success of these measures must be mainly attributed to the fact that their validity and purposes were recognized by the trade unions and by the management *prior to their adoption*, as the experience in Great Britain, Australia and New Zealand would show. Similarly, in the formulation and application of labour supply policy regarding the allocation of man-power between industry and armed forces, the control of employment training and apprenticeship, dilution of skilled labour, and the transfer of mobilization of women and other reserves for useful employment, tripartite representation has not only been useful but even indispensable, because, where policies have been drafted and applied with the advice and participation of representatives of workers and employers, they have been realistic and positive.

There is as yet another group of problems, in which participation of organized labour was not till recently sought. The problems of production such as plant operation, the concentration of production in a smaller number of firms, the determination of essential occupations, the purchase of materials, imposition of priorities, etc., all these were so far the concern of businessmen and Government. But the need for optimum war production drove some countries to include labour also in production planning, and in many cases, their technical competence and knowledge of the methods of production, have been of immense use as in Great Britain. This has also been true in the case of distribution of commodities and provision of transport.

Thirdly, this sort of relationship served a peculiar purpose regarding such questions as price control, food policy, and export and import control. Whereas, in these problems, employers' representatives generally represented the producers' point of view, the representatives of workers came in handy to represent the consumers' interests and the interests of the general public at large. This usefulness was, of course, limited in proportion as the base of the labour organization was wide or narrow. In Great Britain, workers' representatives represented one of the largest organized groups of the population, while in the U.S.A. where the base is narrower, the general public had to find their representation in some other organizations as well. The importance of this representation will be realized, when we consider the many unrealistic schemes which were the result of dealing with community problems such as evacuation schemes, local Government emergency arrangements, etc., without adequate representation of trade unions.

Tripartite collaboration was bound to prove immensely useful in matters vitally connected with the welfare of labour population, such as schemes of family allowances for mobilized men, adaptation of insurance schemes and pension rights, problems of safety and industrial hygiene, housing facilities and recreation programmes for workers. It is, however, curious to observe, that it proved valuable in fields only indirectly concerned with labour as also in social problems. Its contribution in propaganda and distribution of information is notable. In areas, remote from the battle-front, it was necessary for all the sections in the community to understand the aims of restrictive governmental measures such as rationing, black-out precautions, fire prevention, conditions of

work during air-raids, etc. Here the organizations of workers and employers proved useful agencies to interpret these measures and drive home their necessity among the local communities.

"Though some of the war-time machinery was deliberately set up on a temporary basis because it was designed to deal with issues that are largely or wholly of an emergency character, its functioning has brought out the more permanent value of many of the practices and procedures." Tripartite collaboration is one of these. It has given significant results which may well prove to be of service to post-war industrial organization. The post-war period is not likely to be merely one of normal peace-time development. There is reason to believe that it will also be a continuation of some of the economic and social changes that are accompanying the war, and hence the important role the tripartite representation has to play in the post-war world. The recent move by the I.L.O. to establish seven industrial committees on tripartite basis augers well, as the beginning of the recognition of that useful principle. If the aim of any national economy is to make full use of national resources in times of peace as in the times of war and to provide commodities and services necessary for raising general standards of livelihood then, to make that aim a reality, the full co-operation of employers and workers must be enlisted at every stage from the initiation of a policy to its application and enforcement. ("War-time Development in the Government Employer-Worker Collaboration."—I.L.O.)

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The Week's Notes

THE HANDLOOM RACKET

It has been suggested once too often that the cloth situation can be improved considerably by affording greater facilities (for instance in the supply of yarn) to the handlooms, even if it be at the expense of the organised mill industry. But, certain trends in handloom production and prices which have become very pronounced recently completely expose the hollowness of this contention. Anybody can see that today the handloom trade has no interest in the production of utility cloth for mass consumption. On the other hand, taking advantage of the shortage of mill piecegoods in the finer and fancy ranges, the handlooms are increasingly taking to the production of these varieties. And as there is no price control in its case, the handloom trade can push up its prices as high as it pleases. That there is profiteering in that trade nobody can deny, and if there is no black-marketing, it is only because no attempt has been made to control handloom prices. In the light of these considerations, it is easy to see that from the point of view of the mass of the people, nothing is to be gained by diverting yarn supplies from the mills to the handlooms. Much of the latter's complaint of yarn shortage is largely a clamour for more and more of the finer counts of yarn for the manufacture of fancy textiles, in which the general public are not interested and which they cannot afford. The general level of handloom prices are, today, from 400 to 500 per cent. above the pre-war level, while in most cases the price of a handloom fabric is much higher than that of a comparable piece of mill cloth. Nor is control of handloom prices any solution. Price control, it is obvious, would be administratively much more difficult and black-marketing consequently much more feasible in the handloom trade than in the distribution of the products of the organised mill industry.

LABOUR'S PRIORITY FOR HOUSING

At first sight, it would appear rather strange that the Labour Government in Britain should have given the highest priority in its five-point programme to an intensive housing campaign. House-building comes second in the list of priorities, and next only to the rigorous prosecution of the war against Japan. This emphasis on the housing programme is born of the hard necessities of the situation. Great Britain, it has been said, has become today a nation of the dispossessed. Less than half of the British people have continuously lived during the war in the homes they occupied before the war. The fear of air raids, actual bombing attacks, compulsory transfer of labour to war factories, and the search for food and amenities have driven millions of average men and women from their old homes, while the requisitioning of residential property for Government and military purposes has evicted hundreds of thousands of the middle class. Even the rich have not been immune, and high taxes and the scarcity of domestic servants have compelled them to close their great houses and seek more economical accommodation. It has been computed that, on the whole, civilian movements alone from one area to another has totalled about 22½ million people - nearly 50 per cent. of the population of the United Kingdom.

The war-time Coalition Government had already drawn up a housing programme, with the target of 300,000 permanent dwellings in the next two years. The minimum needs, however, are estimated to be four times this figure - 750,000 houses to give every family a separate dwelling, plus 500,000 more to replace condemned dwellings and abate overcrowding. It is unlikely that the Labour Government would attempt to step up the tempo of the Coalition housing programme, having regard to the bottle-necks in man-power and materials.

CHINA AND FOREIGN CAPITAL

There are four methods by which China is inviting foreign capital participation: (1) Joint State and private-owned enterprises in which the only limitation to be imposed is the specification that the managing director should be a Chinese national. (2) Joint private-owned enterprise, in this case an additional safeguard being that Government sanction should be obtained for incorporation. (3) Purely foreign enterprises. A guiding organization is suggested to co-ordinate divisions of labour, raw materials and the like between Chinese and foreign firms. (4) Foreigners to be allowed to buy outright Chinese holdings through the stock market. In addition it is suggested that Government should assist investment in State-owned enterprises through Government banks. It should be conceded that these terms are definitely more attractive than what Indians might offer to attract foreign capital.

BANKING DEVELOPMENTS

The report of the Central Board of Directors of the Reserve Bank of India for the year ended June, 1945, just published, gives an interesting account of banking developments in the year. The number of scheduled banks rose from 76 to 86. The inspection of scheduled banks to test their eligibility for retention in the second schedule continued to be carried out; four banks were inspected for the purpose. During the year, the total demand and time liabilities of scheduled banks maintained their upward trend, rising from Rs. 747.44 crores in June, 1944 to Rs. 868.58 crores in June, 1945. But the proportion of demand liabilities to total liabilities declined from 75.6 per cent. to 72.4 per cent.

There was also a continuance of the high rate of branch expansion which has been so noticeable in the war years. The total number of offices of scheduled banks rose from 2,141 at the end of June, 1944 to 2,715 on 30th June, 1945, an increase of 574 against 534 in the previous year. The ten newly included scheduled banks accounted for 111 of the new offices. Seventy one new offices were opened in places which were not previously served either by a scheduled bank or by a non-scheduled bank having capital and reserves above Rs. 50,000.

The total number of non-scheduled banking companies registered in India and submitting returns under Section L of the Indian Companies Act was 613 at the end of December, 1944 as compared with 30 a year before.

Since the promulgation of the capital issue control on the 17th May, 1943, the Reserve Bank has furnished opinion on 601 banking and 239 insurance applications forwarded to it by the Government.

RESERVE BANK AND NON-SCHEDULED BANKS

The important banking decision of the year was that non-scheduled banks desirous of opening accounts with the Reserve Bank might be allowed to do so with effect from the 15th February, 1945. The opening of all such accounts will be at the absolute discretion of the Reserve Bank and will be subject, *inter alia*, to the following terms and conditions:

(1) The non-scheduled bank should maintain a minimum balance commensurate with the volume of business transacted and in no case less than Rs. 10,000. The Reserve Bank reserves the right to prescribe a higher minimum if the labour involved in keeping the account is out of proportion to the balance maintained, and to close the account if the minimum is not maintained.

(2) The account should not be treated as an ordinary current account and cheques in favour of third parties should not be issued. It may, however, be used for remittance purposes and inter-bank transactions. A circular embodying these conditions was sent to all the non-scheduled banks in British nIdia and in response to it, 33 applications were received, of which 9 were accepted, 17 rejected and 7 were pending disposal.

THE RAILWAY PLAN

An optimistic Press report draws a glowing picture of the new dispensation that will be ushered in by the Railway Board's Rs. 319-crore plan. This plan is said to be well-advanced, and the following allocations are reported to have been made: Rehabilitation, Rs. 125 crores; Development, Rs. 45 crores, Passenger Amenities, Rs. 45 crores; construction of new lines Rs. 56 crores; and staff welfare, Rs. 48 crores. Replacing of lines dismantled during the war, gauge conversion in an order of priority suited to the road development programme of areas concerned, and a considerable doubling of track are all items in the programme. which are promised the earliest attention. A yearly construction of 500 miles of new railways for a period of ten years is envisaged and the assurance is given that special consideration will be shown to lines required for the development of the country, even if such services are run at a loss for some time. Railway advisory bodies are considering the provision of improved amenities for third class passengers. The Railway Board are examining a proposal to reduce passenger classes to three, corresponding in equipment to the present second, inter and third class. There will be considerable improvement in these classes and important trains will provide de luxe air-conditioned accommodation. A special committee has been set up to recommend ways and means of increasing domestic and foreign tourist traffic. The important question of revising the rating policy in the interests of the industry and passenger traffic in general is also reported to be receiving attention.

A T.V.A. FOR PALESTINE

Dr Walter C. Lowdermilk, Assistant Chief of Soil Conservation Service of the United States, has formulated a scheme for the development of the land, water and mineral resources of the Jordan drainage in Palestine and Trans-Jordan and the maritime slopes of Palestine. As in the case of the famous T.V.A., on the lines of which this scheme is modelled, water conservation, flood control and control of soil erosion would be important parts of the proposed Jordan Valley Authority's activities. The irrigation programme envisages the construction of open canals and closed conduits for irrigating the slopes and the floor of the Jordan Valley. As the area of irrigable land in the Valley is about 155,000 acres only, there would be a surplus of water which can be utilized to irrigate the plains of Esdraelon, Beisan and possibly some valleys of Galilee enroute. The Power Programme is also on a gigantic scale. It calls for the introduction of sea water from the Mediterranean into the Jordan River Valley. This involves the construction of a canal from near Haifa to Mount Carmel, and a 20-mile tunnel through the Plain of Esdraelon to the edge of the great chasm of the Jordan Valley. There would be an effective fall of 1,200 feet into the Jordan rift for the development of hydro-electric power. It is estimated that after the project has been developed, the total electrical energy generated in Palestine would be sufficient to serve the needs of well over a million of additional population. Also included within the scope of the J.V.A.'s activities would be the extraction of important minerals from the Dead Sea waters; the re-afforestation of lands unsuited to farming and grazing; the resolving of age-long antagonism between the farmer and the shepherd and the reclamation of Negeb, which comprises an area almost equal to that of Palestine.

According to its author's expectations, Palestine would be able to absorb another 4 million immigrants, when the proposed developments are operative. The two important desiderata are finance and administration.

TRADE WITH CANADA AND EAST AFRICA

India's Trade Commissioner in Canada reports that the pre-war favourable balance of trade has become too much adverse to India. This is due to the fact that Canada continued sending large shipments of war materials to India. In 1944 about 80 per cent. or even more of the total exports from Canada to India consisted of war materials. But the remaining 20 per cent. exports can very well be classified as "regular peace-time exports." The Trade Commissioner strikes an optimistic note in his report and mentions that with the cessation of war-time business in the post-war period there are bright chances of trade between the two countries. India may buy from Canada not only large quantities of consumers' goods but also machinery, plant, factory equipment, etc. In return India may sell to Canada cane and rattan, carpets and rugs, coirmats, food-stuffs, vegetable oils, lac, textiles, leather, etc. Manganese and chrome ores were two important items of our exports to Canada, but it is a matter for serious thought whether it is wise for India to continue the export of ores after the war. The Trade Commissioner in Mombasa reports that India supplied 88 per cent. 93 per cent. and 72 per cent. of the cotton textile imports of Kenya, Uganda and Tanganayika respectively. He is also confident that India can profitably export not only cotton textiles but other commodities to East Africa. Both these Trade Commissioners count upon the elimination of Japanese and German competition in these markets as a positive factor in India's favour.

THE U.N.R.R.A.

Among the forty-four nations comprising the U.N.R.R.A. India stands fifth in her contribution to the fund of this organization. The four nations preceding India are the U.S.A., the U.K., Australia and Canada. So far India is the only nation in Asia which has made a contribution to the fund. India's most valuable contribution has been jute, which is made into bags to bundle loose grain in Europe. Some of the jute is exported direct to Europe where unemployed people are engaged in weaving it into bags. Other items of our contribution are pea-nuts, pea-nut oil, tea and pepper. All told our contribution exceeds 24 million dollars. Commenting on India's donations Mr. Handrickson, Acting Director of the U.N.R.R.A. Commission, said that India is setting an example to the whole world and making these donations despite the fact that she herself needs relief and is still suffering from the effects of such disasters as the Bengal famine. The Council of the U.N.R.R.A. is holding its third session in London on August 7 and the Far Eastern Committee also is meeting in London during the council session. The Government of India will be represented at the session by three nominees. Meanwhile, Mr Hendrickson has announced that the Soviet Union has made a request for 700 million dollars worth of relief and rehabilitation assistance from the U.N.R.R.A. Up to June 30, the U.N.R.R.A. distributed supplies of an approximate value of 300 million dollars. India is in need of relief particularly for the rehabilation of famine-stricken Bengal and she has a right to get it. Mr Sayre, head of the U.N.R.R.A. mission to India, disclosed that no relief was granted by the Administration to Bengal or Burma as their Governments made no request for it. Will Government move India's claim now at least? War-torn Burma and famine-stricken Bengal have as strong a case as any other nation for rehabilitation assistance and it is to be trusted that their needs will be pressed before the organization.

EARNINGS OF INDIAN FACTORY WORKERS

According to the returns submitted under the Payment of Wages Act, it appears that, during the period from 1939 to 1943, the average earnings including dearness allowance and overtime benefits increased by 83 per cent. This is confined to workers working in perennial factories. One may feel satisfaction at this rise of 83 per cent. But unfortunately that satisfaction is a short-lived one, when one takes into consideration the position regarding real wages that Indian factory workers got during this period of great national turmoil. Though no real wages statistics are given, still, we may have a general idea about the same, by comparing the rise in wages with the rise in the cost of living. The cost of living indices rose from 230 to 320 in 1943, over the August 1939 figure of 100. Thus, it will be seen that in spite of 83 per cent. rise in money wages, the real wages dropped far below the pre-war basic earnings. In Great Britain, the factory workers earned nearly 42 per cent. over and above the pre-war earnings, making allowance for the increase in the cost of living. The average annual earnings of the factory workers in India amounted to Rs. 500 in 1943, but in wood, stone and glass, paper and printing, skins and hides, chemicals and dyes the earnings were below the average of Rs. 500, being Rs. 303, 413, 410 and 398 respectively for the full year. These figures are sufficient commentary on the wage situation in this country.

I.L.O. CONFERENCE ON MARITIME QUESTION

According to a recent Press communique from the Labour Department, it is understood that, with a view to prepare the ground for a maritime session of the International Labour Conference to be held early in 1946, a Preparatory Technical Conference on Maritime questions will be convened by the International Labour Office to meet on November 15, 1945. The terms of reference include a consideration of international minimum standards regarding wages, hours of work on board ship, leave, accommodation on board ship. Food and catering and recognition of seafarers' organization. A discussion on these subjects will lead to the preparation of preliminary drafting of possible international regulations. Conditional to sufficient progress in preliminary consideration of these, a few other subjects like social insurance, continuous employment may also be discussed. It is well that the conference is based on tripartite principle and India is invited to nominate one delegate each to represent Government, shipowners' and seamens' interests. It appears, however, that the Government of India is to nominate all of these delegates along with their advisers. Though national organizations representing respective interests are to be consulted before the final nomination, one fails to understand why respective organizations themselves, should not be asked to nominate the delegates representing their interests. It is not impossible for all the shipowners' organizations and seafarers' organizations to come together and choose and nominate their representatives who can really represent their interests. If the Government of India nominates the delegates (as it proposes to do) representing the shipowners' and seafarers' interests, it is a sad reflection on the organizations concerned.

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I. B. N.—101.

WAR TRANSPORT DEPARTMENT

The War Transport Department, Government of India, propose to recommend import licences for the following makes of light commercial and transport vehicles to be imported from North America during 1945 and 1946 upto the aggregate number indicated against each make:—

114"—122" W.B.	
International	132
134" —135" W.B.	
International	132
Studebaker	24
158"—160" W.B.	
Diamond T	36
International	372
Reo	48
Studebaker	84
194"—195" W.B.	
Diamond T	12
International	48
Reo	12
Studebaker	12

The nearest equivalent W.B. to those mentioned is intended in regard to the various makes specified.

2. Applications for import licence in the prescribed form together with (i) copies of documents evidencing that the applicant firm now holds a tranchise from the manufacturer for a particular make or makes of vehicles;

(ii) statement showing the number of vehicles of each make imported by the firm during each of the years 1937, 1938 and 1939; and

(iii) a detailed description of the territory for which the firm holds the tranchise, should reach the undersigned on or before the 15th August, 1945. Applications not received by that date will not be considered.

3. The number of each make of vehicle will be distributed amongst applicants at the discretion of the War Transport Department and their decision will be final.

S. D. GUPTA,

Controller of Motor Transport (Supply).

WAR TRANSPORT DEPARTMENT

Applications are invited for import licences for import of light commercial and transport vehicles of various capacities from United Kingdom during 1945 and 1946, from firms holding a tranchise from the manufacturers. There is no quota limit and firms are advised to book orders immediately with the manufacturers and to restrict their applications for import licence to the number they expect to obtain.

2. Applications for import licence in the prescribed form together with—

(i) Copies of documents evidencing that the applicant firm holds a tranchise for a particular make or makes of vehicles; and

(ii) a detailed description of the territory for which the firm holds the tranchise from the manufacturer should reach the undersigned on or before the 15th August 1945. Applications not received by that date will not be considered.

S. D. GUPTA,

Controller of Motor Transport (Supply).

SPECIAL ARTICLE

The Economic Possibilities of Modern Technology

IT is a commonplace statement that the two wars of this century have demonstrated the infinite economic possibilities of modern technology. That the demonstration has been, in a sense, tragic is universally acknowledged. Its cost in terms of human suffering is beyond calculation, yet that does not diminish the value of the lesson that the only limit to man's prosperity now is his organizing ability. Modern technology enables him to banish poverty and its accompanying Malthusian terror, only if he so wills. The Soviet experiment itself is more a triumph of modern technology than of socialism. This is not to doubt the organizational superiority of socialism under certain circumstances or to question the fact that socialism alone can unfold the mass possibilities of modern technology. It is only when the masses are, through the State, in effective control of the instruments of production that these will be used to serve them. But the quality of these instruments is a factor of basic importance and no state, however strong, can pump power into the instruments of primitive technology sufficient to raise the masses above a low and beastly existence. That is why Platonic communism remained so long a mere dream of the philosopher. *It is modern technology alone that renders communism a practicable proposition.* Given primitive technology of the Gandhian medieval model, *laissez faire* is decidedly preferable to socialism. But modern technology makes socialism a historic necessity. The Russian experiment even throws doubts on the Marxian thesis that full-fledged capitalism is a necessary apprenticeship for socialism; for Czarist Russia was a typical case of infantile capitalism.

But the history of Soviet Russia between the October Revolution and the First Five-Year Plan is a history of the dismal failure of the socialist experiment. In fact, it compelled Lenin to adopt the New Economic Policy (NEP) which in effect meant a reversion to capitalism. It was Stalin's Five-Year Plan that saved socialism. And the first five-year plan was nothing short of a revolutionary effort to compress in as short a period as possible all the latest technological advances in heavy industry. It did involve considerable mass suffering, for capital development on such a scale is possible, in such a short period only at the expense of mass consumption standards. But the success was so tremendous that the experiment has ever since been repeated and the suffering completely eliminated. In fact, mass standards have improved out of all recognition in comparison to Czarist times. It is the mass production methods of modern technology that have made all this possible. It has enabled the Russians to face the hordes of Hitler. The lesson is thus clear that it is these methods of modern technology that can save us. They may also ruin us, but that is no fault of the instruments, but of those, who handle them.

In wars, these instruments are used for mutual slaughter and destruction; in peace for mutual enrichment. *Indeed, the war-time magnitude of senseless slaughter is itself the measure of the possible enrichment.* If only all the planes, ships and submarines, not to mention bombs and torpedoes, used for mass-murder and destroyed in the process, had been used in the peaceful service of man, the mass standard of living and culture would have within five years experienced a marked improvement.

Let us just look at some of the commonplace facts that have now come to light. Admiral Sir James Troup has recently released statistics concerning the war effort of the shipbuilding and engineering firms on the Clyde, Scotland. During the war period up to September, 1944, the Clyde built, converted or repaired naval and merchant vessels to a total number of 21,237. And Clyde is only one of the big ship-building areas of the United Kingdom. It built as many as 1,198 new vessels of all sizes and types. Included in the total were 2 battleships, 3 aircraft-carriers, 10 cruisers, 10 submarines, 2 minelayers, 3 depot-ships, 155 destroyers and escort vessels including corvettes, 443 landing craft of various types, 73 trawlers and 4 auxiliary vessels, 114 motor-torpedo and gun-boats and 379 miscellaneous vessels. If one Clyde can do all this, is there a real limit to the possibilities of modern technology? And it is war-time socialistic organization that has unfolded a glimpse of these possibilities.

Another grand exhibition of what modern technology can do is given by the achievements of the *Seabees*—the fighting engineers of the United States navy. With incredible rapidity, they have constructed wharves and floating docks. They have converted newly-captured islands into strongly fortified springboards for later air and amphibious attacks within less time than was ever thought possible. On one island, despite Japanese bombings and a torrential downpour of 16.5 inches of rain, a Seabee battalion carved an airfield from a dense tropical jungle in 13 days. If this represents the amount of effort that would be required to reconstruct an Indian village on modern lines, in how much time and with what capital equipment can we reconstruct the seven lakh villages of our country? Another example is more apt. A permanent camp for 6,000 men was built on a South Pacific base by the *Seabees* in the incredibly short time of 17 days. It required the clearing and grading of 30 acres of jungle, surfacing of two miles of road, laying of more than 8,000 feet of pipe, erection of 186 Quonset huts, 11 large frame buildings, digging of wells to provide water, installation of electric service and creation of feeding facilities. These probably would be the minimum requirements of a modern village. If 17 days are required to make one such village with a given labour force and a given equipment, we can make all our villages with 7 lakh times the given quantity of labour and as many times the given quantity of equipment in as short a period as that. In our present circumstances, we must practise a great economy of capital, not so much of labour. If we use the same equipment a number of times and spend more labour on the making of that equipment or the making of those goods with which we can purchase equipment abroad, it will certainly be a more economical use of our resources. But the interesting point is the incredibly short time it will take to finish the job, which by Gandhian methods would take centuries, assuming static conditions.

It is thus clear that mass production methods alone can save us. Houses, schools, hospitals, books, electricity—the very minimum things immediately required—not to mention cars, radios, frigidaires or autogyros—these must be mass produced. In fact, there is no way out. Mass production, it is true, is limited by mass consumption. But India is, measured by sheer numbers, the largest market in the world, next only

to China and that by a small margin. It is true, it is not numbers but their purchasing power, which is the true measure of the market. But production of goods and creation of purchasing power are simultaneous processes. Monetary policy does come in a great deal in determining the quantum of purchasing power, but that is entirely a matter of arrangement, difficult as all social arrangements are, but not impossible. It is infinitely easier in a socialist economy, as the "depression" experience of the U.S.S.R. so thoroughly proved. It is *laissez faire* capitalism, which is the cause of all the complications that make so difficult, and sometimes nearly impossible, the adoption and maintenance of a stable and progressive monetary policy in accordance with production requirements. It is, therefore, not necessary for us to wait for another 15 years for the masses to develop purchasing power sufficient to support mass production, provided that is done as a part of an over-all plan of economic development. Without such a plan, the adoption of American mass production methods would *not be feasible*, and even if feasible, would cause a serious maladjustment in the distribution of scarce capital resources between various lines of production. In fact, without an over-all plan providing for a rapid and simultaneous development of all sectors of the economy, the adoption of American mass production methods would in our present circumstances of abundant labour and scarce capital, spell disaster. For the capitalist to sink very large funds may well prove to be a highly risky adventure. But the disaster can be turned into a tremendous success and risk altogether eliminated, if the pioneers of modern industry in India place their proved abilities at the disposal of the state in the exploitation of our resources with the help of modern technology. Of course, the state will have to be differently constituted; but given that, success will depend on the extent to which private enterprisers convert themselves into leaders of a socialist economy. This will make the task easier, though it will not reduce the heroic efforts that the masses will have to make, if they are to reap the full benefits of modern technology. Let it be clearly understood that shorter the period, the greater will be the suffering. But it will not exceed the strain and suffering that war has imposed on us and will certainly be worthwhile.

Budgeting of Post-War Provincial Plans

CONTRIBUTED

POST-WAR planning can be analysed from several points of view. Here it is proposed to examine the post-war plans of Indian provinces from the purely budgetary point of view. How do the various provinces propose to finance their plans of post-war development?

The cost of Provincial Plans so far published are as follows for a period of 5 years:

	Capital	Recurring	Total
Bombay	39 crores	7 crores	46 crores
Madras	87 crores	49 crores	136 crores
Bihar	100 crores	19 crores	119 crores
U.P.	87 crores	27 crores	114 crores
C.P. & Berar	21 crores	9 crores	30 crores
Sind	35 crores	10 crores	45 crores

On first sight it would appear that Bombay alone has prepared a plan with an eye on finance. The average recurring expenditure of 1.4 crores per year can easily be found in a province which even before the war had an income of about 18 crores. How are the other provinces planning to secure the additional income necessary for the recurring expenditure on their post-war plans?

The Madras Government expect to put their plan into operation only from 1st April 1947. They anticipate a Revenue Reserve Fund of 25 crores by that time. They have shown in their plan a surplus for the five years of the Plan of 15 crores and also general balances for that period of 7-1|2 crores. To put it in a different way they expect to have an income which will be on an average 4-1|2 crores more than their expenditure per year for the 5 years of the plan. They hope to raise loans for 45 crores and to get a grant of Rs. 50 crores from Government of India. The last item is based on mere assumption. But I shall accept it as correct. When Loans have been mentioned, the need for servicing them—to pay interest and build up a sinking fund—should also have been mentioned. This has not been done. Seven lakhs per crore will have to be provided for this purpose. If this has not been taken into calculation, then the "General Balances" of 1-1|2 crores will probably be eaten up in the servicing of the loans. Certain schemes in the Plan are expected to be remunerative. Figures of receipts are however not given.

Bihar has a Reserve Fund of 7 crores. It expects a surplus of 5 crores in the five years of the Plan. The grant from Government of India is estimated at 31 crores. How will it find the remaining 77 crores? The Bihar Government plan is very vague about this. There is a suggestion that 77 crores should be raised by loans and part of the Government of India grant should be used to service the loan. What will happen after the five years are over? The loans will require servicing for another 20 years. Will the revenue of Bihar Government increase by 5 crores in 5 years? If they do then this amount can be utilized to service the loans. (It must also be mentioned that 4 crores additional revenue will be required to meet the recurring expenditure of Post-war Plan. Such expenditure will continue beyond the 5-year period). If they do not, will Bihar expect recurring grants from Government of India for 20 years? If that is so, then the Government of India may as well make a grant of the 77 crores also straightaway! A better alternative is for Bihar to cut its coat according to the cloth or to change the metapher, take a leaf out of Bombay's book.

United Provinces will have a Reserve Fund of 13 crores by April 1, 1956. It may get a grant of 55 crores from Government of India. The surpluses if any in the five year period of the plan are not mentioned in the Government plan. I do not estimate them at more than 10 crores. U.P. will have to find 36 crores from loans. It has been suggested in the Plan that the schemes connected with the development of Hydro-electric power, Irrigation and Communication are ultimately self-financing and their cost may be met from loans. I cannot see how roads are self-financing. The expenditure on schemes relating to irrigation and Hydro-electric projects come to about 22 crores. The road plan is to cost 37 crores. If the road plan is to be financed by a Loan—part of it will have to be—the loan will have to be serviced from general balances. U.P. will not have the same difficulty as Bihar to find the money for the five-year plan. But the recurring expenditure on the plan will be over 5 crores a year. This expenditure will have to be incured even after the 5-year period. It will not be difficult for U.P. Government to increase its income by 5 crores at the end oof the 5-year period.

Central Provinces expects to have a Development Fund of 8 crores by April 1, 1947, and a surplus of 5 crores during the 5-year period of the plan. They hope to get a grant of 18 crores from Government of India. Thus C.P. will be able to finance its modest plan easily. C.P. have vast resources of forests and minerals. They should be able to raise additional revenue of 2 crores a year after the five-year period to meet the recurring expenditure of the Plan.

In the case of Sind the construction of a 2nd Barrage will take up 15 crores of the 35 crores capital expenditure. If this amount is not taken into account as the work is of a special nature and likely to be self-financing, the Sind Plan is reduced to the same dimensions as C.P. plan. Sind has a Reserve Fund of 8-1|2 crores and expects to have surpluses amounting to 4 crores in the 5-year period of the plan. Sind anticipates a grant of 4 crores only from Government of India. New taxation is expected to yield 2-1|2 crores in the five-year period. These sources will provide finance amounting to 19 crores. How will the remaining 26 crores be found? Granting that the barrage can be financed by a loan, 11 crores must still be found. It will be risky for this infant province to raise a loan of 11 crores. I feel that the anticipated grant from Government of India has been fixed at too low a figure. Government of India must give at least 10 crores to this backward province. The C.P. Government also expect to get a slightly bigger share from Government of India than other provinces because of backwardness of the province. Sind must also prune its plan a little so as to avoid the need for raising any loans for purposes other than the new barrage.

The plans of other provinces and Government of India are not yet published. The plans so far published carefully avoid discussing new taxation. The Government of India grants that the provinces expect, will come from accumulated balances of Government of India. It would therefore appear that the plans of Provincial Governments are only for spending accumulated balances provincial and central. Perhaps only a national democratic Government can boldly tackle the problems of fresh taxation. The problem of financing new industries is not touched in any of the Government plans presumably because the Government do not propose to run any industries themselves. But if the public are to invest money in new industries, Government taxation should be so arranged as to leave sufficient savings in the hands of the people to invest in industries.



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THE WORLD ABROAD

Misgivings on Labour Victory

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, July 31, 1945 (By Cable).

THE resutls of the British elections and reactions to them over the world took precedence over most other matters for several days last week in news and editorial columns and in articles by various columnists. Great effort was made through these media to explain to Americans what had happened in Britain and one noticed chiefly that there was considerable confusion and groping on the part of these writers none of whom had remotely expected the results which finally issued from the elections. Boiled down, Americans seemed finally to have convinced themselves that the overwhelming victory of Labour was based on domestic issues and that Britain's foreign policy, except in some specific details, would have its continuity preserved. However, there were those who penetrated deeper and saw the elections as symptomatic of world-wide trend to the Left with Britain in the vanguard; but these observers by no means linked the British Labour Party brand of socialism with the Soviet Union's type of political economic system. One well-known columnist in fact commented that the British people's choice was the only alternative to the Russian experiment. The American Federation of Labour and the Congress of Industrial Organizations America's two large labour unions hailed Labour's victory. In some other quarters there is no disguising of sorrow that Mr Churchill is no longer Prime Minister. This is natural considering the esteem in which Mr Churchill is universally held here for his accomplishments as leader of Britain during her darkest hour and during her subsequent steps towards victory. Thus Senator Tydings, who in all probability would have been a member of Mr Churchill's party if he were a Britisher, said in a radio address, "While the defeat of Mr Churchill's party was not wholly unexpected, the overwhelming size of that defeat was a distinct shock to official Washington; there is some consolation here in Washington where Mr Churchill is highly respected that in fact his influence will continue to be a potent factor in the House of Commons in the evolution of future British policy, both domestic and foreign.

One of the most likely results of the British elections so far as the United States are concerned was discussed in the New York *Times* in a dispatch by Mr Arthur Krock, Chief of the *Times* Washington Bureau. Mr Krock said that the United States foreign economic policy towards Britain had been formulated in the belief that Mr Churchill would be in control of Government during the first part of the post-war period. Accordingly, Mr Krock said, "Our economic foreign policy must be resurveyed" in accordanace with the opinion of men who follow international economic thinking of Cordell Hull, Bernard Baruch, Jesse Jones as contrasted with that of Henry Wallace. Mr Krock said that President Truman's advisers will try to impress him with two facts. Firstly, Labour's programme even if only partly achieved, will cost much more money than Britain can supply and will require goods and services not obtainable within the Empire. "Outside financial assistance must be sought by the Attlee Government and in adequate measure it can be found nowhere but here." Secondly, it must safeguard all its commitments against a demoralized British economy that might result from an attempt to carry out promised Labour Party programme. It should not 'underwrite state socialism "

Mr Krock then went on to recall the testimony of Baruch before the Senate Committee in which the elder statesman admonished against the effects on the American economic system of nationalized industries abroad. "He made it plain that he did not see how the United States could protect and maintain a free enterprise system, if we make unreserved financial and other loans or contributions to Governments and peoples who have embarked on nationalization of industries, which in this country have been preserved often against strong political efforts as basic units in that economy." Mr Krock then recounted that Baruch suggested that a denunciation clause be included in all foreign economic arrangements as one method of protection of the American economy against lowering of wages, lengthening of hours or any other under-cutting of human standards in America. Now that Mr Attlee is in power Mr Krock said, "American free enterprise system may soon stand alone in the great nations of the world. The question will be whether to modify it as Great Britain is preparing to do or abandon it as Russia and war-time Germany, Italy and Japan abandoned what they ever had of it, or protect and maintain it."

Noting that America's leaders are pledged to the last named course, Mr Krock said that they must accordingly revise the United States foreign economic policy.

In a report reminiscent of those issued when Mr Truman, then a Senator, was it's Chairman, the Senate Committee appointed to investigate into the national defence programme and popularly known as the War Investigating Committee last week proposed that the war agencies set up be overhauled and placed under direct control of the Office of War Mobilization and Reconversion. It was the fourth annual report of the committee now headed by Senator Mead. The main burden of the committee's findings was that the Government has not prepared the country to meet economic consequences that might attend the war. The committee said that instead of directing war mobilization and reconversion as it should do the Office of War Mobilization was serving as umpire of disputes among various war agencies. The report maintained: "Should the war with Japan end at an early date, we will find ourselves in a sorry state economically. We must get a move on or we will get into real trouble." These recommendations were made, firstly, in order that the Office of War Mobilization should assume powers of direction and not confine itself to umpiring. It should take active steps to aid reconversion cutting across inter-agency lines only as a top-level administrative body can do. Secondly, all civilian agencies dealing with foreign Governments should be brought under the State Department. Thirdly, "we must now utilize and divert into peace-time channels our productive capacity that is not needed for military production; there should be no diversion of production capacity of man-power that would conflict with war production programme. On the other hand war production and military man-power needs should be reviewed with the utmost care from the point of view of earliest possible relief of bottlenecks in reconversion of industry to peace-time purposes. With this end, the committee said that the army should carefully consider releasing a limited number of men necessary to reconversion of industry. Fourthly, surpluses should be declared and moved more expeditiously. Fifthly, attention must be given to the conservation of the country's resources, to accumulation of stock piles of strategic materials and to technological research."

London Letter

Immediate Expectations from Labour Government

FROM OUR LONDON CORRESPONDENT

LONDON, July 31, 1945. (By Cable).

THE Stock Exchange was dumbfounded at the totally unexpected beating up which the Conservative Party has received at the hands of the electorate. The prevailing wail is: "Why did no one tell us? What is the matter with our sources of information?" The editor of the weekly Investors' Chronicle, who, without attempting to forecast the election has nevertheless been urging the market to call halt on its rather heedless buying, remarks: "The atmosphere in the city of London in recent months has been hopelessly out of touch with realities and with the trend of political opinion throughout the country and in the services." He remarks that the Labour Government is committed to a continuance of the policy of cheap money due to which there is some hope for gilt-edged securities, but concludes warningly: "I think the investors must accept the fact that their prospects have undergone a material change for worse as a result of the election." The home rails have lost about ten million sterling in market values and leading industrials between sixty to seventy million since the horrified market discovered the full size of the debacle in which the Conservatives have been engulfed. Even Government stocks wilted a little, losing some twenty-eight million, but soon recovered and now promise to reach new heights solely on what might be called "the panic of buying." Judging by indices the home rails have now lost about five per cent. in the election result, while leading industrials lost about four per cent. This illustration demonstrates the effect which the threat of nationalization is having upon market values. The repercussions upon shares and building material companies are equally interesting. The shares of the British Plaster Board have now gone down to thirty-five shillings six pence compared to forty-two shillings earlier in the year as a result of the fear that the Labour Government will drastically curtail their profit opportunities under its housing programme. Similarly, in the field of social insurance 'A' shares of the Prudential Assurance have declined from twenty-nine and half sterling to twenty-seven and four. One £ shares of the Midland Bank have fallen since the beginning of May from ninety-six shillings to ninety shillings. In short, market is trying to discount not only the possibility of lower earnings under the new regime but also the probability that the market will undergo protracted period when speculators will be unable to see "anything to go for." At present, though this may not remain the case indefinitely, practically nothing is heard of the pre-election optimistic theory that after all the Labour Government over a large area of its activities will be driven by the inexorable logic of events—urgent and inescapable events—to carry on practically the same as the Conservative Party would have done. It is probable that this theory will not emerge again until the delivery of the King's speech on August 15 shows in rough outline what the new Government's programme is.

But these fluctuations of market values attract little public attention which is fastened upon the slow construction of the new Labour Cabinet and upon the discussion of its probable programme. Unquestionably very high hopes have been built up especially as regards housing and swift permanent settlement of the coal muddle and elimination of the present owners root and branch. Furthermore, the country has returned such overwhelming majority of Labour M.P.s that the Cabinet, however it may be inclined to temporize and compromise some of its members, cannot fall back upon the excuse which served Mr Macl Donald's two Governments—that they have responsibility without power. They have ample power and can hardly be unseated for five years. Furthermore, this terrific landslide has removed another excuse—that they are dependent upon the Trade Union members of Parliament who are conspicuously timid and disinclined to support aggressive changes in *status quo*. These members, who are mostly elderly retired trade union officials and who use their salaries as addition to or in lieu of their pensions number only some one hundred and twenty-five while the labour contingent includes almost double that number who owe their seats entirely to political wing movement. The latter include a large number who have always been extreme left and highly critical of concessions which the Labour Ministers made while in war-time Coalition Government. Thus if the Cabinet shows an inclination to move over slowly and if some appointments of new Ministers seem to the rank and file unsatisfactory, there is likely to be a loud noise off the stage which the principal actors dare not ignore.

Against these high hopes and against this pressure from the rank and file must be set the record of these Labour Ministers over the past quarter of a century during which time most of them were seemingly preoccupied with heresy hunting and expulsion of their critics. Mr Attlee has been the leader of the Labour members of Parliament since 1935 which is precisely the period when the party's morale is alleged to have reached the lowest level and when according to critics it often seemed that the leadership had been "conditioned" to being permanently in opposition to the Conservative Government and extremely loathe to assume responsibility and power. Now they have been suddenly pitchforked into power and the question is being asked: Have they the will to power? Have they one-tenth of the determination which the Conservatives either in or out of office have always shown? If events show that the Ministers have not been victims of frustration and that they have the determination and capacity to implement their pledges, then the next few years may prove remarkable.

A DELHI DIARY

SPECULATION is rife in the city as to what transpired at the Governors' Conference, which commenced yesterday and disbanded to-day. It is commonplace to observe that they discussed *politics in general* and cynical to remark that they discussed their own future in the Indian political system, especially in view of the leftist swing *at home*. This is, of course, natural, for they constitute the most powerful tory stronghold in this the most lucrative part of the Empire. Their future apart, we are worried more about our own than theirs. What are the views of these big bosses about the free working of the Congress organization, the release of politicals, etc.? Their views are, of course, fairly well-known; but the views of men at the top frequently change according to circumstances, and in view of the Labour victory in England and the possible resumption of office by the Congress in the provinces, the Governors may think it advisable to advise the Viceroy to let the Congress function freely. These things apart, the Viceroy seems to be anxious to appraise Mr Jinnah's present stock in the country and the strength of the fight, the League is likely to put up, if H.M.G. placates the Congress. The Viceroy is also anxious to know what would be the relative party prospects, if elections were held before or after the formation of provincial ministries.

Meanwhile the trade circles here are naturally disturbed regarding the Government's policy about dispoal of war surpluses. It is reliably understood that the Government of India has informed the United States Government that it would not permit the disposal of surplus stocks to private parties in India, but that it would take over the stocks as offered and release them gradually in the Indian market. This would serve a double purpose. It would prevent a sudden and disastrous slumping of the market and it would also save the dollar pool from rapid depletion. A third motive is also attributed to Government and it does not look wrong in the general context of Government policy. H.M.G., deeply anxious as usual to keep the Indian market as a close preserve for "home" production, is reported to have instructed the Government of India to follow a "delaying" policy till the competitive strength of British export industries is fairly well-established in the Indian market. This is, however, looking too far into the future, for the war is still on and stocks will continue to be on the move till the cease-fire. The final location of these stocks and their values are so indeterminate as to make it all a highly speculative affair. But a not inconsiderable quantity of military supplies of civilian utility such as jeeps, trucks, hospital equipent is considered by American military authorities as surplus even now. They are anxious, it is said, to dispose it off in the Indian market to private parties, who are equally anxious to purchase it. H.M.G. need not worry, for of such supplies India can take all that any country can offer within the next few years.

These short-term problems apart, of long-term importance is the shortly expected second report of the Woodhead Commission. It is learnt, they have finished work on their second report, which deals with long-term food problems and policy. The report is now in the press, and may see the light in the course of this month. The Commission, it is understood, have been very critical of the Zamindari system, and their recommendations on the reform of land tenure may be expected to be definite and far-reaching. At least one member of the Commission, Sir Manilal B. Nanavati, is known to hold strong views on this subject—, views which he has urged in his "The Indian Rural Problem" and which, it will be recalled, have been generally endorsed by the authors of the Bombay plan in the second part of their Plan.

Meanwhile important Government officials continue to oblige the press. On Wednesday afternoon, the Commerce Member, Sir M. Azizul Haque, met journalists at a Press Conference, and explained to them the agreement reached between the Government and the U.N.R.R.A. Mission (who were here recently) regarding supplies that may be made available from this country. He said nothing new. At any rate there was no point that could not have been explained adequately in a Press Note, or was consequential enough to warrant a press conference.

While on this subject of Sir Azizul Haque's latest press conference, I would like to comment on the positive craze for holding press conferences, which high officials of the Government seem to have developed since Sir Stafford Cripps' abortive mission. More often than not, these press conferences fail to fulfil their legitimate purpose of giving an opportunity to the press to elucidate the controversial aspects of the Government's policies and activities, and end up as mere vehicles of publicity for Government officers. Why don't Honourable Members or Secretaries of Departments show the same readines "to take the press into their confidence" when really significant issues are involved, or controversial commitments are contemplated?

But at present they are too much bothered about the Tory debacle which continues to be an exciting topic in the city. While political commentators here were speculating on the significance of the victory of British Labour, it produced unexpected and forceful repercussions in at least one town in northern India. A tongawala assaulted a policeman on duty, saying that Comrade Attlee is now in power and consequently the policeman and his tribe have now got to behave themselves. This is a most startling token of the times. India, like other countries in the world has visibly moved towards the left in the course of the war and, thanks to the grievous bungling on the economic front by our war lords, has become mightily sick of the old order of things. If any political party comes forward, with a radical economic programme, the Indian electorate may as much surprise the world as the British electorate has done. The two millions of demobilized Indian soldiers who have tasted a much higher standard of living for several years and roamed over three continents and seen the good things of life will also constitute a massive left-ward force.

Against these leftist forces, there are rightist forces, too. In a recent speech here in New Delhi, Pandit H. N. Kunzru, who has returned after a rather lengthy stay in the U.S.A., and a tour of the Middle East, expressed views on Indo-Russian relations, which would surprise many who have known the Liberal politician for his balance and moderation. Russia, he held, would sooner or later be seeking an expansive outlet in the Pacific. This would inevitably affect India's position in the South East Asia region. Independent India should therefore get ready to meet it, in co-operation with Britain and the U.S.A. What is most surprising about this thesis is that even when India's own independence remains yet to be won and made real in terms of the removal of British military control, the Pandit should be thinking of a war with Russia. It is to be hoped that Pandit Kunzru will explain himself at greater length. The Pandit has a great reputation, not only here but abroad, too, for his knowledge of foreign affairs and his Russophobia may, for all we know, have a grounding in facts, but he would do well to re-study the disastrous history of the Afghan Wars.

ARGUS.

MONEY MARKET

Deflation in the Offing?—Setback in Silver

BOMBAY, July 30, 1945.

THE tightness due to absorption of floating funds by the 2½ per cent. loan last week continued during the first part of the week under review also. Demand for call money was on large scale but lenders were scarce. Though the call money rate was quoted at ½ per cent. short term borrowers found it difficult to obtain funds even at one per cent.

As against an invitation of four crores of three months Treasury Bills by the Central Government, the total offerings amounted to 57.25 lakhs as against 70 lakhs during the previous week. This was the first week that the Bank raised its invitation to four crores from two crores since the last week of May. But the response was poor.

The trend of the Central Government's treasury bill results cannot, however, be taken as any indication of the money market. This is substantiated by the ample response to the Provincial Government's call. During the week, against Assam Government's invitation for four crores of rupees for the three months Treasury Bill, there were offerings to the extent of 4.5 crores, 50 lakhs more than the tenders invited. A fortnight ago, it will be recalled, the Bengal Government's Provincial Treasury Bills were fully subscribed.

The situation in the Treasury Bill market depends upon a single bank who alone offer funds. It will not be incorrect to say that this bank, because of its former position as the Government's bank, has been enjoying practically a monopoly since ages. If this bank does not submit any tenders, the offerings are lower as other banks hardly take any interest in the Treasury Bills. The Reserve Bank has not yet succeeded in persuading other banks to revise their attitude.

During the week under review, out of the total offerings of Rs. 57.25 lakhs for the Central Government's Bills, Rs. 47.25 lakhs were accepted, as against Rs. 58 lakhs last week, the average rate being Re. 0-5-1 per cent., as against Re. 0-4-0 per cent. last week.

The Assam Government secured their full quota of Rs. 4 crores at Re. 0-6-7 per cent.

The Central Government have again invited tenders for Rs. 4 crores.

Reserve Bank

A fall of Rs. 5.39 crores in notes in circulation is disclosed by the statement of affairs of the Reserve Bank of India for the week ended July 20, 1945. The total notes issued, however, show an increase of Rs. 67.54 lakhs, as notes held in the Banking Department have been stepped up, rather sharply, by Rs. 6.07 crores. The fall in the total volume of money in circulation seems to have been greater than that indicated by the decline in notes, for there has been an inflow of rupee coin into the Reserve Bank to the tune of Rs. 67.54 lakhs. This means that the contraction in the volume of money in circulation must have been of the order of Rs. 6.07 crores—sizeable amount indeed. Such a large fall impressively reminded the market operators of the impending deflation and accounted for dampening enthusiasm in the bullion and the equity markets.

The Banking Department of the Reserve Bank of India reflects the Government's loan operations and the diminishing volume of idle funds. There has been a sharp rise of Rs. 26.25 crores, that is from Rs. 294.78 crores to Rs. 321.03 crores, in the Central Government's cash balances, such as increase mainly reflecting the issue of 2½ per cent. 1950 bonds for Rs. 20 crores on the 16th instant. Deposits of other Governments also have gone up by Rs. 2.84 crores, which increase may be attributed to the issue of Treasury Bills by some of the Provincial Governments. Balances of the Scheduled Banks have suffered a fall of Rs. 3.79 crores. On the assets side, there have been two notable changes. One is the marked increase of Rs. 6.81 crores in Treasury Bills discounted and purchased, which suggests that banks, in order to supplement their cash balances, must have discounted with the Reserve Bank substantial holdings of their Treasury Bills. The other important change is the rise of Rs. 9.43 crores in balances held abroad, which represents the usual receipts from His Majesty's Government on defence expenditure accounts. Besides these variations, there has also been a substantial rise of Rs. 2.43 crores in the investments of the Bank. It may be that this increase represents, to some extent, the Bank's investment in the Government of India's new short-term loan issued last week.

The consolidated statement of the position of Scheduled Banks for the week ended July 20, 1945, shows an improvement of Rs. 35.47 lakhs in demand deposits and of Rs. 173.88 lakhs in time deposits. In other words, there has been an improvement of Rs. 210.35 lakhs in total deposits. There has been a sharp rise of Rs. 420.52 lakhs in advances followed by a small improvement of Rs. 23.52 lakhs in bills discounted and purchased. The cash position of the Banks is lower by Rs. 537.06 lakhs. Of this decline cash on hand accounts for Rs. 176.5 lakhs and balances with the Reserve Bank for Rs. 360.56 lakhs. The decline in cash position, it is needless to add, reflects partly the improvement in advances and bills as noted here and partly the substantial interest which the Banks are reported to have evinced in the Central Government's 2½ per cent. 1950 bonds issued during the week under review.

The Gilt-edged market experienced a quiet trend during the week under review. Partly due to profit-taking by holders, and partly due to absence of buyers, the prices of most of the scrips drifted lower during the week under review.

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The 3½ per cent. Government Paper declined from Rs. 102-11-0 to Rs. 101-15-0 on Thursday. Jobbers supported it at this level, with the result that the closing rate was better at Rs. 102-4-0. Rumours of redemption of this scrip by the Government were again revived, but it could not be said that these had any appreciable effect on the trend of prices in the market. The three per cent. undated paper which last time rose from Rs. 92 level to Rs. 95 level because of similar rumours, showed no rise in the prices. The "stags" and other small holders, who were bent upon cashing their profits, were responsible for the drop in the prices of three and a half per cent. paper. The other securities had fractional falls.

Bullion

The gold market was inclined to be a shade easier, as compared to the previous week, in view of the increasing tempo of the war in the East and also due to rumours of peace overtures. Fluctuations were, however, narrow and governed, in the main, by changes in the speculative sentiment.

Ready gold was quoted at Rs. 78-5-6 on Monday, but improved to Rs. 78-13 on Tuesday. On liquidation by bulls, it eased off to Rs. 77-5-0 on Wednesday. The market finally closed at Rs. 78-1-0. The authorities continued to sell 20,000 tolas of gold every day at varying prices.

Floating stocks are estimated at 1,00,000 tolas and the daily average offtake at 20,000 tolas. The price of sovereigns also declined in sympathy with gold from Rs. 54-3-0 to Rs. 53-8-0.

A greater setback was witnessed in the silver section than in the gold market during the week under review. There was heavy selling by the bull operators who were making efforts to get out of the market. The upcountry advices too were discouraging. Hence the prices slumped from Rs. 140-3 to Rs. 134-12 on Tuesday. There were bear coverings on Wednesday which sent up the prices to Rs. 136-7, which again eased off to Rs. 134-12 next day. Spot silver finally closed at Rs. 135-12. Silver to be delivered within a week was quoted at a discount of As. 12 to 14.

Floating stocks in the local market are estimated at 2,000 bars and the daily average offtake at about 300 bars. The bank did not sell any silver but the arrivals from up-country were encouraging.

The Stock Exchange

Prices on the stock exchange showed an up-trend until mid-week on general speculative support but suffered a sharp, though temporary, setback on Wednesday, following reports of a favourable trend in the Berlin talks which presaged an early end of the Eastern war. The lower level again saw an emergence of speculative support, but before the week came to a close the market experienced yet another break, the unsettling factor this time being the British election results.

In the steel section, Tata Deferreds, after an initial recovery from Rs. 2,260 to Rs. 2,290 mid-week, gradually declined to Rs. 2,235 at the close on speculative selling, whereas Ordinaries dropped from Rs. 425 mid-week to Rs. 415-8 at the end.

In the textile section, Bombay Dyeings, which were quoted up to Rs. 1,977-8 on Wednesday, touched Rs. 1,957-8 the same day, and after recovering to Rs. 1,980 finished at Rs. 1,966-4. Centuries were quoted nominally around Rs. 910, whereas Central Indias, after improving to Rs. 395-8 mid-week, lingered around Rs. 390 till the close. Kohinoors were bid up from Rs. 614-8 to Rs. 627, but finished lower at Rs. 619 and New Greats, which were in request at Rs. 397 during the week, eased off to Rs. 390 at the end. Swadeshis were quoted lower at Rs. 544 mid-week, but later found good support at Rs. 561-8, closing lower again at Rs. 555.

The hydro-electric group met with some investment demand and prices showed a hardening tendency; Andhra Valleys moved up from Rs. 1,800 to Rs. 1,822-8 and Tata Powers were placed higher at Rs. 1,900 as against opening level of Rs. 1,887-8. Bombay Trams, on the other hand, remained steady around Rs. 148, whereas business in Tata Hydros was done at rates varying between Rs. 202-8 and Rs. 204-8.

There was a revival of enquiry in bank shares, more particularly in Imperial Banks, which were firm at Rs. 2,225 for Fully Paids as compared with the opening rate of Rs. 2,180, whilst Partly Paids evoked good enquiry between Rs. 547-8 and Rs. 575 during the week. Central Banks were done around Rs. 87 and Bank of India around Rs. 197, whilst business in Reserve Banks was reported a rupee higher at Rs. 143.

In the miscellaneous group of shares, price variations were inclined to be narrow; Belapurs fluctuated between Rs. 222-8 and Rs. 224-8 and Bombay Burmas kept moving in the vicinity of Rs. 533-12. Associated Cements, after remaining steady around Rs. 212-8, eased off to Rs. 210-12 at the close. Scindia Steams after ruling firm at Rs. 38 early in the week, drifted lower to Rs. 37-6 towards the close, whereas New Indias were remarkably steady around Rs. 84 during the week.

Speculative Activity in Particular Counters — Jump in Jute Shares.

CALCUTTA, July 31, 1945.

THE success of the new loan has naturally had an encouraging effect on the stock markets, though it should be said that, with the general expectations of the encouraging response to the loan, no important advance in prices was recorded in the early days of the week. As a matter of fact, the Bombay market was inclined to be irregular, and the rumours about the possibility of Japanese surrender resulted in profit-taking in mid-week. In the latter half of the week, however, definitely firmer conditions have been noticeable in the Calcutta market and prices have been marked higher independent of Bombay. The close on Friday witnessed the highest levels for jute shares. There is no special reason for the strength of the markets except that the general readjustment of prices as a result of the reduction in the Government's borrowing rate and the relatively high yield obtainable on Calcutta shares have led to general buying. There is also the speculative activity in particular counters, which has made investors alert and holders are not free sellers. In the Calcutta market, the craze seems to be at the present for manipulation of particular counters, shares of companies with small capital being favoured for this purpose. At first, it appeared that this was a move on the part of certain clever operators to gain control in the affairs of the companies concerned, but as these efforts were not very successful, latterly the desire to corner the market and bring about an artificial rise in prices in order to be able to sell at the higher levels seems to be the main motive. In these operations the principal speculator has largely succeeded, but with the increasing reserve of investors, it remains to be seen whether in future transactions like these could be carried out with impunity.

A prominent operator recently pushed up the quotation for Howrahs from Rs. 82 to Rs. 101, but not many shares changed hands, and with the managing agents in control of the situation, the necessary number of shares could not be secured. The idea seemed to be only to manipulate prices to such an extent that the operator concerned could gain both ways, but it was the general public that made more money. The large selling at the higher levels resulted in a drop to Rs. 90, but fresh buying resulted in a rise to Rs. 96, so that manipulations had to be eventually abandoned.

In so far as these manipulations result in the gain of control of companies in which British Managing Agency Houses have the final say, they have everything to be said in their favour; but if these operations result in upsetting the general tenor of the market, discouraging the investment habit, it need not be emphasized that the stock exchange regulations should be rigorously enforced and that such activities made very costly for the persons concerned if the proper precautions are not taken. During the past week Samla has been pushed up to Rs. 14, Presidency to Rs. 15-8 and Central Kurkend Rs. 52-12. The most optimistic expectations cannot justify these prices for the shares.

There were rumours in mid-week that the Bank rate might be reduced to 2-1|2 per cent. from the present level of 3 per cent. The anticipations were based on the hopes that the reduction in the Government's borrowing rate should be followed by a reduction in the Bank rate as well. For the stock market, this reduction cannot have any great significance though the confirmation of a reduction in the general yield basis will lead to a mere speedy adjustment of stock market values to the new basis.

The gilt-edged securities section has continued firm with business restricted only with the scarcity of sellers. 3-1|2 per cent. Paper quoted Rs. 102-12 and 3 per cent. Paper Rs. 95-8. There is greater inquiry for provincial loans with no sellers.

Coal shares have not been very active though the popular counters have recorded a further rise in prices. Bengal were Rs. 770, Burrakur Rs. 47 and South Karanpura Rs. 37-4. The speculative counters were more active with a rise in New Churulia to Rs. 15-8, Samla Rs. 14-3 and Talcher Rs. 15.

Jute shares were very active with a jump in the quotations for the bigger shares by as much as thirty points. The relatively high level of prices for jute goods and the expectations of a large increase in exports have been mainly responsible for the rise in prices though it should be said that reports during the week have not been very conducive to activity; it was reported, for instance, that there was a reduction in coal supplies. Anglo-India were very firm at Rs. 534 while there was a flare-up in Craig on heavy buying to Rs. 14-9. The heavily oversold position has resulted in the rise in prices. Otherwise, the denial of the rumours regarding voluntary liquidation should have pushed down prices. Fort Gloster have improved from Rs. 950 to Rs. 975 while Ganges have risen over thirty points in the past few days to Rs. 677. Howrah were strong at Rs. 971. On the emphasis that Reliance are relatively undervalued there is a rise in the quotation to Rs. 87 from Rs. 82. Presidency have risen on special buying to Rs. 15-9.

Engineering shares have been rather quiet though there was a sympathetic rise to Rs. 42-12 for Indian Irons. Steel Corporations were little better at Rs. 34-6. Marshalls were strong at Rs. 7-2 and Indian Standard Wagon at Rs. 108.

Among others, Ramnugger Cane were active being done up to Rs. 20-2 while Carew were unchanged at Rs. 30-8. There was a sharp rise to Assam Saws to Rs. 7-6 from Rs. 6 and B.I, Corporation to Rs. 8-10 from Rs. 6-10 on reports that there was a possibility of a bonus issue. Bararee Coke were strong at Rs. 39-4. Ivan Jones were strong at Rs. 6-6.

The raw jute market has been quieter in Calcutta as the encouraging prospects regarding the new crop and the continued difficulties in respect of coal supplies have not encouraged any large mill buying. Loose jute prices have recorded a decline by four annas per maund. Sellers are very keen for business. Mofussil centres continue firm as arrivals are rather small owing to the wet weather and all the quantities are absorbed. In the pucca bales section small business has been done with mills at minimum rates. There was some business for export to America and the Continental ports. The export figures for the last month are rather satisfactory, the increased exports to France and Belgium being responsible for the larger offtake.

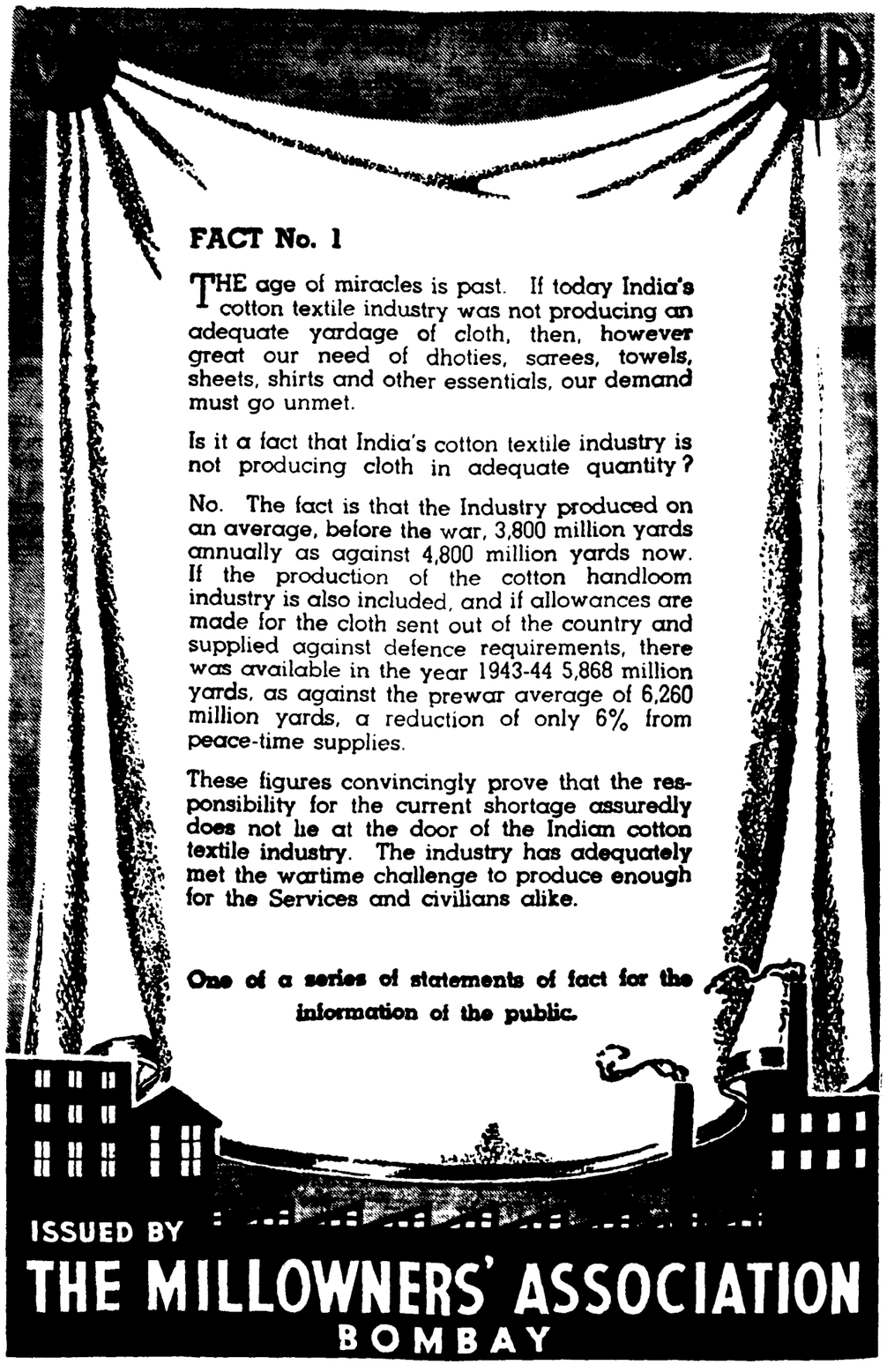
In the jute manufactures market there is nothing of importance. Hessian prices are at maximum rates. A further order, though small, has been placed for bags. The heavy goods section is easier for inter-bazar transactions but mills are merely lookers on.



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THE BUSINESS WORLD

NON-FERROUS METAL INDUSTRY

THE growth of the non-ferrous industry in India has been very recent; in fact, it is almost a war baby. While small beginnings were made even prior to the war, a substantial measure of development has taken place mainly on account of the difficulties created by the war situation with regard to imports. Our industrialists who have entered this field, have put this industry on a fairly sound basis and its future development now depends to a very large extent on the policy the Government choose to pursue in the development of this industry. It is a good augury, therefore, that it has been taken as a basic industry in the recent announcement of the Government's industrial policy for matters of Government assistance.

Before the war, the indigenous production of copper could satisfy only a fifth part of the country's requirements. Aluminium was first produced in 1943. We have, thus, been dependent in the main on imports for our requirements of non-ferrous metals and alloys and their manufactures. Added to this what scrap of these valuable metals were to be had were largely exported to Germany and Japan for there was no refinery industry of any considerable size or importance. While production of virgin metals was thus almost completely absent, there was no manufacture of finished articles such as rods, sheets, wires, bearing metals, etc. to any appreciable extent except in the case of brass sheets, even in the case of which indigenous production could meet only 40 per cent of the country's requirements. The average annual imports for 5 years before the war were 16,000 tons of brass sheets worth Rs. 90 lakhs and about 10,000 tons of copper sheets worth Rs. 60 lakhs. Tin base bearing metal of all kinds required by the railways and heavy industries, and wires of different non-ferrous metals have been imported. Some semi-manufactures of copper, brass, bronze, lead, aluminium, etc. in the forms of rods, wire, sheet, tube, etc. have also been imported. Thus while the available scrap was exported for refinery and re-conditioning, our requirements of the manufactures of these metals have been met almost solely by imports.

Thus, at the outbreak of the war India was unprepared for a critical situation. With the rapid entry of Japan's forces into Burma and the Far East, our supplies of tin from Malaya and zinc and lead from Burma were cut off. And there were the risks of imports imposed by the war situation. With the huge war effort to continue India had thus to make the best use of her own resources. Several factories have now been opened with indigenous capital and they have been thriving with the enormous Government orders. Almost all kinds of bearing metals, rods of copper, brass arsenical copper, manganese, bronze, naval brass, etc. and tubings of brass and copper, sheets of all these metals with different gauges up to 40 are now being manufactured. These manufactures are being done with the available indigenous scrap materials. Work has been done on specified instructions and lines and the nascent has stood the test in war time.

Special mention should be made of the experience that has been gained by the indigenous industry in alloys. Several of the concerns of this new industry are already devoting larger attention to production for civilian consumption. Alloyed with metals like zinc, tin, aluminium, etc. copper appears in the shape of brass, bronze, gun-metal, etc. which have vital uses in industry. The production of gun metal, an alloy of copper, tin and zinc has numerous uses for main fittings and other castings requiring good mechanical and corrosion-resisting properties. Immense possibilities for the greater use of this metal produced in different grades are to be found in pumps, pipe pipe fittings, for hydraulic pressures, etc. Much development has now been made in the production of alloys commonly called phosphor bronzes on account of the traces of phosphor in them. These are of great tensile strength and shock resistance power approaching those of wrought iron. For example a 2 per cent. tin bronze deoxidized with silicon has the tensile strength of mild steel and the corrosive resistance of copper in addition to the unique feature of high electrical and thermal resistivity. The most important of the alloys is brass which has been in common use for a long time. An alloy of zinc and copper, with small quantities of tin, manganese, aluminium, lead, iron, etc., it is possible to produce brasses of different range of properties in respect of strength, malleability, ductibility, machinability and corrosion resistance to suit different purposes. It is needless to point out here the need for provision of cheap power which is indispensable in the large amount of heating necessary in the production of alloys. With cheap power it will be possible to produce agricultural implements which will be in great demand in view of the prospect of rationalization of Indian agriculture.

While the war has undoubtedly given an impetus to the development of the non-ferrous metal industry in this country, it should not be missed that other countries have made great progress in this direction during the war years. The League of Nations' Bulletin of Statistics for February 1945 gives some interesting figures relating to the production of strategic non-ferrous metals in the various countries. Peak production figures have been reached in Canada and Australia for copper in 1941, in Canada again for cadmium and antimony, in 1942 for copper in the U.S.A. and the Belgian Congo, for lead and zinc in Canada and lead in Australia; in 1943, for zinc and aluminium magnesium, and quick silver in the U.S.A. and for nickel and quick silver in Canada. Canada in particular has made rapid strides in the production of metals during the past ten years. The United States, however, still occupies the leading position in the production of a major number of these metals. India is nowhere in the picture. Germany and Italy also have made considerable progress and it appears that the output of aluminium rose in Germany from 200,000 metric tons in 1939 to 380,000 metric tons, in Italy from 34,000 metric tons in 1939 to 48,000 metric tons in 1942 and in Japan from 23,000 tons in 1939 to 50,000 tons in 1942.

This country is thus in the position of a newcomer in the field where the competing producers are powerful and well-established. Various interests in this industry have, therefore, represented to the Government the just fears of this infant industry and asked for a proper policy of protection and assistance. A number of valuable suggestions have been made by spokesmen of the industry. The resources of the country have not been surveyed so far and such a survey has to be carried out with the least delay. Proper development of the already discovered deposits on a scientific basis has yet to be made. In this connec-

tion formulation of Indian Standard Specifications for all non-ferrous manufactures will facilitate popularization of the Indian products. A serious obstacle is the high cost of base metal production and for an improvement in this direction import of up-to-date equipment, plant and technical hands should be facilitated by the Government. Further as regards virgin metals, India is very deficient and we have depended on imports in the past. During the war-time many controls have been placed over exports of virgin metals. The Government of India should in the future allow freely the imports of these metals to the extent they are now deficient while restricting the import of manufactured articles.

NOTES

BOMBAY LIFE GOES AHEAD

The new business written by Bombay Life Assurance Co. in 1944 is the highest in the Company's history. 9,961 policies assuring a sum of Rs. 252 lakhs were issued being an increase of 3,190 new policies and Rs. 97 lakhs over 1943. The average amount assured per policy has also risen from Rs. 2,594 to Rs. 2,746. The growth and net interest yields on the life fund work out to 4.34 per cent. and 3.46 per cent. the figures for 1943 being 4.25 per cent. and 3.53 per cent. The renewal expense ratio was 12.11 per cent. in 1944 as compared to 14.6 per cent. in 1943. The life fund stood at Rs. 2.61 crores against Rs. 2,63 crores in 1943. Presiding over the 37th Annual General Meeting, Mr. Maneklal Premchand reviewed the progress of the Company. Welcoming the steps taken to limit the expense ratio of insurers, he observed, "If in fixing the rates adequate margin is allowed to cover accidental fluctuations, insurers against whom no criticism of extravagant management can normally be made need not get perturbed over the move for this very desirable legislation." The responsibility of insurers for prudent management will become greater as the interest rates are scaled down as indeed they have been by the Central Government. In this connection, reference may be made to the various rumours concerning the repayment of 3-1 2 per cent. non-terminable loan by the Government of India. While no authentic information is available as to whether the Government have made up their mind or not, insurers may note that the replacement of this high yield loan by one of a much lower yield is bound to affect the returns available on the investment of insurance funds. In fact, insurance interests are said to be opposing the move, if any, by the Government in this direction. If it should be implemented, life insurers will clearly demand as a *quid pro quo*, the lifting of the requirement that life insurance funds should be invested in Government securities at the present statutory limit. In any case, the days are perhaps not far off when the whole structure of premium rates may have to be revised.

INDIAN BANK EXPANDS CAPITAL STRUCTURE

The capital structures of banks in North India have, within the last two years, undergone extensions which have the object of enabling them to cope with the war-time expansion of banks' liabilities. Now, the premier joint stock bank of South India, the Indian Bank Ltd., is coming in line with its compeers in the North. The Board of Directors at a meeting held on 21st July, 1945, have passed a resolution making a call of Rs. 5 per share on the 20,000 Rs. 60 paid-up shares numbering 1 to 20,000 (both inclusive) and on Rs. 35 paid-up shares numbering 20,001 to 48,000 (both inclusive) and the notices of call will be issued to them shortly. The call amount is payable on or before 30th August, 1945. The Board of Directors of the Bank also propose to issue after 4th August, 1945, 12,000 shares of Rs. 100 each fully paid at a premium of Rs. 150 per share to numbers whose names stand in the books of the bank as at the close of the business on 4th August, 1945, in proportion to their holdings and a circular offering these shares to them will be issued on or before the 25th August, 1945. The Directors have proposed to pay an *interim* dividend of 10 per cent. per annum and a bonus of 2 per cent. per annum for the half year ended June 1945.

JUPITER GENERAL AGAIN CHANGES HANDS

The cornering of insurance shares and the frequent changes in the management of some of the companies have recently been the subject of much comment and criticism. The latest instance concerns the Jupiter General Insurance Company which is reported to have changed hands again this time to a South Indian businessman. It was hardly three months ago that the Company was bought up by the interests connected with the International Bank Ltd. Obviously, heavy premiums should have been paid on the shares in every one of these instances of change in management. We wonder how the business magnates fancy it is worth their while to acquire a controlling interest in an insurance company at such a heavy price. Clearly, the tendency has got to be discouraged.

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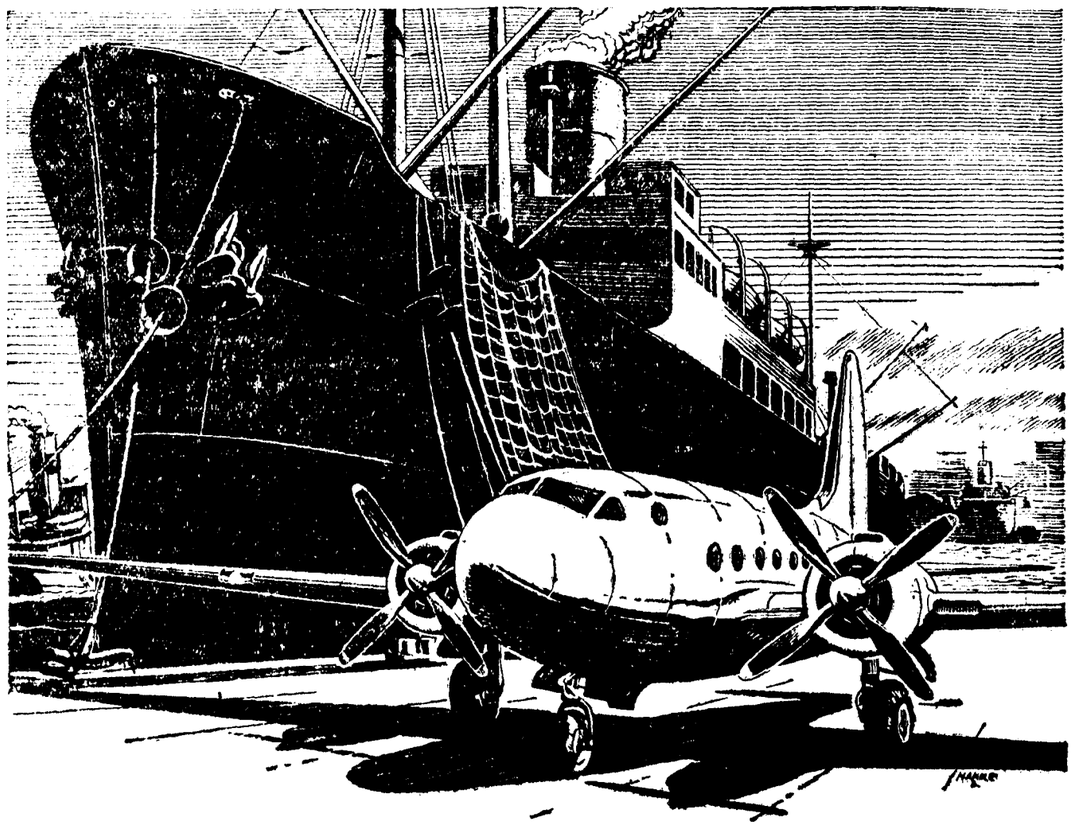
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Small against the sheer bulk of other carriers, an airplane is a giant when measured in terms of the work it can do. In one period of six months, the 16 domestic airlines of one country, with only 196 planes in operation, carried 1,692,000 passengers, plus heavy wartime loads of cargo and mail. These planes were mostly 21-passenger types.

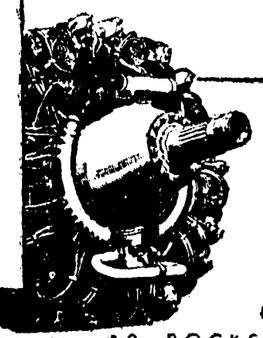
This particular air traffic was of vital aid to war industry. Yet similar air service would have benefited any other nation equally well. Such traffic figures also show that in thinking of future air expansion, it is the *work capacity* of air transports, and not their numbers, which must be considered. One heavily populated area may require 500 planes, while in another a half a dozen planes will provide adequate, profitable service. However, all areas, whatever their size or location, deserve adequate air service.

With large or small fleets, however, maximum service calls for high efficiency. Wright Cyclone engines give that efficiency. In addition to reliable power and ease of maintenance, they add a payload bonus due to lower weight in pounds per horsepower and low fuel consumption.

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FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT.

Madras Letter

MADRAS, July 28, 1945.

THOUGH a sub-committee of the Provincial Post-War Reconstruction General Committee has been constituted for industries and several sub-committees, to deal with particular aspects of the problem of industries, the facts and figures collected so far have been meagre, it has not been possible to draw up a complete industrial picture of the province as it is or as it can be made. Therefore, the Government of Madras in the Development Department have sought the help and co-operation of industrialists and others interested in the industrialization of the province to draw up the complete picture. A questionnaire has accordingly been drawn up and sent to all the persons interested in the industrialization of province or in any particular industry which is now carried on or which it is possible to start, for eliciting their views. Over 64 questions relating to resources, locality, trade, factories, sources of capital, financing the industries, the part that banks should play in improving industries, machinery, statistics, technical education, industrial insurance, particular industries, textiles and cottage industries have been framed. To this questionnaire has been added for information a list of 134 industries which, in the opinion of the Government, can be started or improved in Madras Province. The answers are expected by August 15, but the time given seems to be very short in relation to the questions asked and the nature of the replies sought.

Sugar Industry

"Sugar produced in Madras province is insufficient to meet the demands of the province and we are dependant on other provinces, chiefly Bihar and the United Provinces for satisfying our requirements. The industrial policy of the Madras Government is to attain as far as possible self-sufficiency with regard to all consumer goods. Thus, sugar industry in Madras has a very good future than the rest of the country particularly with the added advantage of having the local market ready at hand," said Dewan Bahadur C. S. Ratnasabapathy Mudaliar when he addressed the annual meeting of the Kirlampudi Sugars. He was of the view that the islands in the Far East would take more than three years to start production and even Russia may not be able to resume her export trade with the Middle East countries. The *per capita* consumption of Indian sugar was only 7 lbs. which were extremely low compared to other countries. He, therefore, pleaded for increasing the production in India. In this connection, he said that the large amounts collected from the sugar factories in India in the shape of excise duty should be utilized for research to the benefit of the agriculturists. The cultivation of early and late varieties of cane should also be encouraged so that factories could work for longer periods. Mr Mudaliar opined that the by-products, particularly bagasse and molasses, should be utilized for the manufacture of laminated boards and power alcohol, rectified spirit and denatured spirit respectively. This, he said, would reduce the cost of production substantially and would also enable the factories to withstand the post-war competition successfully.

Processed Milk

The Madras Government are considering a scheme for starting a factory for the large-scale production of milk by processing imported skim milk powder into liquid milk to augment the city's milk supply. It is an attempt to increase the supply of milk more rapidly than by the method of starting dairy farms. It is stated that skimmed milk will be given a special treatment in the factory and will be made into a health-giving palatable drink. This experiment, it is stated, had already proved successful in Colombo. In Madras, experiments have been conducted and the milk formed out of the dry milk is found to be quite palatable and good. Already one large factory is supplementing the milk requirements of its canteeen with this milk. It is stated that the milk powder will be imported from New Zealand. To start with, 3,000 measures of milk per day are to be manufactured to meet the requirements of priority consumers. It is stated that it would be possible to sell the milk at As. 8 per Madras measure. It is claimed that this milk keeps well for 24 hours and even three days in a refrigerator. Whether the factory should be a Government undertaking or should be left to private enterprise would be decided later on. The Board of Revenue is considering all these questions just now and its proposals will be placed before the Government soon.

New Tobacco

Growers of tobacco in this province have been greatly interested in the new variety of tobacco that has been produced as a result of research work carried out at the Tobacco Research Sub-Station at Guntur. The new variety that has been produced is Amarelo 5 and is a very promising cigarette tobacco variety. It is a selection from the little known Amarelo variety useful for flueouring. In the extensive trials conducted the new variety has been immensely successful both in the experimental areas as well as in the cultivators' fields and has proved superior to Harrison's Special which is at present extensively grown in India. It is stated that it does well in heavier soils which are considered to be unsuitable for Harrison's Special.

Stock Exchange

The success of the Labour Party in the British elections was interpreted as a bearish factor when the market opened on Friday. The inter-market leaders suffered declines, but as the day advanced, there was a tendency to await further developments and values partially recovered. Most of the local shares ruled steady and were practically unaffected by the election results. Thus the initial sharp rises in textiles and select plantation shares were maintained. In the textiles section, there was renewed buying support on reports of good prospects for the textile industry in the post-war period. Buckinghams rose sharply by over fifteen points to Rs. 364 on good investment support. In the Coimbatore group of shares, Coimbatore Spinnings and Cottons were higher by ten points to Rs. 169-8 and Rs. 255 respectively. Pankajas came in for business at Rs. 28.5 There was a general rise in rubber and tea shares. Cochin Malabars which rose to Rs. 18-10 c.d. on the announcement of the dividend further rose to Rs. 19-5 c.d. this week. Chembras and Kalpettas were done higher at Rs. 10-6 and Rs. 35 respectively. There was continued buying by interested parties in Midlands which staged a sharp rise from Rs. 12-4 to Rs. 13-8. O. Valleys came in for business at Rs. 10-8. In the miscellaneous section, there was speculative support for Mysore Chemical Fertilizers, the quotation rising by two points to Rs. 25-6. Spencers were sought for at Rs. 14-3. There was considerable profit-taking in 3½ per cent. Paper which eased from Rs. 103 to Rs. 102-2-6. Three per cent. Victory Loans 1957 were lower at Rs. 100-2. There was a fair volume of business in Madras Loans. In Banks section, Indians firmed up on the news of increase of capital. Quotations hardened by about ten points for the two lower priced shares. Indo-Commercials, Indian Overseas and Imperials were supported at current levels.

Bombay Letter

BOMBAY, July 28, 1945.

CORNERING of shares of insurance companies by big financiers is a phenomenon which has sprung into prominence only lately and is due to the economic conditions brought about the War. The attraction for the shares of insurance companies is to be found in the large funds which are in a liquid form. The latest development in Bombay is that an industrial magnate and financier from the South. Dr. Alagappa Chettiar, has taken over the controlling interest of the East and West Insurance Co. which in its turn is reported to hold the controlling interest of the Jupiter General Insurance Co. It is reported that the controlling interest of the East and West has been bought over at 3 times the cost at which the recent holder had acquired the interest.

The Government of India have appointed a special committee with Sir Cowasji Jehangir as its Chairman to go into this question of controlling interests. While this committee is engaged in examining the question, many insurance men have expressed opinions and made suggestion in this connection and have warned the Government against taking any hasty action in this matter. Opinion, however, is sharply divided on the question of Government interference. The Indian Life Offices Association favours restriction on the voting rights of large shareholders and some restrictions on the transfer of shares. On the other hand, Seth Amritlal Kalidas, Chairman of the Neptune Assurance Co., Ltd., asserts that the right to invest, and having invested, the right to vote, are the fundamental basis of modern financial and industrial structure and that any undue interference with it can only recoil on the interests which it is intended to safeguard. The Indian Insurance Companies Association, however, feels that the feature of cornering is only a war-time phenomenon caused mainly by inflationary conditions, requires no legislation. But it feels that Government should assume power to prevent any person holding more than 10 per cent. of the shares of a company from transfering his holdings without the approval of the Government. In practice, however, this principle may well be evaded as big financiers would split up their holdings among their friends in the first instance. Mr. J. C. Setalvad, presiding at the meeting of the Indian Insurance Companies Association suggested that some sort of restrictions in the matter of transfer of shares should be made. He pointed to the instances of interlocking of interests between banks and insurance companies whereby the recent changes in the management of insurance companies have been made. He suggested that this could be remedied by making a provision in the coming Banking Bill whereby banking companies may be prevented from holding more than a certain percentage of the total shares issued by an insurance company. Drawing attention to the suggestion that a bigger proportion of insurance funds should be compulsorily invested in Government Securities, he explained the practical difficulties of the insurance companies. The return on Government Securities was in recent years falling and Life Assurance Companies were experiencing considerable difficulties in keeping up to their expectations in the matter of their revenue from investments. It would be a retrograde step to check the growth and progress of insurance companies in this monner. In this connection, it may be pointed out that Life Assurance companies in England even before the war found it profitable to invest their funds even in the ordinary shares of soundly run industrial concerns and one would agree that the growth of Indian insurance companies should not be made difficult by raising further the limit of compulsory investment in Government Securities.

Sind Letter

KARACHI, July 31, 1945.

The Notes on Agricultural Development in Sind written by Mr Roger Thomas, Adviser to the Government of Sind, have been released to the Press. Mr Thomas asserts that the object of planning should be an economy of abundance. The objective should not be limited to the materialistic one of increased productivity. The Plan is primarily for the man behind the plough. He is the producer; he is also often the underprivileged. His welfare should receive first attention. Similarly Mr. Thomas draws attention to the crying need for improving the health, nutritional standards and knowledge of the people. Mr. Thomas puts his finger unerringly on one of the primary defects in the agricultural economy of Sind and mentions the acute shortage of agricultural labour in the Province. He suggests two remedies, immigration and mechanization. In his opinion these two remedies can best be applied by combining them in Co-operative colonies. This view is shared by the Government of India who are also advocating Collective Farming by Co-operative and other methods. One of the major recommendations of Mr. Thomas is the starting of 8 District Farms. These Government Farms will serve many purposes, such as Seed multiplication, cattle-breeding, fruit nurseries, poultry breeding and testing out results of research. The Farms will also serve the purpose of demonstrating to cultivators the latest methods in agriculture. The Farm labour should be housed in model villages. Mr Thomas also points out the "notable scarcity of institutions which serve the purposes of a medium for imparting knowledge, for constructive corporate enterprise and for training in leadership." He suggests that agricultural associations should be formed in every Taluka to ventilate public grievances and help Government in educative propaganda. Mr. Thomas is perhaps not aware of the existence of Taluka Development Associations in Bombay and the useful work done by them. But what he has in mind is something on the lines of these associations.

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THE JUPITER, "A SACRED TRUST"

Dr. Alagappa Chettiar's Pledge

"We, as Indians and as members of the business community owe a duty to ourselves and to the community to show that we can make money and make profits not at the expense of others, but by adding to the common prosperity of the country," observed Dr. Rm. Alagappa Chettiar, M.A., Ph.D., LLD., D.Litt. Bar-at-Law, the well-known industrialist and philanthropist of South India, on the occasion of meeting members , staff, agents and field-workers of the Jupiter General Insurance Company the management of which he has taken over as its new Chairman. Mr. J. C. Thakkar, the out-going Chairman, presided.

Mr. E. S. Joel, the General Manager of the Company, welcoming Dr. Chettiar, observed that it was a happy augury for the Company, which is the second largest composite insurance office in India, that so eminent a captain of industry as Dr. Chettiar would be at its helm. He added that Dr. Chettiar enjoyed a wide reputation as an authority on economics and finance, and his gifts to charity were so vast that those alone would give an insight into his excellent qualities. He also paid a tribute to Mr Thakkar for the keen interest he had taken in the development of the company.

AN INTELLECTUAL

Mr. Thakkar, introducing Dr. Chettiar, said that he was a man of high intelligence, who had made numerous donations and as a man who was well respected all over the country. He said that during his tenure of office he had kept the name of the company as high as possible.

"SACRED TRUST"

Dr. Chettiar, who was cheered as he rose to speak, expressed his feelings of joy and gratitude at their most cordial and warm welcome. He said that the Jupiter General Insurance Company was one of the finest and greatest insurance companies in India. The sacred trust, as I call it, which is being handed over to me, will be worked to the best of my lights to serve the interests of the great and large number of shareholders and policyholders of the company and the country as a whole.

"The savings of every nation are the collective savings of individuals, and it is the duty of the State and the community to see that these great collections which are made up at terrible sacrifices, of parents, people and guardians, should be carefully husbanded, and kept for the future generations, which are the beneficiaries of this trust. I am sure that in the task that I am undertaking, I can count upon the loyal and hearty co-operation of the members of the staff as well as of the large body of field workers of the company.

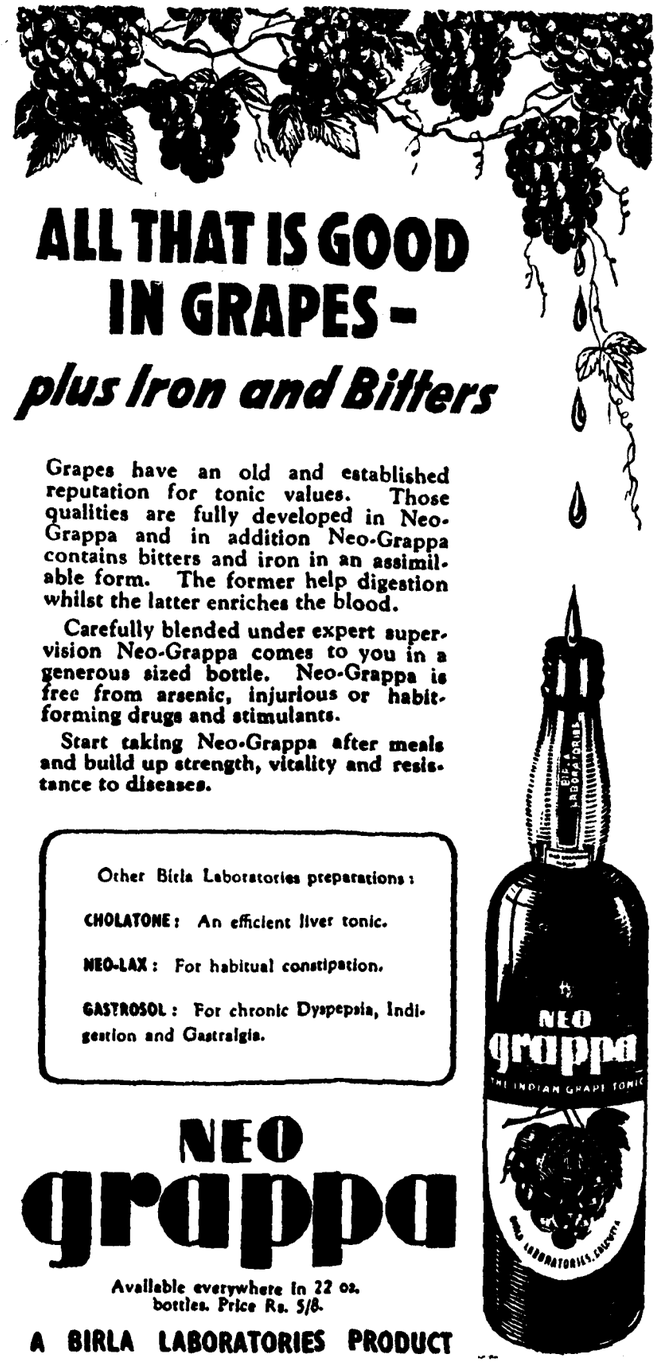
PLEA FOR FORESIGHT

"The world is a shrunken world, as the late Mr Wendell Willkie said in 'One World'; and a rumour in one corner of the world, or the policy of a particular cabinet being changed, affects the fortunes of the poor investor It is therefore the greater reason why people who are at the helm of affairs of a company, should always make provision against the possibility of misfortunes which might confront the companies for no fault of their own.

A PLEDGE

"I am indeed thankful to you for the legacy that has been left to me in the shape of this most prosperous company, and I am grateful to the founder of this company, the late Mr. Laljee Naranjee of revered memory. It has been referred to by one of the speakers that the unfulfilled ambitions of this great man might be realised during my lifetime. I sincerely hope that it may be given to me, through the medium of this company, to carry out the ambitions of that venerable soul.

"I can assure you that it will be my constant endeavour to see that I give my greatest attention to the task that has been entrusted to me and to see that I will do nothing whatever to injure the feelings of anyone or hurt the interests of anybody. It is with much trembling in my heart that I approach this task, and I hope that before long we shall meet and say to ourselves: There is a task well done."



TRADE

Raw Cotton "Floors"

AS the cotton season draws to a close, the question that is uppermost in the mind of everybody is, what will be the 'floors' and 'ceilings' for the next year? When the Cotton Committee of the Textile Control Board met about a fortnight ago there were two proposals: One from the Government representatives who suggested the lowering of the 'floors' by Rs. 50, that is, from the level of Rs. 350 for Indian Cotton Contract Jarilla basis 3|4" to Rs. 300; the other was a Resolution proposed by Sir Chunilal B. Mehta, Vice-Chairman of the Indian Central Cotton Committee, proposing the raising of the "floors" by Rs. 50, *i.e.*, from the level of Rs. 350 to Rs. 400.

The history of the Cotton Control dates back to March 1943 when the Finance Member cut off trading in Futures when the market was at the level of Rs. 650. Since then, the Government of India recommended mills not to buy cotton over Rs. 550 for I.C.C. Jarilla basis 3/4", which they considered to be a fair price for cotton. In the first year of trading, *i.e.*, for the season 1943-44, the 'floor' was Rs. 400 for I.C.C. Jarilla basis 3/4" and 'ceiling' Rs. 550; in the second season *i.e.* the current season 1944-45, the 'floors' were further reduced by Rs. 50 to the level of Rs. 350, but the 'ceilings' were unaffected. In the first year, the market touched the 'floor' level of Rs. 400 and Government had to come in to support the market several times and had to buy to the tune of nearly 2,75,000 bales; in the current year, when the 'floor' was Rs. 350 the market touched only for a few days Rs. 390, but always fluctuated between Rs. 400 and Rs. 416. Further, in the current season the crop had been very drastically reduced from 55 lakhs of bales to 35 lakhs of bales. The reduction in the 'floor' was partly due to the deliberate policy of restricting the area under unwanted cottons for the Grow-More-Food campaign and partly due to unfavourable weather conditions. The restriction of acreage still continues with the crop now reduced to an estimated mill consumption of 40 lacs of bales. The unofficial members of the Committee are unable to understand the Government's reasons for further reducing the 'floors' by Rs. 50, when even the level of Rs. 350 was not touched.

Sir Chunilal Mehta in his resolution states that the 'floor' should be raised by Rs. 50 for various reasons. There has been substantial reduction in the premiums for other varieties of cotton as compared with the 1943-44 season, and in the cotton acreage. Further even the 'floor' levels were not touched in the current season and no reduction in the cost of living or in the cost of production had been effected.

The sole reason for the Government asking for a reduction in the 'floors' is that, frankly speaking, they do not want to have to buy any cotton and their policy is to take down the 'floor' to a level at which Government would never have to come in the market for supporting prices. They argue that from the trading point of view it is wrong for Government to be loaded with stocks which would be an upsetting factor in trading later on. The reply to that is that Sir Akbar Hydari on behalf of the Government had definitely stated at the time of the Cotton Control that they would guarantee fair prices for the growers. The only manner in which fair prices can be obtained is by Government support to the market at the 'floor' levels which they consider to be reasonable. It should be remembered that the Government considered Rs. 550 to be the fair price in 1943. This they have now reduced by Rs. 200 so that it is for Government to justify a further reduction. In the meantime, emergency conditions continue. India had export markets available to her when the liberated countries of France, Belgium, Holland, etc., wanted Indian cotton. Italy also wants Indian cotton, but the limiting factor everywhere is freight space and this the Government of India are not able to get through the Ministry of supply in order to reduce the burdensome supply of old crops for which, it should be remembered, there are no 'floors' but which still weigh on the supply position. These stocks however are good for the export market and are not in so much demand by the Indain mills. For almost the entire crop the only buyers are the mills in India, who naturally spread out their purchases throughout the year. Secondly, there are imports of foreign cotton which the Textile Commissioner is allowing at a fairly fast rate on the ground that foreign cottons are cheap. This means allowing foreign cotton to be dumped in India against which very vigorous protests have been made. This dumping of foreign cotton is against the spirit of the policy of the Government of India.

Representatives of the Government of India have pointed out again and again the artificial position for cotton created by the policy of the U.S.A. They point out that the latest move on the part of the U.S.A. Administration is to get out from this artificial position and they argue that the Government of India should take its lesson from the U.S.A. has done, The reply to this is that the U.S.A. have been in the cotton business for now over 15 years. These efforts by the U.S.A started with President Roosevelt who had to combat the depression of 1930-31. President Roosevelt in 1931 was faced with an acute banking crisis at a time when American cotton prices fell down to 5 cents per lb. It is generally recognized that but for his efforts the U.S. farmer would have been completely ruined. Further, there were many banking failures due to the break in prices of agricultural commodities beyond the cost of production. Not only did the U.S.A. save the banks but also saved the agriculturists from the ruin which faced them.

Partly for political considerations, the U.S. Administration favoured giving high loans to agricultural commodities, till today the loans are at 95 per cent. of the "parity price" of cotton. On account of the war conditions the foreign markets were cut off and USA had to begin giving an export subsidy on cotton to stimulate exports. But against this, the more important fact to remember is the constructive sign of the U.S. Administration. They have given great help to the farmers by what is known as their Soil Conservation Programme. Further, they have spent a huge sum of money on research for finding more uses of cotton and about 19 per cent. of the consumption of American cotton is for purposes other than textiles. Cotton is now being used in road-making and in a wide number of other fields. Further, there has been research devoted to making cotton textiles more attractive, more durable, etc. They have taken steps to increase the yield per acre which is now 275 lbs., as compared with 90 lbs. per acre in India. This again is a direct constructive help to the American agriculturist. Compared with this, what has the Government of India in their constructive programme. To this there is no answer. But Government have acted up to now merely as a tax-gathering Government. Even now when the USA Government's policy is to get out of the cotton business, their programme is simultaneously to increase the yield per acre and to divert the labour that is freed from cotton to industries and for this purpose there is a programme for industrializing the South. Are the Government of India prepared to follow the USA in this respect?

The case against any lowering of the 'floors' is unanswerable and the only answer that the Government of India wish to give is that they do not wish to be burdened with cotton in fulfilment of their pledge. The Government of India have not shown by any figures that the level of Rs. 350 is a very high one and should be reduced. They do admit that the cost of living has not fallen; nor has the cost of production.



Man-hours

Given :

1 man in 1 hour produces x units

Therefore

100 men in 1 hour will produce 100x units

Similarly

100 men in 8 hours will produce 800x units

It reminds one of the old algebra problems, but in terms of day to day factory experience it does not always work out that way. In fact, energy flags as the day goes on and to keep it up is the factory manager's constant aim.

Tea is an important aid in the task. Hot tea very quickly increases concentration and stimulates increased energy. Thus, served to the worker on the job in the middle of a long shift, it has the effect of maintaining output at a high level. In a very great many factories throughout India this fact is being turned to good advantage in terms of increased output.

To those interested in this subject, much valuable advice and assistance will be gladly given by the Indian Tea Market Expansion Board, 101, Clive Street, Calcutta.



INSERTED BY THE INDIAN TEA MARKET EXPANSION BOARD

IK 243

OLD MOTHER HUBBARD



FEW middle-class homes in India are today without their emergency stock of canned, bottled or preserved foods. None should be, for total war makes "iron rations" necessary for civilians as well as for fighting men. Thanks to the great strides in the science of food conservation, the housewife now enjoys an increasingly wide choice of nourishing and palatable foods that will keep for long periods. Although she can use many home methods (runner beans in salt, eggs in "water-glass" and other chemicals, and fruit and vegetables either bottled in presence of sulphur dioxide as a preservative or in vacuum jars) it is on the canning industry that she largely relies. Canning in its turn relies largely on the chemist and the chemical industry to maintain its high standards of pure and wholesome food. This involves incessant research for example, into the acidity of different foodstuffs, special linings for the containers and how to preserve both the vitamins and the appearance of canned foods. In India great strides are being made in the drying of vegetables. The necessity of war has given urgency to food conservation. Chemistry is also showing how, by dehydration and other methods, allied ships can carry to the war fronts the greatest possible amount of nutriment in the shape of meat, milk, eggs and vegetables in the smallest possible bulk. The credit for this must go not only to the allied farmers and merchant navies but also to the British Research Chemist who has so simplified the transportation of food.

ICI

IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.

CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT
(Rs. in lakhs)

	20-7-45	13-7-45	21-7-44	1-9-39	20-7-45 compared with 1-9-39
Notes held in the Banking Dept. ..	16,86	10,79	17,85	35,04	—18,18
In circulation ..	1135,29	1140,69	926,16	182,13	+ 953,16
Total Notes ..	1152,15	1151,48	944,01	217,18	+ 934,97
A. Gold Coin and bullion ..	44,41	44,41	44,41	44,41	..
Sterling Securities	1034,33	1034,33	828,33	59,50	+ 974,83
Total of A ..	1078,74	1078,74	872,74	103,92	+ 974,82
B. Rupee Coin ..	15,37	14,89	13,40	75,87	— 60,50
Rupee Securities	57,84	57,84	57,84	37,39	+ 20,45
Silver bullion under coinage ..	..	..	..	.. ..	..
% of Reserve to Liabilities ..	93.629	93.663	92.450	63.149	+ 30.480

IMPERIAL BANK
(Rs. in lakhs)

	20-7-45	13-7-45	21-7-44	1-9-39	20-7-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts ..	238,43	234,64	230,32	87,26	+151,17
Govt. Securities ..	143,14	143,17	127,50	51,03	+ 92,11
Other Investments ..	4,90	4,77	3,11	96	+ 3,94
Loans	17,56	15,18	12,73	7,66	+ 9,90
Cash Credit Overdrafts	46,56	45,70	46,17	19,76	+ 26,80
Bills discounted ..	3,67	4,17	4,49	2,95	+ 72
Cash in hand, with R.B.I. and other Banks	32,08	31,18	45,85	14,69	+ 17,39

BANK OF ENGLAND
(£ '000)

	25-7-45	18-7-45	26-7-44	30-8-39	25-7-45 compared with 30-8-39
Total Bullion ..	1,168	1,242	1,261	263,700	-261,532
Public Deposits ..	10,000	11,000	7,700	31,000	— 21,000
Other Deposits ..					
Of which Bankers Deposits ..	282,700	263,600	255,200	129,100	+153,600
Govt. Securities ..	229,100	210,900	199,800	90,100	+139,000
Other Securities ..	250,700	227,300	249,300	113,100	+137,600
Of which Discounts and Advances ..	13,000	13,000	12,500	31,000	— 18,000
Notes and Coins ..	1,800	2,100	4,700	6,400	— 4,600
Notes in circulation	45,500	50,200	14,500	34,200	+ 11,300
% of Reserve to Liabilities ..	1,305,700	1,301,100	1,136,800	529,000	+778,700
	18.2	18.26	5.49	21.88	3.68

TREASURY BILLS SALES
(3 Months' Tenure)
(Rs. in lakhs)

Date of Issue	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
1945					
" 17, " ..	6,20	4,00	0 5 9	..	89,25
" 24, " ..	5,15	4,00	0 6 9	..	1,01
May 1, " ..	7,67	4,00	0 6 11	..	67,50
" 8, " ..	5,75	4,00	0 7 11	..	1,82
" 15, " ..	5,71	2,00	0 7 5	..	2,10
" 22, " ..	5,42	2,00	0 7 0	..	2,31
" 29, " ..	7,38	2,00	0 6 0	..	2,45
June 5, " ..	8,86	2,00	0 4 11	..	4,50
" 12, " ..	..	2,00	0 4 0	..	6,11
" 19, " ..	4,11	200	0 4 0	..	3,91
" 26, " ..	5,80	2,00	0 3 10	..	4,69
July 3, " ..	2,26	86	0 3 11	..	1,64
" 10, " ..	2,42	42	0 4 0	..	1,11
" 17 " ..	70	56	0 4 0	..	..
" 24, " ..	57	47	0 5 1	..	..

CLEARING HOUSE RETURNS
(Rs. in lakhs)

	1943-44	1944-45	May 1945	June 1945	July 27 1945	July 20 1945
Bombay	24,42,31	23,36,97	1,82,59	2,02,23	..	52,78
Calcutta	17,40,12	23,51,59	1,96,85	2,16,94	..	60,46
Cawnpore	1,02,41	1,12,95	8,01	8,05	1,88	1,94
Delhi	1,02,41	1,29,94	10,77	10,19	2,25	2,52
Karachi	1,03,8x	1,24,54	12,37	11,51	..	2,57
Lahore	76,8x	74	7,47	8,48	1,35	1,81
Madras	2,00,0x	1,27,37	20,49	21,27	..	5,47

NON-SCHEDULED BANKS
(Rs. in lakhs)

Date	Liabilities Demand	Time	Total	Cash Balances	% of Cash Balances to Liabilities
31-12-1943 (530) ..	17,53	17,27	34,79	4,88	14.0
30-6-1944 (572) ..	21,06	23,37	44,43	5,29	11.9
28-7-1944 (573) ..	20,91	15,56	36,47	4,05	11.1
25-8-1944 (570) ..	22,12	23,81	45,93	5,15	11.2
29-9-1944 (570) ..	22,27	23,24	45,51	5,07	11.1
27-10-1944 (565) ..	22,16	25,78	47,96	5,30	11.1
24-11-1944 (568) ..	22,33	24,46	46,80	5,61	11.9

Number of banks submitting their returns within brackets.

BANKING DEPARTMENT
(Rs. in lakhs)

	20-7-45	13-7-45	21-7-44	1-9-39	20-7-45 compared with 1-9-39
Cash	17,08	10,94	18,15	35,15	— 18,07
Balances held abroad*	412,36	402,94	196,36	10,08	+402,30
Investments ..	19,62	17,19	11,13	6,82	+ 12,80
Bills discounted—					
(a) Internal and External ..	6,81	10	47	1,16	+ 5,65
(b) Treasury Bills					
Loans and Advances to Government ..	50	49	..	31	+ 19
Deposits—					
(a) All Govts. ..	340,00	310,96	100,15	14,89	+326,11
Of which G. of I.	321,04	294,79	..	14,89	+306,15
(b) Banks ..	68,60	72,39	98,48	26,91	+ 41,69
(c) Others ..	21,30	20,32	4,79	1,24	+ 20,06

*Including Cash and Short-term Securities.

SCHEDULED BANKS
(Rs. in lakhs)

	20-7-45	13-7-45	21-7-44	1-9-39	20-7-45 compared with 1-9-39
Demand Liabilities in India	623,82	623,46	571,23	134,36	+439,46
Time Liabilities in India	242,02	240,28	183,78	102,24	+139,78
Cash in India ..	32,45	34,21	25,64	6,70	+ 25,75
Balances with Reserve Bank ..	68,12	71,72	96,48	23,17	+ 44,95
Advances in India	285,04	281,84	215,53	101,52	+184,52
Bills discounted in India	14,85	14,62	9,34	3,57	+ 11,28

U.S. FEDERAL RESERVE BOARD
(Million dollars)

	26-7-45	1-7-45	27-7-44	31-8-39	26-7-45 compared with 31-8-39
Resources:—					
Total Reserves ..	18,041	18,051	19,115*	14,661	+ 3380
Total Bills Discounted ..	229	126	37	6	+ 223
Bills bought in open market ..	..	..	..	(550,000)	(—550,000)
Total U.S. Govt. Securities ..	21,570	21,613	14,802	2,426	+ 19,144
Liabilities:—					
F.R. Notes in actual circulation	23,194	23,176	18,995	10,951	+ 12,243
Reserve Account ..	14,699	14,660	12,792	10,951	+ 3,748
Total Reserve to Deposit and F.R. Liabilities ..	45.1%	45.0%	56.3%*	86.9%	— 41,8%

Figures in brackets are the actual ones. *Gold only.

TREASURY BILLS MATURITIES
(3 Months' Tenure)
(Rs. in lakhs)

Date of maturity*	Amount	Date of maturity*	Amount
June 4, "	4,00	Aug. 7, "	4,00
" 11, "	4,00	" 15, "	4,00
" 18, "	4,00	" 22, "	2,00
" 25, "	4,00	" 29, "	2,00
July 2, "	4,00	Sept. 5, "	2,00
" 9, "	4,00	" 12, "	2,00
July 16, 1945	4,00	" 19, "	2,00
" 23, "	4,00	" 26, "	2,00
" 31, "	4,00	Oct. 3, "	2,00
		" 10, "	99
		" 17 "	42

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	May 1945	May 1944	June 1945	June 1944
Amount (£ in '000) ..	105,310	91,808	—8,451	4,955	—690	6,824

Average rate of purchases remained 6-1-6 all the time.

EXCHANGE RATES (T.T.)

	July 27, 1945	July 20, 1945
Bombay on London (s.)	1-5 31/32	1-5 31/32
Bombay on New York (Rs.)	332¾	332¾
London on Bombay (s.)	1-6	1-6
London on New York ($)	4.02½—4.03½	4.02½—4.03½
New York on London ($)	4.03	4.03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	28th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	3%	2%
U.S.A.—New York	29th Oct. 1942	1%	½%
Fed. Res. ..	27th Oct. 1942	1½%	1%

CASH POSITION
(Rs. in lakhs)

	20-7-45	13-7-45	21-7-44	1-9-39	20-7-45 compared with 1-9-39
Reserve Bank of India	17,08	10,94	18,15	35,15	— 18,07
Scheduled Banks ..	100,57	105,93	122,12	31,87	+ 68,70

B—General

STATISTICS RELATING TO CO-OPERATIVE MOVEMENT IN INDIA (BR. AND INDIAN STATES)

	1915-16 to 1919-20*	1920-21 to 1924-25*	1925-26 to 1929-30*	1930-31 to 1934-35*	1935-36 to 1939-40*	1940-41	1941-42	1942-43
	1	2	3	4	5	6	7	8
(A) No. of Societies:								
(a) Central (including Prov. and Central Banks and Banking Unions)	304	506	587	612	610	611	605	599
(b) Supervising and Guaranteeing Unions	636	1,302	1,394	1,000	519	466	463	437
(c) Agricultural (including Cattle Ins. Societies and Land Mortgage Banks and Societies)	23,873	51,716	83,093	93,149	101,307	123,976	126,474	126,305
(d) Non-agricultural (including other Ins. Societies)	1,662	4,183	8,862	10,953	14,324	17,457	17,862	18,810
(e) Total No. of societies	26,477	57,707	93,936	105,714	116,960	142,510	145,424	146,180
(f) No. of societies per 100,000 inhabitants	..	..	..	..	..	..	42.4	42.3
(B) No. of Members:								
In Societies (a) in A.	89,925	163,823	212,093	200,274	199,753	224,501	213,848	213,848
.. .. (b)	10,971	24,437	34,821	36,082	29,426	28,369	29,059	29,059
.. .. (c)	903,980†	1,661,098	2,791,562	3,083,628	3,437,873	4,466,452	4,666,966	4,613,261
.. .. (d)	229,031	493,509	897,279	1,256,641	1,636,869	1,954,335	2,046,207	2,296,743
Total	1,126,981	2,154,607	3,688,841	4,322,269	5,076,742	6,400,787	6,735,233	6,912,094
No. of members of primary society per 1,000 inhabitants	..	..	..	..	..	..	19.8	19.9
(C) Working Capital ('000):								
(1) Share Cap. paid-up	2,51,97	5,25,66	9,94,17	12,91,42	13,63,32	14,65,20	15,05,92	15,70,79
(2) Loans and Deposits at the end of year:								
(a) Held by members	96,35	2,54,45	5,03,42	7,46,76	9,53,98	10,53,05	11,21,89	12,23,11
(b) .. from Societies ..	47,81	1,49,98	2,92,68	3,79,72	4,02,68	4,86,34	5,89,67	7,68,39
(c) .. from Prov. or C.B. ..	5,03,19	12,29,88	24,62,43	26,95,98	24,47,48	24,18,56	23,42,66	22,88,89
(d) .. from Govt.	25,56	67,89	1,83,34	1,33,51	1,29,70	1,72,66	1,82,25	1,74,83
(e) .. from members and other sources ..	4,20,25	10,98,22	23,59,68	29,12,06	29,39,46	28,21,47	28,84,07	33,94,09
(3) Borrowings of land mortgage banks	..	..	..	..	4,80,46‡‡	6,46,72	6,97,82	7,05,91
(4) Reserve and other Funds	1,23,32	3,12,38	7,13,21	12,81,64	17,51,63	18,69,26	19,17,97	19,88,25
Total	15,18,47	36,36,26	74,89,13	94,61,06	1,04,67,73	1,09,32,29	1,12,42,25	1,21,14,22
(5) No. of annas per head of population	..	..	..	..	..	..	52	56

** Average for four years. * Average for 5 years.
† Excluding members of Cattle Ins. Society at the end of 1915-16 and 1916-17 and members of such societies in Bombay and C.P. at the end of 1917-18.
‡ Includes loans from Prov. and C.B. ‡‡ Average for 3 years from 1937-38 to 1939-40.

INDIA'S FOREIGN SEA-BORNE TRADE 1944-45

Imports and Exports to certain countries (Rs. '000)

	IMPORTS				EXPORTS			
	Feb. 1945	Jan 1945	Apr.-Feb. 1944-45	Apr.-Mar. 1943-44	Feb. 1945	Jan 1945	Apr.-Feb. 1944-45	Apr.-Mar. 1943-44
British Empire:—								
United Kingdom	3,11,14	4,07,71	37,00,19	29,80,27	3,91,96	5,74,59	57,73,06	60,19,12
Ceylon	41,38	29,83	3,43,29	3,50,68	1,39,05	1,22,14	17,34,79	14,35,78
Burma	..	..	11,71	2,52	..	..	..	..
Union of South Africa	44,74	12,02	2,65,42	2,58,54	73,97	44,17	11,60,92	9,90,42
Canada	27,27	51,40	3,37,83	2,81,93	84,42	1,30,07	6,76,81	4,92,69
Australia	67,17	1,21,79	9,08,14	4,92,18	2,00,36	61,34	13,19,06	13,31,24
New Zealand	..	2,74	7,98	27,33	22,43	3,34	2,13,79	1,89,80
Total British Empire	5,81,65	21,71	71,56,80	57,01,13	10,14,58	10,89,27	1,27,72,21	1,28,50,72
Foreign Countries:—								
U.S.S.R.	..	..	..	..	..	93	63,47	1,66
Turkey (European and Asiatic) ..	..	..	..	..	20,21	30,50	1,46,83	3,31,14
Iraq	69,42	9,95	1,15,81	1,96,03	32,16	25,42	2,54,37	3,26,24
Iran	3,58,83	3,89,78	44,15,09	27,55,70	8,70	40,49	2,65,80	1,71,82
China	17	39	1,43	7,31	25	21	2,98	2,60
Egypt	2,81,11	1,71,81	15,96,19	11,18,67	27,58	15,81	3,20,50	2,97,88
U.S.A.	3,14,77	4,79,23	44,03,32	18,39,53	3,17,65	4,50,16	42,26,44	40,26,36
South America	..	..	..	..	65,05	75,42	7,29,35	6,34,71
Total foreign countries ..	12,02,83	10,91,48	1,09,75,20	61,84,12	5,73,94	7,17,63	69,41,77	70,69,65
Grand Total	17,84,48	18,19,70	1,81,31,72	18,85,35	15,90,52	18,06,90	1,97,13,98	1,99,20,37

FOOD INDEX (WHOLESALE PRICES)*

(Base: Last week of August 1939=100)

Week ending		Increase or decrease
Average for February 1945 ..	231.4	—2.2
Average for March 1945 ..	234.9	+3.5
Average for April 1945 ..	233.7	—1.2
Average for May 1945 ..	234.2	+0.5
Average for June 1945 ..	234.1	—0.1
7th July 1945	234.2	+0.0
14th July 1945	234.2	+0.0

*Issued by the Office of the Economic Adviser to the Government of India.

INDUSTRIAL PRODUCTION IN INDIA: TEXTILES

	Cotton Manufactures (excluding twist and yarn)		Jute Manufactures (tons in thousands)		Cotton (yards in millions)	
	1943-44	1944-45	1943-44	1944-45	1943-44	1944-45
	(lbs. in millions)					
April	98.35	98.48	402.9	406.0	116.45	90.59
May	96.24	97.98	393.9	409.1	100.41	92.45
June	101.79	97.20	419.5	388.9	98.36	91.07
July	86.89	102.50	325.6	407.7	70.72	75.84
August	99.98	107.37	393.4	434.9	48.85	96.59
September	105.15	97.65	434.9	381.7	63.59	69.11
October	99.43	94.74	395.9	370.0	64.96	96.51
November	100.87	102.33	392.0	393.8	91.84	93.70
December	91.29	109.46	358.9	388.3	63.34	65.84
January	97.79	..	409.4	..	80.49	..
February	98.23	..	378.3	..	77.85	..
March	100.69	..	430.9	..	86.64	..

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities		Market	Unit	This week Rs. a. p.	Last week Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	8 11 0	8 10 0
	Superior	..	..	8 15 0	8 14 0
	Ready	Lyallpur	..	9 2 0	9 1 6
	Red	Hapur	..	10 4 0	..
	Dara	Cawnpore	..	12 5 0	..
	..	Calcutta	..	10 7 0	..
2. *Rice	Punjab Basmati New	Amritsar	..	23 0 0	23 0 0
	Punjab Basmati Old	..	..	24 0 0	24 0 0
	Punjab Basmati Sela	..	..	22 8 0	22 8 0
	Parmal	..	..	19 8 0	14 8 0
	Sona	..	..	16 8 0	16 8 0
	Begami	..	..	13 6 0	13 4 0
	Jhona	..	..	26 10 8	26 10 8
	Common Bksf	Cawnpore	..	11 12 0	11 12 0
	Medium Grade	Calcutta	..		
3. *Linseed	Ready Bold	Bombay	..	13 12 5	14 15 6
	,, Small	..	..	13 8 0	14 12 7
	,, Bold	Cawnpore	..	8 0 0	8 0 0
	,, Small	..	..	8 0 0	8 0 0
	,, ,,	Calcutta	..	16 2 8	12 8 0
4. *Mustard	Yellow	Cawnpore	..	..	to 13 0 0
	Black	..	..	12 9 6	12 0 0
5. *Groundnuts	Kamel (Coromandal)	Madras	..	..	10 0 0
	Karnels	Bombay	..	..	..
6. *Potatoes	Desi	Cawnpore	..	13 0 0	14 0 0
	Pahari (Haldwani)	..	..	416 0 0	414 0 0
†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	0 12 10	0 12 10
7. †Cotton (yarn)	No. 10½s,	..	per lb.		
	No. 20s.	..	..	1 1 0	1 1 0
9. †Cotton (piece-goods)	Long cloth (std. quality)	..	..		
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 lbs.)	..	..
	Lightnings (Mills)	..	..	79 0 0	79 0 0
11. †Jute (bags)	B. Twills (2¼ lbs.)	..	per 100 bags	74 0 0	74 0 0
12. †Jute (cloth)	Hessian cloth 8os.	..	per 100 yds.		
	Hessian cloth 10½ oz.	..	..	65 4 0	65 4 0
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 lbs.)	22 0 0	29 0 0
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	29 0 0	22 2 0
	Goat skins (good quality)	..	..	82 0 0	..
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	170 0 0 to 190 0 0	150 0 0 to 190 0 0
	Goat skins	..	..	1 9 0 to 1 13 0	1 9 0 to 1 13 0
16. †Shellac	T.N.	Calcutta	per md.	2 12 0 to 3 2 0	2 12 0 to 3 2 0
17. †Kerosene Oil	Superior	..	per tin of 4 gallons	71 0 0	71 0 0
18. †Coal	Selected Jharia A	..	per ton f.o.r.	5 1 3	5 1 3
19. †Cement	Indian	..	full wagon load of 16½ to 23 tons	13 5 0	13 5 0
20. †Coffee	Plantation A	Mangalore	per cwt.	68 12 0	68 12 0
21. †Tea	Indian market	Calcutta	per lb.	138 0 0 to 139 0 0	138 0 0 to 137 0 0
22. †Sugar	First Crystals	Cawnpore	per md. (ex-factory)	0 14 10 to 16 12 6	0 14 2 to 16 12 0
23. ‡Oils—Linseed	Ready	Bombay	per quarter	13 0 0	..
Castor	..	..	..	10 14 0	..
Copra	..	..	..	10 6 0	..
Groundnut	..	..	..	10 10 0	..

†Marketing Adviser's Report (weekly), July 21, 1945.
‡The Times of India, July 17, 1945.

*Indian Trade Journal, July 19, 1945.

COTTON STATISTICS
A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)	July 62, 1945	July 19, 1945	NEW YORK (Cents per lb.)	July 26, 1945	July 19, 1945
Futures:			Futures:		
July 1945	419	418½	Oct. 1945	22.70	22.95
Sept. 1945	431¾	428½	Dec. 1945	22.70	22.99
			Jan. 1946	22.67	2.96
			March 1946	22.71	22.98
Spot:			Spot	23.26	23.39
Jarilla F.G.	417	411	May 1946	22.70	22.97

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

	Week ending July 14 1945	Week ending July 7 1945	This season 1944-45	Last season 1943-44
Receipts at Bombay	38,726	10,742	1,945,079	1,704,706
Receipts at Karachi	7,157	7,623	1,058,877	903,993
Total bales ..	45,883	18,365	3,003,956	2,608,699
Exports from Bombay	1,227	..	147,398	162,046
Exports from Karachi	..	35,000	890,000	811,000
Total bales ..	1,227	35,000	1,037,398	973,046

SUGAR POSITION—SEASON 1944-45

(Figures in tons)

Producing Areas.	Production up to 15-7-45.	Dispatches during the period 8-7-45 to 15-7-45.	Progressive total of dispatches up to 15-7-45.	Percentage of progressive dispatches to production.	Balance stock as at close of 15-7-45.
U.P. ...	5,31,967	12,537	3,21,119	60.4	2,10,848
Bihar ...	1,70,484	4,106	84,004	49.3	86,480
Bombay ...	74,933	1,796	49,503	66.1	25,430
Madras ...	49,128	1,061	32,651	66.5	16,477
Punjab ...	8,248	11	6,120	74.2	2,128
Bengal ...	11,986	296	9,437	78.7	2,549
N.-W.F.P. ...	4,127	94	2,933	71.1	1,194
Orissa ...	2,556	92	1,632	63.8	924
Indian States ...	1,14,875	2,541	83,344	72.6	31,531
Total ...	9,68,304	22,534	5,90,743	61.0	3,77,581

Note:—Balance stock of 1942-43 and 1943-44 season's sugar as at close of 15-7-45 was 1,845 tons
(2) Production returns have not been received from 4 factories.

D—Prices

INDIAN STOCKS AND SHARES

	31-7-45 Rs. a. p.	24-7-45 Rs. a. p.
GOVT SECURITIES:		
3¾% (1948-52) (98)	..	..
3% (1945) (100)	..	..
3% (1952-54) (98½)	101 6 0	101 8 0
3% (1960-68)	98 7 0	98 7 0
3½% G.P. Notes	101 14 0	102 6 0
4% (1960-70)	..	..
4½% (1955-60)	117 2 0	117 0 0
5% (1945-50)	100 14 0	100 14 0
Calcutta		
3% Loan (1945-52)	..	..
3% Vic. (1957)	..	100 7 0
3% Loan (1953-55)	..	100 4 0
3½% G.P. Notes	..	..
4½% (1955-60)	..	117 3 0
5% Loan (1955-60)	..	..
TEXTILES: Bombay		
Ahmedabad ...	412 8 0	400 0 0
Bom. Dyeing (250)	1957 8 0	1971 4 0
Central (10) ...	384 0 0	392 8 0
Century (100)	910 0 0	910 0 0
Colaba (10)	227 0 0	232 0 0
Ind. Bleaching (10)	171 0 0	169 0 0
Kohinoor (100)	609 8 0	620 0 0
Phoenix	651 4 0	620 0 0
Sholapur (1,000)	7800 0 0	6975 0 0
Simplex	302 8 0	298 8 0
Swadeshi (100)	548 0 0	548 8 0
Vishnu (50)	500 0 0	493 12 0
Finlay (100)		298 8 0
Swan (100)		320 0 0
Morarji (100		755 0 0
New Great (100)		393 0 0
Apollo	.. ..	...
Sassoon Ordy.	..	14 11 0
Sassoon Defd.	...	3 1 0
Poddar		337 8 0
Calcutta		
Calcutta		
Ben. Nav. (10)		
Cawn. Tex. (2-1/2)	13 6 0	13 8 0
Dunbar (100)	343 0 0	345 0 0
Kesoram		20 0 0
Elgin Mills (10)	69 8 0	70 4 0
Muir Mills (50)	...	...
New Victoria (2-1/2)	8 5 0	8 5 0
Basant	.. ..	...
Madras		
B. & C. Ord. (100)	363 0 0	350 0 0
Bang. Wool (100)		478 0 0
Pankaja (100)		272 0 0
Cambodia (100)	31 4 0	
Coim. Spng. (50)	169 0 0	
Sitaram Spng. (50)		176 0 0
Vasantha (100)	310 0 0	305 0 0
Madura (15)		77 4 0
Lakshmi Old (50)	184 0 0	
Sharda (100		
Lahore		
Ajudhia	7 1 0	7 1 0
Cawn. Tex. (2-1/2)		
New Vic. Ord. (2-1/2)		
New Vic. Pref.		...
Raza Tex. (10)	74 8 0	
JUTE: Calcutta		
Alliance (100)	765 0 0	761 8 0
Anglo-India (100)	541 0 0	532 0 0
Barnagore	282 0 0	
Birla (10)	53 8 0	
India (786)	783 0 0	786 0 0
Champdany (100)	291 0 0	295 0 0
Ganges (300)	680 0 0	675 0 0
Bally (100)	430 0 0	420 0 0
Budge Budge (100)		615 0 0
Cheviot (100)	393 0 0	
Howrah (10)	97 3 0	96 4 0
Kamarhatty (100)	826 0 0	797 0 0
Kanknarrah	691 0 0	698 0 0
National (10)	37 6 0	37 8 0
Orient (100)	321 0 0	323 0 0
Presidency (5)	15 4 0	15 11 0
Nuddea (50)	146 8 0	149 8 0

Hyderabad quotations for 23-7-45.

	31-7-45 Rs. a. p.	24-7-45 Rs. a. p.
TATA SHARES: Bombay		
Chemical (10)		20 6 0
Oil		77 0 0
Power (1,000)	1892 8 0	1900 0 0
Hydro (100)	204 0 0	203 0 0
Steel (Ord.) (75)	408 0 0	424 8 0
Steel Pref. I (150)	225 0 0	225 0 0
Steel Pref. II (100)	167 8 0	167 12 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com.		13 10 0
Braithwaite (10)	15 3 0	13 10 0
National Iron (10)	12 1 0	
Steel Cor. Ord. (10)	34 9 0	34 10 0
Steel Corpn. Pref. (10)		
Jessops Ord. (10)	25 10 0	27 6 0
Kumardhubi (10)	12 2 0	12 12 0
Bhartia Elec. (10)	..	..
Ind. Iron	42 13 0	42 9 0
COAL: Calcutta		
Amalgamated (10)	59 4 0	
S. Karanpura	37 11 0	36 6 0
Bengal (100)	770 0 0	775 0 0
Bhalgora	23 4 0	22 8 0
Burrakur (10)	46 3 0	46 6 0
East India (£)	44 2 0	44 13 0
N. Damuda (1/2)		
Equitable	73 8 0	
Standard (10)	46 11 0	47 4 0
Ghusak and Musilia	16 15 0	17 3 0
Kuardi		...
New Beerbhoom	47 15 0	48 11 0
Raneegunge	65 14 0	67 12 0
Dhemo Main	32 6 0	29 11 0
SUGAR: Calcutta		
Buland	42 12 0	42 12 0
Bairampur (10)	17 15 0	18 6 0
Samastipur		
Belsund (7½)		21 12 0
Carew (10)	30 0 0	30 9 0
Murree Brewery (5)		
New Savan (10)		
Ram. Cane Ord.	21 11 0	19 15 0
Lahore		
Pun. Sugar (100)		
Gokulnagar Ordy.		
Murree Brewery (5)		
Jagjit		25 8 0
Jaswant		
Madras		
Mysore (10)	59 8 0	
Deccan (10)	31 4 0	30 12 0
Deccan (25)	75 8 0	75 8 0
Travan. Sugar (7)	17 4 0	15 12 0
South India (10)		
PLANTINGS: Madras		
Cochin Malabar (3)	19 5 0	18 13 0
Chembra Peaks (2)	10 4 0	9 15 0
Woodlands (10)		12 8 0
Thirumbadi (1)		4 8 0
Travn. Rubber		
TEA: Calcutta		
Bishnauth (10)		
Cen. Cachar (100)		
Tezpore (10)	23 12 0	
Eastern Cachar	13 4 0	
East India	20 4 0	19 6 0
BANKS & INS.: Bombay		
Central (5)	86 4 0	87 0 0
Imperial F.P. (500)	2,225 0 0	2,195 0 0
Imperial P.P. (125)	560 0 0	550 0 0
Reserve (100)	142 0 0	142 4 0
India (50)		196 0 0
New Ind. In. (15)	83 8 0	84 0 0
Lahore		
United Com. (50)	79 0 0	77 8 0
Hind. Com. (50)	55 4 0	
Pun. Na. P.P. (50)		
Pun. No. F.P. (100)		
Bharat Bank Pref.		
New Bank A		
New Bank B		

	31-7-45 Rs. a. p.	24-7-45 Rs. a. p.
New Bank of La. B	...	...
Oriental ...	...	...
MISC.: Bombay		
Ajmer ...	15 1 0	15 1 0
Assct. Cement ...	209 8 0	212 0 0
Bom. Sub. (100) ...	.	215 0 0
B.I.C. ...		1 12 0
Alcock ...	425 0 0	431 4 0
Belapur (Sugar 150)	220 0 0	223 0 0
Bom. Bur. (50)	532 8 0	532 8 0
Bom. Bur. N. (50)	195 0 0	193 12 0
Bom. Steam (250)	618 12 0	631 4 0
Bom. Tram	148 0 0	147 4 0
Bombay Petrol	6 1 0	6 1 0
Scindia Steam	36 13 0	37 13 0
Shivarajpur (50)	52 8 0	57 8 0
And. Val. (1,000)	1820 0 0	1,810 0 0
Indian Iron (10)	42 4 0	42 9 0
Indian Copper (25)	3 5 6	3 7 0
Prem. Const. (30)	212 0 0	215 0 0
Burma Corpn.	5 11 6	5 13 0
Calcutta		
Bengal Paper (25)		
I.P.P. (100)		
Shree Gopal (10)		
Sta: (10)		
Star (10)		
Titaghur	32 9 0	32 12 0
Ind. Cop (25)		3 9 0
Cons. Tin		3 13 0
Burma Corpn.	5 11 0	5 12 0
As.-Ben. Cem. Ord.		20 1 0
Aluminium Corpn.	16 12 0	17 6 0
Rohtas Industries		
Br. Bur. Petroleum	6 3 0	6 2 0
Midna Zamindari	199 0 0	201 0 0
Ben. Navigation		...
Dalmia	17 4 0	17 10 0
Lahore		
Indian Iron		42 10 0
Dharangdhara		480 0 0
Rampur Distillery	10 14 0	
National Saltpetre	7 2 0	
North India Oil		
Shree Gopal (10)		
Star (10)		
Kayee Glass		
Kaycee Industries		91 0 0
Jagatjit Distillery	8 0 0	8 1 0
Hind. Motors	4 0 8	
Delhi		
Rampur Maize	45 0 0	45 7 0
Rampur D.et.	16 8 0	16 13 0
Un. Com. (50)	78 0 0	78 0 0
Dharangdhara (x d)	490 0 0	495 0 0
Bharat Bank ord.	102 0 0	102 0 0
Gwalior Brewery	18 8 0	
Raza Tex. (10)	74 8 0	75 0 0
Cawn. Tex. (2-1/2)	13 4 0	14 0 0
Hind. Com. Ba. (50)	56 0 0	55 0 0
Delhi Flour	15 12 0	16 0 0
Amrit Ordy.		13 8 0
Amrit Pref. I		13 6 0
Amrit Pref. II		...
Delhi Cloth Mill	124 0 0	125 0 0
Buland Sugar	43 0 0	43 0 0
Raza Sugar		..
Cent. Dist.	19 0 0	20 0 0
Hyderabad		
Hy. Bank (O.S. 50)	53 0 0	
Azamjah: (O.S. 100)	670 0 0	
Hy. Spg. and Wg. (B.G. 2000)		..
Osmansahi (BG 100)	324 0 0	
Nizam Sugar Ord. (O.S. 25)	85 0 0	
Che. & Fer. (O.S. Pref. (O.S. 25(50)	47 8 0	
Hy. Cen. (O.S. (100)	368 0 0	
Hy. Iron & Steel (O.S. 10)	9 0 0	
Singareni (B.G. 10)	19 8 0	

COMPANY DIVIDENDS TEA

Names of Companies	Amount per Share	Date of Meeting or Payable on
Amluckie Tea Co., Ld. (Ord.) ..	Rs. 8	26-7-'45
Amluckie Tea Co., Ld. (Pref.)	Rs. 18-13 4d%	26-7-'45
Baghmari Tea Co., Ld. ..	Re. 1	26-7-'45
Borahi Tea Co., Ld.	As. 12	26-7-'45
Choonsshrutti Tea Co., Ld. (Ord.) ..	Rs. 40 (f)	9-8-'45
Dayjmara Tea Co., Ld.	As. 4	23-7-'45
Engo Tea Co., Ld.	Rs. 7-8	3-8-'45
Hasimara Tea Co., Ld. (Ord.)	Rs. 3-8 (f)	10-8-'45
Hattikhira Tea Co., Ld.	Re. 1	31-7-'45
Murphulani (Assam) Tea Co., Ld. (Prefd. Ord.)	Rs. 1-8	..
Murphulani (Assam) Tea Co., Ld. (Ord.)	Re. 1	..
New Chumta Tea Co., Ld.	Rs. 7 (f)	19-7-'45
New Dooars Tea Co., Ld. (Ord.)	Rs. 70 (f)	..
Roopacherra Tea Co., Ld.	Re. 2	26-7-'45
Sarugaon Tea Co., Ld.	Rs. 3 (f)	19-7-'45
Seajuli Tea Co., Ld.	Rs. 2 (f)	9-7-'45
Soom Tea Co., Ld.	As. 12 (f)	30-7-'45
Sungma Tea Co., Ld.	As. 11-1.5	26-7-'45
Teloijan Tea Co., Ld.	As. 10	26-7-'45
Tongani Tea Co., Ld.	Rs. 1	26-7-'45

COMMODITY MARKET

MADRAS, July 28, 1945.

Groundnuts

THE groundnuts market ruled very firm. The British Ministry of Food bought a fair amount of stock early in the week at £.35. Further offers made at the close of the week by the exporters at £.36 have been rejected. Firms were good buyers and business has been done up to Rs. 83 as against the closing of last week at Rs. 76. There has been no business for Bengal since local prices were higher than in Calcutta. The oil market did not follow the tendency of the seeds market but remained steady at Rs. 170 for ready and Rs. 174 for forward.

Piece Goods

The supply position in the Piecegoods market has considerably improved in the past fortnight. The alotment for May for the South deficit zone was about 3,450 bales out of which over 3,000 bales have been received. Thus during the past four weeks nearly 6,000 bales have arrived in this zone. Out of this nearly 750 bales are intended for the City. Besides this, the mills in the Province have also released their quota of goods which may be estimated at 150 bales. In spite of such large arrivals, scarcity has been felt at the retail shops. Reports from the districts tell the same story. This has been due to bad retail distribution, corruption and appearance of black market. The Textile Commissioner for India has given an additional allotment of 500 bales for the West Coast to meet the special demands for the Onam. It is hoped that this will be followed in the case of other important festivals like Deeepavali.

HAPUR, August 1, 1945.

Grains And Pulses

Prices of all grains and pulses except of Peas and Arhar maintained quiet tendency. Arrivals were insufficient even for local consumption. Arrangements for imports of wheat from other places are being made to strengthen the local wheat position.

The All-India wheat production last year was computed at 9,68,00,000 bags and 1,10,00,000 bags of wheat were imported from overseas. This year the out-turn of wheat is estimated at 10¼ crore bags, so keeping all the things in view, about 50|60 lac bags of foreign wheat would be required to meet the country demand.

The surplus wheat stock in the Punjab is put at 75 lac bags and the Government have fixed export quota at 70 lac bags. The traders opine that the export quota should be reduced to 60 lac bags to maintain the position of the province. Traders are anticipating further firmness in prices.

Gur

Market ruled barely easy on quiet demand. Arrivals averaged 60 maunds daily.

Guwar

The local Guwar market during the early days of the week ruled easy on speculators' unloading but towards the close prices continued to soar up owing to renewed buyings following confirmatory reports that the U.P. Government would not suspend forward trading of Guwar. The future tendency of the market appears to be easy as the provincial Government have banned the exports. The standing crops are progressing under ideal weather conditions.

The following are the latest quotations and stock figures of various local commodities against those of last week in brackets:—

Wheat: Rs. 10|4 (Rs. 10|4) Stock 52 Khattis. Gram: Rs. 8|14 (Rs. 8|14). Peas: Ready Dara Rs. 8|- (Rs. 7|9|9). Khatti Old Rs. 6|9 (6|7), New Rs. 7|7 (7|6); Stock 99 Khattis (99 Khattis). Arhar: Ready Dara Rs. 7|6 (Rs. 7|6), Khatti Old Rs. 6|12 (Rs. 6|10), New Rs. 7|8 (Rs. 7|6), Stock 86 Khattis (86Khattis). Gur: Rs. 10|4 (Rs. 10|6). Guwar: Magh Rs. 7|3|3 (Rs. 7|2|6).

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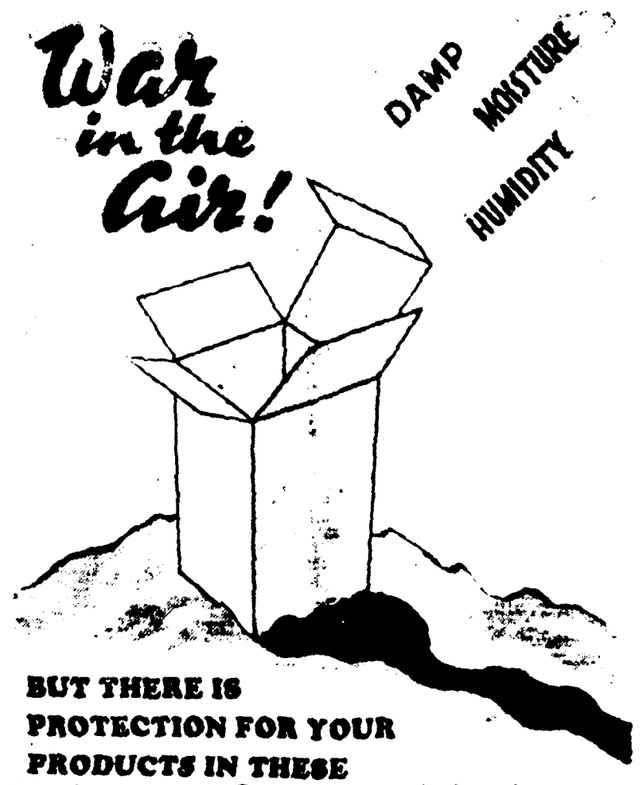
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The Future of Germany

THE *raw deal met out to* Germany at Potsdam has been received here with mixed feelings. There is universal regret that this the most vigorous section of the Teutonic race is reduced to a purely pastoral community. On the other hand, it is felt that a country, whose *madness for power has caused two world wars,* does *not deserve a better fate.* It is realized that the shrewd and cunning diplomacy of the Western Powers have been powerful contributory causes of war, but in spite of it all, the guilt of Germany remains clearly proved. But guilt or *no guilt, she* is a defeated party, and the victors are determined to see that she does not rise again to disturb their supremacy. For this purpose, it is essential to kill her immediately and outright as an economic power. Her industrial equipment is to be bodily removed. Her external resources are to be confiscated and her internal economy thoroughly decentralized. All this is done to secure the peace of the world and *incidentally* the elimination of an economic rival.

In order to realize fully the economic implications of the Potsdam agreement, Germany's position in the pre-war European economic system ought to be fully understood. Europe, excluding Russia, accounted for over a third of total world trade. Not taking into account *the heavy intra-European commerce,* it was the world's *most important* trading area, covering nearly a quarter of the foreign trade of Britain and U.S.A. Germany was the pivot of this whole system. In figures, she covered nearly one-fourth of both Europe's total and external trade; but *from an economic* point of view, her contribution to the generation of multilateral trade was certainly more substantial. She was the third world trading nation with France following a long way behind. Her deindustrialization is, therefore, bound to act as the most powerful deflationary force on world trade, prosperity and standards of living. It will constitute a source of persistent disturbance to a stable economic equilibrium. It will, therefore, constitute a danger to world peace. The Allies will have to govern Germany permanently as a colony to keep it as a purely agricultural state.

Assuming this a possibility, how does it work out? Pre-war Germany with a population of nearly 70 million, produced no more than 83 p.c. of her food requirements, and this with a highly developed fertiliser industry. A heavy input of artificial fertilisers—130 kg. per hectare—was the main cause of heavy yields. But its fertilisers were a by-product of the iron and steel industry. Most of the basic slag, from which the phosphate manure was made, came from the iron and steel industry, so also the nitrogenous fertilisers. The supply of the latter was considerably supplemented from German synthetic plants. In the deindustrialization programme, all this will go. Yields will go down. German agriculture will suffer another way also. The high industrial demand was the prime cause of German agricultural prosperity. With its cessation, de-

pression will set in. And then at the top of it all, the only surplus area in Germany is to be lopped off and passed on to Soviet Russia. How then is Germany to live? She must import. She will be pemitted essential imports, for which also she must pay. But how is a deficit agricultural country to pay, when all her industrial equipment is removed and she is forbidden to industrialize? Obviously, the economic complications arising out of the execution of the Potsdam economic policy will be at least as serious as the financial complications of Versailles. It will frankly come to this: If the Allies feel that world peace can only be secured by reducing Germany to an agricultural state, then they will have to pay for it by supplementing German food resources from their own; or otherwise, the simple political consequence of the Allied economic policy will be the bolshevization of Germany, for which political conditions seem to be already ripe. A highly vigorous and resourceful community living on short rations will not take long to embrace communism.

It is consequently essential that the full economic consequences of Germany's forced impoverishment ought to be fully realized. German industry proper, apart from handicrafts, was responsible for more than half its national income. Out of a total national income in 1939 of Rm. 64.9 milliards, industry proper contributed no less than Rm. 34.2 milliards in net output values. With deindustrialization, not only will this income disappear, but such auxiliary occupations as trade and transport will languish and lose their income-generating capacity. Services, which absorbed 17 p.c. of the occupied population, will now maintain very much lower strength. It is only an industrial state, which requires and can maintain highly organized, well paid, well-staffed administrative services. How will a purely agricultural Germany maintain its population? Agriculture in pre-war Germany, inclusive of forestry and fisheries, was able to maintain less than 4 million. If we add to this the farmers' family dependents, it comes to not more than 8 million out of a population of nearly 70 million. How do the Allies propose to crowd all these people on the land? The Germans are certainly not quiet Christian lambs, who will allow it to be done; or will submit to it for long.

But then there is a ray of hope. The Allies are not breaking up German economic unity. They are only removing German equipment just as the old conquerers removed gold. They are of course determined to prevent the development of war potential, but they do not intend to govern Germany for ever. Besides fraternization, which will work wonders in its own way, they have permitted local autonomy and will presently associate the Germans, of course in a subordinate capacity, in the working of economic controls. A responsible German administrative machinery will be created. There will be, for the time being no central government, but there will be central departments with state secretaries for finance, transport, communications, foreign trade and industry. There will thus be a central government in all but name. As a long term policy, the Allies have declared that it is not their intention to destroy or enslave the German people. They will be given an opportunity to reorganize their life on a peaceful and democratic basis. If they serve their apprenticeship period in an obedient and disciplined manner, they will ultimately take their due place among the free and peaceful nations of the world. This will, of course, take long, but this much is certain that Germany will rise again. But it is not certain if another Hitler will not threaten the world again; for Hitlerism was a child of Allied diplomacy and Schachtism the direct economic consequence of British commercial policy. Hence, in order to make the world safe for peace, it is not only necessary for Germany to undergo a politico-economic revolution, but for the Allies, too, it is essential to undertake voluntarily a radical reorientation of their political and economic policies, as also to undergo a severe moral transformation. Thus alone can the world be saved, if at all.

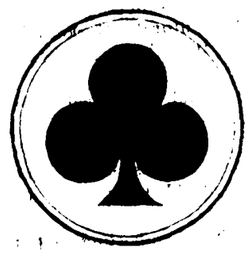
Anglo-American Trade Policies

THE United States Administration under the inspiration of the liberal economic philosophy of President Roosevelt and Cordell Hull, has long been trying to build up a free and multilateral international economic system. The Atlantic Charter breathed this philosophy of economic liberalism. Under Article VII of the Mutual Aids Agreements of February, 1942, the reduction of tariffs and other barriers of trade and the elimination of all forms of discrimination in international commerce were set as goals to be pursued by the United Nations after the war and these in fact were to be regarded as a partial *quid pro quo* for the lease-lend aid rendered by the United States Government to the Allied countries. The British Government was in that stage of war earnestly for all-embracing Anglo-American co-operation and therefore subscribed to these tenets of economic philosophy, although not without considerable mental reservations, as we learnt later on. Mr Churchill later on explained the mental reservation which he held when subscribing to the Atlantic Charter; he explained that the phrase "with due regard to existing obligations" could be interpreted to mean that the obligations under the Atlantic Charter did not quarrel with the obligations under the Ottawa system of imperial preference. In point of fact, while the United States Administration has been busy in evolving international agreements on the scheme of a monetary fund and world capital bank in its effort to build up a universal, multilateral and free international economic system, the British Government has been engaged in negotiating a number of bilateral monetary understandings and thus carving up its own monetary and economic empire standing in rivalry with, if not in supersession of the Bretton Woods universal system. The return of the British Labour Party to power at the General Election has only added to the ambiguities surrounding the prospects of Anglo-American economic co-operation after the war. Pursuant to the "key nations approach," certain financial circles in the United States have been hitherto advocating substantial dollar loans from the United States to Great Britain in order to enable the latter to rehabilitate her economy rapidly in the interest of general world economic stabilization. Today after the return of the British Labour Party to power, powerful interests in the United States are tending to recile from this policy of enlightened self-interest and are asserting that the United States Government has no business or right to underwrite "British Bolshevism." As Prof. Opie says, "politico-economic organizations and policies in each country must condition the concept of freedom in international trade. By and large the domestic political system must be accepted as a datum in considering what is possible in international trade relations." The British Labour Party is farthest from embarking on any policy of full-fledged socialism. At the same time it is committed to a policy of full employment and sectional nationalization. Undoubtedly, the logic of its economic programme would lead to far reaching economic controls which cannot fail to have a decisive influence on its foreign trade policy. The United States on the other hand will continue to retain for any period which we need visualize immediately, a so-called individualistic system. We need not exaggerate the difference between Governmental totalitarianism and what William Allen White has called "private totalitarianism." Nevertheless there are grounds for the belief that the divergent domestic policies in Britain and in United States respectively will exert inevitable effect on the respective foreign trade policies.

What are the differences in the economic set-up of Great Britain and the United States respectively which would form the primary determinants of their respective foreign trade policies? In one respect at least the United States and Great Britain would be emerging from the war with superficial similarities. Thus, Great Britain which was for long the world's creditor, has come out with a seriously deteriorated position on its international account. It has run through a large part of its portfolio of its overseas investment and at the same time accumulated sterling liabilities to the tune of nearly three billion pounds. The recent revelation by Dr. Harry White in giving testimony before the American Senate Banking Committee that Great Britain had 3,500 million dollars in gold and securities on deposit in the United States show that the British position is less sombre than the worst picture so far painted. But it does not substantially alter the position that she will emerge from the war as a big net debtor. It has only recently been revealed to the lay public, much to their surprise, that the United States also has come out through the war years as a net debtor on international account to the tune of nearly 1.2 billion dollars. However, this superficial resemblance between the emerging international debtor-creditor position of the two countries cannot hide the fundamental difference in their respective positions. Thus it has been pointed out that in the United States balance of payments the accretions to the monetary reserves of foreign countries in the past three years have not fully compensated the drain of their reserves in 1940 and 1941; on the other hand the British balance of payments has been in deficit throughout the war period despite lease-lend aid. Further, the future consequences of these war-time developments are quite dissimilar for the two countries; as has been put, the essence of the British problem will be to restore and expand the productive capacity and to attain an export volume adequate not only to service its large sterling obligations but also to cover its import requirements and meet deficiencies resulting from the impairment of its investment and shipping income. Consequently repayment of the sterling balances will compete with other demands for both scarce goods and scarce foreign exchange. The problem for the United States on the other hand would be almost the obverse of it. Her productive capacity has been nearly doubled in the course of the war and her main preoccupation after the war would be to keep this vastly expanded productive capacity in full-employment. The United States unlike Great Britain would be pressed by the problem neither of scarce goods nor of scarce foreign exchange. While the limitation of the supply of dollar would form a real check and bottleneck for Great Britain and other countries, the United States will rather be faced with *embarras de richesse*. The dollar will remain the strongest currency, in earnest demand throughout the world. The problem for the United States will be rather to build up a sound and sustained basis of payment for the vast exports which she would be in a position and necessity to make. The vast expansion of her industrial capacity has meant a like strengthening of her real competitive position in the world market. Further, as a German study made several years ago developed the existing fact that the bulk of American exports consisted of "dynamic goods" for which international demand was rapidly expanding, while British exports were concentrated in goods which experienced a relatively unfavourable development in world trade.

The cumulative effect of all these differences in the politico-economic set-up in the United States and in Great Britain would mean that the difficulties of harmonizing American and British trade policies would be much greater than we could suspect in the light of the spasm of goodwill and economic liberalism generated by the Atlantic Charter. The United States is not just a country from the point of view of economic power. It is almost half the world, and the instability of domestic economic conditions in the United States would constitute a "prime mover" in relation to world economic development. By virtue of its overwhelming economic power the United States possesses unassailable competitive power in the world market and inescapable responsibility for the steady and orderly development of the world economy rests on her. The fact that Great Britain will from now tend to have a more or less centrally planned economy, at any rate an economy largely directed by the State, and the fact that the United States will continue to have a more or less unplanned economy is bound to raise conflicts in economic policies in the international field. Dr Gunnar Myrdal, the distinguished Swedish Economist, who was deputed to the United States to appraise the future trends, made certain very pessimistic report to the National Economic Society of Sweden and doubted the possibility of establishing in the United States an economic plan capable of fulfilling the optimistic hopes of stabilized full-employment, because political development in America is not likely to be such as to make this planning possible. Other distinguished observers have also come to identical conclusions. We have all to accept, in the context of the American economy, the verdict of the eminent American Economist Summer Slichter that "stability will require that the economy be equipped with powerful stabilizing devises" and "will be achieved only by wise planning." The domestic economic policy which the American Government may pursue and the efficiency with which it would be pursued, will probably be the single most decisive factor in the evolution of the international economic policies of the several countries. On the contrary the British Government by the logic of its economic programme will be forced on increasing economic controls which are bound to extend to foreign trade as well. In this context and background the liberal economic aspirations of the United States Government will remain unattained until it can appreciate the varied economic requirements of the various countries and constructively help them in the manner her vast economic powers allow. It is quite certain that the British Government will not adjust its economic policies simply to make them fit the old tenets of liberalism to which the United States may continue to cling. Consequently, the special problems of post-war Anglo-American competition as well as Anglo-American economic co-operation will have to be viewed afresh by a sympathetic understanding of their respective special problems.

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A Milk Board for Bombay

THE Bombay Government are to set up shortly a Milk Marketing Board for Bombay City and its suburbs. Full details of the scheme are yet to be announced. We are only told that the proposed Board would control all stages of urban milk marketing, such as production, assembling, processing and retail distribution, in order to make available to consumers milk of good quality, at a reasonable price, and in sufficient quantity.

This is not the first time that Bombay City has attempted to organize its milk supply on a satisfactory basis. As far back as in 1920, it was proposed that private capitalists should float a diary company with a paid-up capital of Rs. 10 lakhs. The Corporation was to contribute Rs. 2 lakhs towards capital and also to guarantee for 10 years a return of 5½ per cent. on the capital invested. In return, there was to be on the Board of Directors two municipal councillors and the Municipal Dairy Expert as ex-officio director without a vote. Further, the Corporation was to have the right to buy up the concern, the option being exercisable every ten years. The company, for its part, was to organize the production of milk in rural areas in the neighbourhood of Bombay, and to undertake to supply the city 300 gallons (about 37 maunds) per day within one year after the payment of the municipal contribution. Later, another scheme was put forward before the Corporation and examined by it. This time the proposals were that the company should supply a minimum quantity of 10,000 lb. of milk per day. The milk was to be tested by the Corporation and only that with 6 per cent. fat and 8 per cent. solids not fat was to be passed for sale. For milk thus certified the company would receive a subsidy of 1 pice per lb., during the first year only, the aggregate amount of the subsidy being limited to Rs. 57,000. There was also a third scheme submitted by the Bombay Co-operative Milk Union, which offered to work on a subsidy basis. This scheme provided for the erection of cattle stables on a 200 acre plot of land in the suburbs, out of which 185 acres were to be reserved for pasture. The milk was to be chilled at site to prevent detrioration, transported to Bombay in motor lorries twice a day, pasteurized, and sold in sealed bottles at 4½ annas per seer.

All these schemes were diligently investigated by the Corporation, but, nothing tangible came out of any of them, largely because the capitalists, who had to find the money, felt that the projects were not likely to be sufficiently remunerative, and that the subsidies and other concessions offered by the Corporation were not adequate as safeguards. In this they were right, for while the milk they had to supply would be controlled in quality and price, no assurance was forthcoming that there would not be unfair and uneconomic competition from the city *gowalas* and distributors.

More recently, an admirable attempt was made to approach the problem of urban milk supply in general from an entirely different angle. We are referring here to the proposals in the Report on the Marketing of Milk by the Agricultural Marketing Adviser. The salient features of the scheme are as follows:

(i) No milk should be allowed to be produced within urban limits.

(ii) The urban centres should draw their supplies of milk from the neighbouring rural areas.

(iii) The right of importing and distributing the milk in an urban centre should be vested exclusively in a duly authorized marketing organization.

(iv) The retailing of milk should be through the existing channels, viz., halwais, dairies, etc., but these should be licensed and should obtain supplies in wholesale exclusively from the marketing organization.

The implications of the above recommendations may be discussed briefly. The first two aim at putting an end to the sorry state of affairs, which now pevail in all cities and big towns, where milk is produced in city stables under the most unhygienic and uneconomic conditions. By prohibiting the urban production of milk, a profitable market would be guaranteed to the neighbouring rural areas, where dairying can be carried on to the best advantage as an integral part of agriculture. Such a development would have the effect of putting an end to the uneconomic exploitation and premature slaughter of milch cattle, effect a marriage between arable and animal husbandries, improve the fertility of the soil through mixed farming, give a definite impetus to live-stock development and high intensity agriculture, and raise rural incomes by providing the farmer with a most remunerative subsidiary occupation and creating additional employment opportunities in the agricultural industry. From the point of view of the consumers too, the proposed system would have the immense advantage of promoting dairying in the rural areas, where the most economic conditions of production prevail, and thereby leading to a reduction in milk prices.

The third and the fourth recommendations would seek to create a central organization, operating over a sufficiently large field, which could command the resources needed to assemble, transport, process and distribute milk on modern, hygienic lines at minimum cost. Marketing costs would be less because bulk handling would be made possible. Quantity control would be easier because a central distributing organization could afford to maintain supervisory agencies at every stage of the milk's journey from the cow to the consumer.

In the Marketing Report are also worked out the financial details of the scheme. It has been estimated that for an organization handling 1,000 maunds of milk per day, Rs. 3 lakhs would be required by way of capital outlay on land, buildings, machinery and equipment, and another Rs. 1½ lakhs as annual working expenditure. This at pre-war price levels. Now, of course, the scheme would cost more. Account has also to be taken of the fact that actually the big cities consume much more than 1,000 maunds of milk per day. For instance, even in 1935, when Bombay City had a much smaller population, the daily consumption of liquid milk alone was about 3,750 maunds, while the total daily consumption, in terms of liquid milk, of all dairy products was as much as 14,000 maunds. A Milk Marketing Scheme for the City of Bombay would therefore need much more than a capital of Rs. 4½ lakhs. But, finance need not prove a bottle-neck for a scheme as comprehensive as the one discussed above. A joint stock company might be floated, and preferential allotment of shares might be extended to interests adversely affected by the scheme, such as urban producers and wholesalers, and owners of city stables. If sufficient private capital were not forthcoming, the Corporation, either alone or jointly with the Provincial Government, might provide the necessary finance. Even otherwise, it would be desirable for the Corporation to have a sufficient financial stake in an enterprise of this sort so that it might have powers of direction and supervision, and also to reserve the right to take over the company. In advanced countries, milk supply is regarded to be as much a responsibility of the civic body as water supply.

The Report on the Marketing of Milk was first published in December, 1940. The scheme for organizing urban milk supply, propounded in it, has been before the Provincial Governments for the last four full years. It is unfortunate that no effort has been made to try this scheme, at least on an experimental basis, at select centres. Had this been done, a means might have been found, perhaps, for tackling better the break-down in milk supply, which many cities and towns have been experiencing since 1942. Nevertheless, it is commendable that now at least the Bombay Government have come forward to organize Bombay City's milk supply on a scientific basis. We do not know whether they have a scheme of their own, or whether they would follow, in the main, the scheme outlined by the Report on the Marketing of Milk. At any rate, their choice of a special officer to organize the Milk Marketing Board has fallen on a senior officer of the Central Agricultural Marketing Department, who was prominently connected with the preparation of that Report. We congratulate the Bombay Government on their latest piece of progressive state activity. They already have the honour of pioneering other bold and beneficent programmes of urban milk supply.

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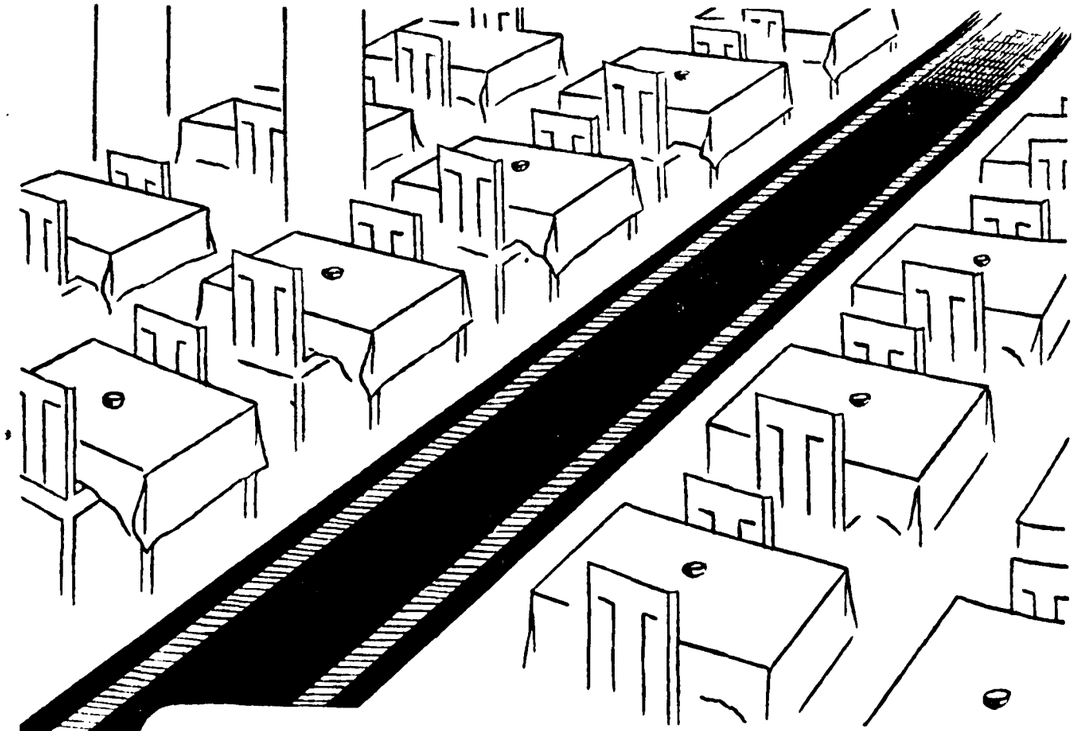
Letters have been posted to the existing shareholders in accordance with the provisions of the Indian Companies Act, 1913, and the form of application and also the letter of renunciation have been issued to the shareholders. The offer to the shareholders will be remain open up to 15th August 1945 and the Directors reserve to themselves the right to dispose of the shares after that date in any manner they think fit.

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The Week's Notes

EMPIRE DOLLAR POOL

It is well that Sir Badridas Goenka as the authoritative voice of the Indian commercial community, has again made a most earnest plea for the immediate dissolution of the Empire-Dollar Pool which is long overdue. The Empire Dollar Pool was instituted at an early stage of the war in order to husband the empire's dollar income to the best advantage of the empire's war effort. Today with the defeat of Germany and the proximate prospect of the defeat of Japan, particularly with the entry of Russia, conditions have entirely changed. The dollar position has very much improved meanwhile. Thanks to the increasing volume of imports to meet the giant war requirements of the United States Government and also thanks to the vast expenditure by American troops abroad, the dollar resources of the various countries in the world have increased beyond measure, until to-day the United States has a debit balance of 1.2 billion dollass in its total International accounts. It has also been revealed by Dr. Harry White in giving testimony before the American Senate Banking Committee that Great Britain has now more than 3,500 million dollars in gold and securities on deposit in the U. S. A. Under these circumstances the continuance of the Empire Dollar Pool can no longer be considered valid by any stretch of reasoning. The charge now is that the British Government despite the completely altered exchange situation, is clinging to the Empire Dollar Pool Scheme in order to advance its own post-war commercial prospects by strangling at source the supply of dollar to the countries which lie within her grip by virtue of membership in the *sterling bloc*. In fact as Sir Badridas quoted Representative Emmanuel Celler, the continuance of the Empire Dollar Pool is "one of the gravest examples of the misuse of the sterling bloc by England." Of course, it is not demanded that Britain should immediately put at our disposal the whole of the dollar income which we have earned during the war and which has been sterlingised through the Empire Dollar Pool Scheme. For as Mr. A. D. Shroff has pointed out India could not possibly absorb all at once goods worth 4,500 million dollars. The "modest scheme" made is that the sterling *bloc* should be discontinued forthwith and perhaps about 80 to 100 million dollars a year be placed at India's disposal to enable us to attain our minimum primary rehabilitation objectives. So far as is known, India has been allocated yearly 20 million dollars for 1944 and the programme for 1945 is hardly better. This is acting as the single greatest bottleneck in inhibiting all efforts made by Indian Industrialists to assess the possibilities of implementing long-range plans for our industrial development. The proportion of dollars allocated to us so far is quite niggardly when compared with our contribution to the Pool and all that we demand is that we should be given our rightful share of the Empire Dollar resources. The reason why dollars are so essential to our developmental plans is that Britain cannot supply the whole of our requirements and only America is in a position to supply what we cannot get elsewhere on better terms. The Empire Dollar Pool Scheme has entirely outlived its utility in terms of war effort and there can be no valid reason for its continuance even at this late hour.

MACKAY'S CLEVER PROPAGANDA

Robert Mackay is a clever propagandist. His recent article on "Economic aspect of the charter—Issues of Bretton Woods and San Francisco" is a highly interesting piece of reasoning In a long-winding introduction, he proves that a prosperous world economy is essential to world peace. But then "the key to a prosperous world economy is the restoration of Britain's role" as the greatest international market. The British view on the matter is perfectly logical. "And it is a nice logic, so long as it works in your own favour. How about the countries on which Britain will dump her goods? But they do not hold the key to world prosperity. Mr. Mackay, thinking probably that his logic was a little limping, quotes some American university investigators in support of his views: "Continued close co-operation between the United States and the British Commonwealth is required if the aims of world security and prosperity are to be realized. In order to rebuild her economy, Britain will have to expand her exports very considerably. She will seek world co-operation as her first choice, but in default of it she will have no other course than to fall back on such bilateral agreements as she can negotiate." This is not merely illogical, but it is untruthful. Britain has not sought world co-operation as her first choice and in default fallen back on bilateralism. Before seeking world co-operation, she has entered into a series of bilateral pacts with countries outside the sterling bloc. She has in a most arbitrary manner committed the whole of the sterling area. She has in effect sabotaged Bretton Woods. It is, therefore a wonder, how these Americans argue: "The influence of British economy on world economy and of world economy on the United States is so great that we should undoubtedly be wise to mesh our economy to hers at least to the extent of avoiding policies which would have a catastrophic effect on British economic well-being." It is really strange that this type of propaganda has succeeded so well with American administration and finance. The American policy thus places dependent countries of the sterling bloc completely at Britain's mercy.

THE FAMINE COMMISSION'S REPORT

The second part of the Famine Commission's Report is now in the hands of the Government and is expected to be released to the Press in about two or three weeks. Broad indications of the problems discussed in this part were given by the Food Member in a recent speech. The report makes a comprehensive survey of the food administration in India during the war and contains valuable recommendations for working out the post-war food policy. Attention is also devoted to that ever-vexing problem of population which is estimated to increase by 100 million or 25 per cent. during the next 25 years. Food supply, diet and nutrition have been considered with special reference to population increase. Agricultural economy has received its share of scrutiny and important problems such as land tenures, agricultural prices, rural credit, rural employment, increased production, application of scientific knowledge and technical aids have been discussed with their bearing on the development of agriculture. The report also deals with State responsibility for providing food to the people. Altogether, the report is expected to contain a mine of information and a rich fund of recommendations. We hope it will maintain a frank and impartial outlook as did the earlier part.

POST-WAR STEEL POSITION

Germany's steel industry will be, more or less, scrapped under the Potsdam agreement. Japan will meet the same fate. The United Kingdom will, for some time at any rate, be hard up for steel for its own reconstruction requirements. India is still a net steel importer. And if our development plans mature, we shall need all the steel that can be obtained internally or externally. Th United States, in anticipation of the post-war boom in steel, have already put into effect a huge expansion programme. Steel plants on the west

coast, such as the large Kaiser plant at Fontana, California, are being expanded. Is India going to stay behind? What are our plans? We must have a definite expansionist steel policy, for steel is the basis of all heavy industry. It is a material of the highest strategic significance. India must be the arsenal of South-East Asia in the post-war period. It is time, not only for a definite policy, but for immediate preparedness to execute it.

ORDERS GALORE FOR BRITISH INDUSTRIES

While the war is not yet over the British industry is already on the switch over to peace production. The immediate shortage of labour, it is understood, is of a temporary character and will be improved as the demobilization plans proceed. The volume of business orders can be understood from the following which however does not cover the entire list. The Turkish State Railways have placed orders with the British industries for manufacturing railway materials to the tune of one million pounds. Tyneside business interests are assured of at least five years of full activity after the complete switch over and this can be understood from the keen competition for the priority of release of skilled and semi-skilled men from the forces. A British firm has secured the contract for a second floating dock at Durban having a lifting capacity of 6,000 tons and requiring 3,000 tons of structural steel work. Invitation has been extended to British manufacturers to participate in a large Australian transport scheme. Car production in Australia is also under plan by several British automobile manufacturers. Now that the controls have been largely relaxed with regard to procurement of materials there may be very quick switch over. Already a start has been made on the construction of passenger cargo liners. Markets in existence in the pre-war days are opening up and light engineering trades are already understood to be forging ahead. Keen competition is evinced by firms in seeking for facilities to meet the demand for their products from home and abroad. No less than forty industrial firms are opening factories for the manufacture of medical supplies, clothing, radio sets and components, plastics, hosiery, and electrical equipment. Some industries like the paint industry are already having far more orders than they can hope with.

While this is the case with the British industries which have certainly seen more havoc done to them than the American industries, we in India, who have been comparatively speaking completely safe from enemy action are still facing several faminal conditions with regard to clothing etc. It is not too early for the Government to see that we do not lag behind in entering the world markets for at least those goods in which we can conveniently establish consumers' good-will.

AMENITIES FOR MINERS

Coal mining industry is India's one of the most vital industries and various schemes are contemplated to attract labour supply to the same. In 1943, when the whole of India's industrial output was threatened by increasing coal shortage, the Central Government was compelled to temporarily lift the ban and permit women to work underground. It was with the same purpose, that the Mines Welfare Advisory Committee proposed to allocate Rs. 27 lakhs for a detailed scheme of 'townships' meant for housing the colliery labour, to which a reference was made in these columns. In a recent meeting held at Dhanbad the Committee have decided to go ahead with the scheme for building housing estates for mines in the Raniganj coalfields. It was decided that instead of giving subsidies from the Welfare Fund to colliery owners to improve existing housing arrangements, which would involve financial and administrative difficulties, a scheme to provide living space of two rooms with front and back verandahs, kitchen, washplace and courtyards, might be undertaken. This would have the psychological advantage of giving a sense of ownership to workers. An anti-tuberculosis scheme for Bengal coalfields, which is to be implemented in three stages is also approved of by the Committee. While this housing scheme when implemented, will mean a general amelioration for miners, it appears that special problems of women (who are responsible for 20 per cent. output) are also given attention to. Compulsory provision of the creches has already been referred to in these columns. By a recent notification, the Government of India have laid down that that 'every woman employed underground shall, on completion of her underground shift be supplied milk.' The quality of fresh milk to be supplied by the mine owner, is not to be less than 8 fluid ounces, while if condensed milk is supplied the quantity should not be less than 15 fluid ounces per head. As a beginning, these measures may be welcomed as doing at least a partial justice in mitigating the adverse conditions of work and living of our coalmining labour.

A QUESTIONNAIRE ON INDUSTRIES

The Provincial Post-War Reconstruction General Committee appointed by the Madras Government has divided itself into a number of sub-committees. The Industries Sub-Committee adopted the procedure of appointing still smaller committees to deal with distinct aspects of the problem. The separate reports submitted by the smaller committees have been consolidated and with the recommendations tendered by the sub-committee to the General Committee. The reports, though valuable so far as they go, are considered to be far from adequate. The Madras Government have therefore circulated a questionnaire among industrial organizations and leading individuals in order to elicit full and comprehensive data on the subject. The questionnaire covers a wide field of inquiry and calls for information on resources, locality, trade, factories, capital, finance, machinery, equipment, technical education, industrial insurance, major industries like textiles, and also cottage industries. A list of 134 industries which can be started or developed in the province is appended to the questionnaire. Business organizations and industrialists will no doubt take advantage of this opportunity to place their views before the Government and supply relevant data.

PUT BACK THE CLOCK, PLEASE

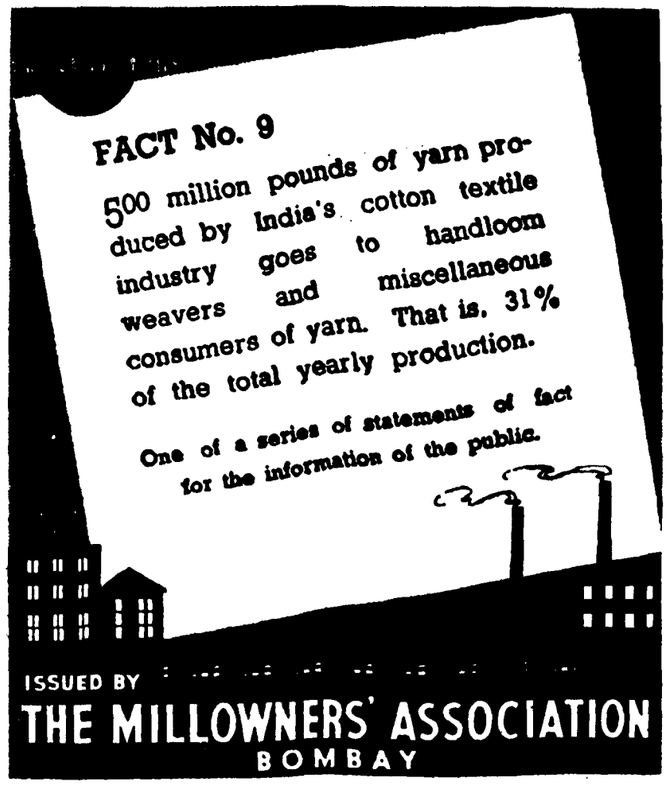
The Indian Merchants' Chamber, Bombay, have recently adressed the Government asking for the restoration of the old Indian Standard Time. It will be recalled that when the Government's decision was taken in 1941 to advance the standard time by an hour the business community as well as the public at large protested against it. Experience has only justified their attitude and a great deal of practical inconvenience has been caused by this innovation. So long as strategic procurements were put forward as a justification, there was, of course, no arguing about it. Now that the war in Europe has ended and the frontiers of Japanese invasion have receded, there is no conceivable ground for persisting in an arrangement which has demonstrably been to the disadvantage of the business community and the public. The Chamber's representation is timely and appropriate, and we hope, will evoke response from the Goverament. It is pertinent here to point out that in Britain the clock has been put back and there has been an end of the "double summer time." When in August 1941, the Government of India made known to the public its decision to advance the Indian Standard Time by one hour, it was pointed out by the Committee of the Indian Merchants' Chamber that the change would greatly inconvenience the commercial community. Later on the experience of the public confirmed this view. Now that London has put back its clock, there is an end of double summer time also.

FOOD PROSPECTS IN EUROPE

Herbert H. Lehman, Director General of the U. N. R. R. A., has given his impressions of the food situation in continental Europe. Lehman spent several weeks in Italy, Greece and Yugoslovia on his way to London to attend the 3rd session of the U.N.R.R.A. council, which opened on August 8. According to him the conditions prevailing in the countries he visited, which are paralleled in almost every other European country, are extrmely serious. While praising the efficient work of U.N.R.R.A. missions and drawing attention to the aid given to the devastated economies by imported supplies and by relief services provided by these missions, Lehman emphasized that a "tightening of the belt all round" will be essential to supply the subsistence needs of Europe during the coming year. We could look foward to an easing of the strain not until the end of the 1946-harvest, and not even then unless there was good weather and restoration of communications.

HOUSING IN MADRAS

The housing problem in Madras has been brought to the forefront with the report of a meeting of the Provincial Post-War Reconstruction Committee. The recommendations of the sub-committee prescribing a floor area of 120 sq. feet for a living room and 320 sq. feet for a family are being criticized as being on the high side. Obviously these plans for construction of dwelling houses are for demobilized soldiers and working class people. But no detailed information is given regarding the ordinary requirements in the matter of design or number of rooms, etc., not even to ventilation and flow of sunlight. One recommendation made however is that as for materials such as are readily available in the locality are to be used. This might very well mean that the type of houses that may spring as a result of the reconstruction plan will be rather out of date and may even consist of mud walls. The City Corporation took up the question of building working class houses sometime ago and suggested construction of working class tenements consisting of a single room of 10" into 12' with a small verandah in the front and a kitchen at the back. For lower middle class people houses with three such rooms were suggested. In the construction of houses for working classes the barrack system has usually been followed though that serves single family houses with separate compounds, etc. have lately been constructed. But generally the single room dwelling places have been favoured. Several suggestions were now coming forward in this matter. Housing accommodation for the working classes has to be adjusted to their special conditions. The joint family system has not gone and this has to be taken note of in building houses. In this context the one room tenement will be entirely unable to meet the requirements of working class life. It has been realized that private persons will not come out for any construction because they will look only to the return on their investments. But when State takes up the problem of providing accommodation for the working classes they should give due consideration to the primary needs of a civic life and should be prepared to construct single family houses with two or three rooms and not the barrack type of common living with single room tenements.



SPECIAL ARTICLE

The Village in the Industrial Structure

IT is one of the most refreshing results of current economic discussion on problems of planning that it is beginning to bear valuable fruit in quarters from which not much has hitherto been forthcoming. It is encouraging to find that one of the most notable contributions that has been made in recent years to the problem of rural poverty in India is a book by an officer of the Indian Civil Service. *"Poverty and Social Change* by Tarlok Singh would be an important book even if it only described the special experience which the author has had in close contact with rural poverty in the Punjab. The introduction and first five chapters contain a vast store of information and close analysis of the problems of agriculture which make this book the most valuable of all recent works on the subject. The solution proposed of joint management may, perhaps, not commend itself to all but it is difficult to see what other solution can be seriously attempted. And so far as agriculture is concerned the author certainly speaks as one having authority. The book is not equally happy when it comes to deal with industry. It is marred by certain facile generalizations in Chapter VI in regard to the place of the village in the industrial struction which may unfortunately detract from the quality of the whole book. It is the purpose of the present article to examine the author's thesis in regard to the role of the village in the industrial structure and to indicate briefly some directions in which it appears to be in error.

The basis of the argument in relation to village industries is that there should be a new integration between our rural and industrial economy, jointly managed villages playing an important part as units of investment and control. Broadly speaking, a village, or if necessary a group of villages, will have a fourfold function. In the first place, it will provide a new stimulus to village artisans. Secondly, the village will undertake, on a scale not hitherto attempted, the processing wherever possible of local products. Thirdly, the village will emerge as a vital factor in location of new industries or what is frequently, though not quite accurately, described as the decentralization of industry. Finally, it will have a full part to play in large-scale industry in which it is expected that it will provide part of the capital and eventually both control and management. The end apparently to be sought is described by the author in the words "We should so devise our institutions that the masses can take an increasing part in the processes of industrial investment and control, and share adequately in employment *at all levels and in all occupations* (p. 154).

There can be no quarrel about the first of the aims in view. It obviously will be a special duty to provide for the fullest encouragement to be given to village artisans and to cottage industries. The problem of the processing of local products on a medium scale need also not detain us unduly. It is extremely unlikely, however, that the range to be covered by these activities will be large and will absorb even a small fraction of the vast surplus population which the author has estimate will be in the next decade of the order of 22 million male adult workers for British India alone. The kernel of the argument with which we are here concerned is the contention that there is considerable scope for the location of new industries in villages and for joint management on the basis of the village supplying, with State help if necessary, both capital and control. The author agrees that we should proceed on the basis of economic costs and not make a fetish of the village (p. 145). But would we not be making a fetish of the village if we chose either now or at any time in the near future to consider the proposal to locate large-scale industry in villages? Modern industrialization is not conducted on the basis of raw materials alone. There is in this country the problem of power still almost completely unsolved in the interior. There is the problem of markets which are too offen forgotten. Above all there is the far larger problem of technical organization and skill which for at least a generation will certainly be a monopoly of towns. This is not to take a totally defeatist view of the future of the villages. The development of technical skill and even managerial ability in villages may come in the distant future, but it would be dangerous to build our near future on anything like the supposition that the creation of this skill and organizing capacity is a relatively minor problem and will be rapidly forthcoming. It would be not merely profound folly but criminal waste in a country desperately short of capital resources to fritter them away on ill-conceived schemes based largely on the pious hope that the masses, aided by the mercy of Providence, will provide both leadership and technical skill.

There is the wildest confusion of thought on this question of the location of large-scale industry. So far as the author of *Poverty and Social Change* is concerned, there is the added confusion in his contention that for industry to be integrated with the rural economy it is necessary that it should actually form part of the village organization. This is an obvious error. A village may draw all its prosperity from an industrial area and entirely abolish poverty within itself by the simple process of trading its agricultural products or its handicrafts against money or the output of towns. The abolition of village poverty does not require that villages should have large-scale industry in their midst any more than the prosperity of industry necessarily implies that the factory is immediately surrounded by its raw materials. There can be the closest integration between town and country and between industry and the rural economy without strict juxtaposition. Again there is the question of ownership and control. The fact that large-scale industry is situated in towns has little to do with ownership or, indeed, with control. Such industries may conceivably be broad-based in ownership and may be publicly managed. If a deep-seated distrust of industrialists is at the bottom of the author's proposals in regard to the location of large-scale industry in villages, the remedy may be different ownership and different control but certainly is not to be found in a change of location. One can have different ownership and control without change of ownership or control. If the village must retain a hold on industry through ownership and control this must be done without carrying factories to the villages when this course is not justified by strictly economic considerations.

We will depart from strictly economic considerations only at the peril of wasting our meagre resources and depressing our standard of life. It is only when we fully realise that we shall defeat our entire purpose of creating new wealth to abolish poverty and unemployment that we shall see in its right light the basic danger of casting a romantic halo round the villages and indulging in what are apparently progressive schemes but schemes which are doomed to fail if they are not bolstered up by large-scale State subsidies. Economic considerations require that industries should be located in areas where the greatest social net product accrues to the nation. If an industry is not so situated and is maintained in operation there is imposed a general tax on the community. This may be disguised as, for example, by a reduction in railway freight which may induce an artificial fall in real costs but it remains a tax which must be justified in the eyes of the whole community and not merely by the interests of the particular village which is benefited. When this test is applied, who will seriously contend that there exists any wide scope for large-scale industry in rural areas? We all earnestly wish to banish poverty from the land but we shall do the country poor service if we cheated ourselves into the belief that there is now or in the near future to be found in the village the miraculous alchemy which will at one touch transmute all the baser metals in gold.

It may, indeed, be seriously doubted if the development of large-scale industry in rural areas is in the interests of the villages themselves. For many years to come the basis problem in villages as in towns will be the provision of employment. It is a well-known fact that per unit of capital expenditure large-scale industry gives far less employment than cottage industries. It is sometimes stated that cottage industries give per unit of capital expenditure more than thirty times the employment provided by large-scale industry. If this is a fact, and there appears to be no reason to doubt it, the creation of large-scale industry in villages is a deliberate choice in favour of unemployment. If the author contends that the surplus population in British India alone is likely to be in the next ten years of the order of 22 million adult workers, he cannot seriously advocate large-scale industry when cottage industries could be organised to perform most of the processes for which large-scale industry has been advocated. Our model for the future industrialization of India may well be that of pre-war Japan in which large-scale industry employed only 11 per cent. of the working population.

It is unfortunate that *Poverty and Social Change* which makes a precise calculation of our surplus population should lapse into vague generalities and into serious error when it comes to the practical question of absorbing this vast surplus. The authors of the Bombay Plan far wiser in their generation than their critics, have definitely faced the issue that most of this surplus population must be deliberately drawn off the land into industry in towns. They have made fairly precise calculations as to the volume of employment which can be provided and their scheme of occupational planning, although not free from possible criticism, is the most realistic and constructive approach of the problem of employment which has yet been made. This should be the starting point of all new work on the subject. We can do nothing but make confusion worse confounded when we deny that large-scale migration from the village to towns is a first condition of ordered progress. Any scheme which proposes to rehabilitate the village must aid and not hinder this process. It is the supreme weakness of *Poverty and Social Change* that it ignores the importance of this factor and standing across the path of history proposes a process exactly the reverse that which is so urgently required. It, therefore, makes in the realm of industry a poor and faltering guide; we shall never go forward if at the very outset of our journey we deliberately choose to turn back.

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THE WORLD ABROAD

Potsdam Communique Widely Applauded

WASHINGTON, August 5, 1945. (By Cable).

ALTHOUGH calmly and cautiously expressed, the reaction to the Big Three statement on accomplishments of Potsdam Conference was generally favourable in the United States. There were some rather outspoken specific adverse criticisms as in the case of a few members of the Congress and a portion of the Perss, where it was maintained that the proposed adjustment of Polish-German frontier would make for trouble in the future. But in the main there seemed wide satisfaction that the three leaders appeared to have reached a definite agreement on the most pressing probelms facing them Observers here were also disappointed, although not surprised, that the document made no mention of the war against Japan. Here it was conceded that such decisions as may have been made in that respect perhaps neocessarily had to be reserved from the public and in any event consolation was drawn from references to Big Three's favourable reception of Italian declaration of war on Japan and the announcement that military chiefs of the three countries had been in consultation throughout the conference.

Some applauded the interence that the Big Three have now completed their function as supreme arbiters. Now they are establishing the Council of Foreign Ministers including those of France and China who have been invited to participate in continuing the study of international problems and preparatory work for the Peace Conference. It was also noted favourably that any country concerned will have access to this Council. Commenting on the Potsdam decisions the New York *Times* said, "No one weighing this communique as a whole can doubt that in the realm of international co-operation we have moved a long way from Teheran and Yalta. The machinery for gradual and orderly return to peace has been set up. Here are published for the first time the terms of 'unconditional surrender.' They are hard and restrictive, designed to change the direction of the German mind, strip the nation of its warmaking potential, change and decentralize its economy and switch emphasis from industrial power to 'development of agricultural and peaceful domestic industries.' As far as the German people are concerned, however, the terms are not hopeless; much responsibility is to be given to the Germans themselves." Americans for their part appeared to be convinced that President Truman had done an excellent job at this first meeting with the British and Russian leaders.

The United Nations seem about to embark on an unprecedented experiment in educational and cultural co-operation. The State Department last week made a public draft proposal for the United Nations educational and cultural oganization which would seek to promote mutual understanding and exchange of ideas among nations and to prevent revival of such evil educational systems as flourished in Nazi Gemany. The State Department's document is proposd as a working paper for the conference of the United Nations which is scheduled to meet in London on November 1, this year to set up a permanent international educational body. The functions of such a body would be, firstly, "to develop and maintain mutual understanding and appreciation of life, culture, arts, humanities and sciences of peoples of the world as a basis for effective international organization and world peace" and secondly, "to co-operate in extending and in making available to all the peoples, for the service of common human needs, the world's body of knowledge and culture and in assuring its contribution to economic stability, political security and general well-being of the people of the world."

After surveying 7,000 manufacturers, the Commerce Department reported last week that the American business is highly optimistic about the volume of consumer demand in the next year. The report showed that the manufacturers are planning expenditures amounting to more than nine billion dollars in expansion programmes during the year ahead. The survey was made on the assumption that the Japanese war would last until the middle of the next year at least. Capital outlay was distributed thus: for plant equipment and alternations four billion and five hundred million dollars, for increasing inventories on non-military goods, two billion eight hundred million, for increasing trade receivables or credit advances one billion nine hundred million. The survey also disclosed that rail-roads and utilities had plans for additional one billion five hundred million dollars for such goods as structures and equipment. Coming at a time when the Congress had recessed in the midst of misgivings that it had not adequately prepared for reconversion, the Commerce Department survey was especially heartening in Washington. Government officials feel that such expenditures would be most important in filling the gap that will exist after the war contracts are cancelled. The Foreign Economic Administrator Mr. Leo T. Crowley reported last week that in the last four and three-quarter years the United States has spent eleven billion four hundred and thirty seven million dollars in foreign countries. This figure is in addition to the thirty-nine billion in lend lease aid in the period named. Mr. Crowley said that the United States got in return about eight billion eight hundred million dollars divided between foreign expenditure and reverse lend lease.

London Letter

Priorities in Labour's Programme

FROM OUR LONDON CORRESPONDENT

London, Aug. 7, 1945 (By cable)

WHILE these lines are being cabled, the New Cabinet is holding its first meeting. Naturally much curiosity has been aroused all round as to the programme they are deciding on for the Parliament. Some indication as to what is to be expected was given by Prof. Laski, Chairman of the Labour Party Executive, in his interview to the representative of an American journal. However, his could only be a general view since it is the cabinet who must finally decide matters of policy. The only thing that appears quite certain is that the Old Lady of Threadneedle Street, in other words, the Bank of England, will be made a national institution. What other items will appear on the programme of nationalization, it is as yet impossible to say with any degree of certainty. Besides the intensive prosecution of the war in the Far East, housing and food will certainly have the first priority and several versions as to how the new Government will be organized have appeared in the Press during these last few days. It was one of the

standing criticisms of the last Government that there was too little co-operation between the different ministers. If we can trust information which is gaining currency in certain quarters, it would appear that Prime Minister Attlee is considering the grouping of different ministers under one senior cabinet minister, who thus will be able to concentrate in his office all the wires for getting different departments working together as one team. At any rate, Labour leaders are intent on setting up not only workable but efficient machinery of government to ensure that great tasks on their hands can be tackled in a business-like manner.

It was to be expected that the results of the election should have upsetting effects as far as the Stock Exchange is concerned. There was indeed a fairly severe slump in equity prices right after the the election results were known. Shares mainly involved were of course those of such industries as were generally believed would be on the programme of nationalization. The Bank of England, Stock Bank, Insurance, Railway and Steel shares all were seriously affected. According to the financial times index the average loss in prices of equities was about eight per cent. It must be said, however, that valuation just before the elections were rather on optimistic side and certain amount of profit-taking contributed to the fall in prices, while the absence of any definite knowledge as to which industries would appear first on the nationalization programme helped to spread effect on a variety of equities which evidently will not be directly affected by the immediate programme of the Government. Meanwhile, investors had had time to think and in general have concluded that the future is not as black as it appeared a week ago and many prices have slightly recovered and opportunists are already again looking around for bargains.

The nationalization of the Bank of England is, of course, a foregone conclusion. Financial writers however, agree that this will make a very little change. It is expected that Government will invite the present Governor to remain in office and though the Bank may be instructed once it is nationalized to take more directly an active part in ordinary banking business and thus to some extent compete with commercial banks, other changes will be of a more formal nature. The Bank has been for many years now rather more than less merely an agent of Government policy and on that fundamental point the change will be really only a formal one. It appears unlikely that the Government want to nationalize the commercial banks. It is even uncertain whether the present Capital Issue Commission will be changed into an Investment Board immediately, though that development no doubt will take place later on. Meanwhile, the commercial banks will be expected to continue more or less as at present. Until now they had been charged with keeping their investment policy in line with Government's general financial policy and they will be expected to do that in future. How the Government will interfere with the old practice to ten per cent. cash ratio cannot be stated. There are some socialists banking experts who favour the prescription of a minimum and maximum cash ratio, but no authoritative view has been expressed on this point as yet. It is taken for granted that the currency and credit policy of the Labour Government will be a rather more active one than that of the last Government. On the whole, the moderate element which is well represented in the Government will show progressive and sane views on currency policy.

Australian Letter

Australian Cabinet Reshuffled

Sidney, July 27, 1945

THE Australian Parliamentary Labour Party has selected as its new leader, Mr. J. B. Chifley, Federal Treasurer in the Curtin Government and first Minister of Post-War Reconstruction. Mr Forde retains his position as Deputy Leader. To use a hackneyed phrase, Mr Chifley is a man of the people, unpolished perhaps, but not without ability. Mr Johnson, a West Australian member has been appointed to the vacancy in the Cabinet. Few changes were made in the allocation of portfolios. The most interesting feature of the new Cabinet was the creation of two new departments Immigration and Housing. These will be administered by the Minister for Information, Mr Calwell and the Minister for Works, Mr Lazzarini. Both Ministers will retain their former portfolios. Mr Chifley will carry the double burden of Prime Minister and Treasurer. Mr Beasley becomes Minister for Defence, the Vice-Presidency of the Executive Council being taken over by Senator Collings, whose former portfolio goes to the new member of the Cabinet, Mr Johnson. He becomes Minister for the Interior.

For the present, more importance will attach to housing questions than to migration. The latter still remains somewhat in the air. But the functions of the new Federal Department of Works and Housing have been defined, and the activities in this field of the several departments which had a finger in the pie have now been transferred to this new department. Its functions, therefore, include the issue of building permits, administration of the landlord and tenant regulations, war service homes, war housing, the Commonwealth's side of the Commonwealth—States housing agreement and the revival and expansion of the building industry. The advantage of this merging of the various Commonwealth housing activities in one department is that State and Commonwealth Housing Authorities and members of the public henceforth need only make one contact, and not many in securing a permit or a decision. Administration should thereby be greatly simplified. One of the first tasks of the new department will be to speed up materials for housing. Recently, the Commonwealth Government set new targets for building and it is generally agreed that a rapid improvement in the supply of building materials is a first essential. The importance of this factor was emphasized by Mr. D. B. Doyle, President of the Building Industry Congress of Victoria who pointed out that to maintain one man in the field, four to five men were necessary in the factories. Manpower is the crux of the problem.

It is planned by the new department to erect 24,000 houses in Australia within the next twelve months, half of which will be State-built, half built by private enterprise. Allocation will be made on the basis of approximately 50 per cent. to servicemen and their families, the remainder to go to needy civilians, to be divided among the States on a population basis. All housing, in future, will carry an A2A priority which will give it precedence over all but the highest priority defence works. It is proposed, too, to grant permits to local Government bodies, building societies and co-opevatives. To be completed, the plan will require the release of some 20,000 men for the building industry. Hence, great importance attaches to the proposal to release five-year men from the Australian Army, though the stream of releases from the Services is not expected to begin to flow until well into August. These

men will not be directed to employment but it is nevertheless hoped that many will return to the building trades.

Another matter at present being examined by Commonwealth officers concerns soldier settlement. Proposals to acquire vast areas of land for war service land settlement have been made to the Commonwealth by the States. The areas involved amount to about one million acres in Queensland, 440,000 acres of which are a sufficiently attractive position to warrant more detailed investigation. New South Wales has submitted plans to acquire and subdivide 21 estates totalling about 360,000 acres, while a proposal to acquire about 60,000 acres for an irrigation settlement in the Murray Valley District has been received from Victoria. So far as the Commonwealth is concerned soldier settlement will be regulated by agreements reached between the Commonwealth and State Ministers in October, 1944. Those agreements were based on the principle that settlement is primarily a State function, but since the Commonwealth has interested in the re-establishment of ex-servicemen, it accepted certain financial commitments

In an endeavour to avoid past mistakes, governing principles have been agreed upon as follows: settlement is to be undertaken only where economic prospects are reasonably sound, the number of eligible settlers to be determined primarily by opportunities for settlement and not by the number of applicants; a competent authority must be satisfied by an applicant's eligibility, suitability, qualifications and experience before he will be selected as a settler, holdings must be big enough for settles to operate efficiently and earn a reasonable labour income; an eligible applicant will not be barred merely because of a lack of capital, but a settler will be required to invest a reasonable proportion of his own resources; and finally, the provision of adequate guidance and technical advice is essential.

The long-awaited bill to nationalize inter-State airlines within Australia was introduced in the House of Representatives on July 18 by the Minister for Civil Aviation ((Mr. Drakeford). It was stated that an initial appropriation of A£3,000,0000 would be required. Inter-State airlines are not within the scope of the Bill because (according to the Minister) of the Government's failure last year to carry the referendum on Commonwealth powers. The constitutionality of the present bill, on the other hand, would appear to depend on the appropriation power of the Commonwealth. All interstate services will be controlled by a statutory corporation under a board of five commissioners. The airline companies and their employees will be given fair and just treatment and the final arbiter on compensation to the companies will (if necessary) be the High Court. The Government's decision to nationalize airlines is based on four arguments. These are the Government's "social obligation to the nation," its economic obligation, national development and national defence. It is the Government's view that civil aviation should be developed in order to offset the tendency towards centralization. It emphasizes, too, that total Commonwealth investment on ground facilities amounts to more than £11,500,000, or more than eight times the investment of all private operators, the greater part of such facilities (aerodromes, radio and navigational aids, lighting, etc.) being used by the private companies without cost to them. Furthermore, the Commonwealth is committed to additional large-scale expenditure on the development of capital city trunkline aerodromes. For Sydney and Melbourne alone the cost would be about £8,000,000. On the other hand, present payment for the carriage of mails constitutes a subsidy of at least 50 per cent. of the amount paid. The case of the Government on grounds of national development is clear. From the defence angle, too, nationalization of inter-State airlines would facilitate co-ordination between civil operations and the R.A.A.F.'s strategic requirements in types of aircraft and engines, development of workshops, maintains and interchange of personnel for training. Nationalization would also go hand in hand with encouragement of local manufacture of aircraft and engines.

Australian Letter

Currency Reform for China

From Our Special Correspondent

CHUNGKING, August 6, 1945 (By Air Mail).

CHINA'S currency, which in the past year has dropped in black market exchange value from two hundred Chinese dollars for one American dollar to two thousand two hundred for one U.S. dollar, has long troubled financial circles both in Chungking and foreign financial centres. Not only has her unstable currency hampered China's war effort but it has made it impossible for her to plan for effective participation in the international Monetary Fund. Outlines and projects for foreign aid and domestic organization of capital for post-war rehabilitation are in many instances being delayed pending the stabilization of the present Chinese dollar or the possible creation of a new one.

Prof. Wu Chi-yuan, prominent financial authority, writing recently in the *Ta Kung Pao*, made a penetrating analysis of the present financial position and suggested a number of currency reforms. In contradiction to a number of financial authorities who have insisted that the present Chinese legal tender (fapi) should be retained even after the war, he proposed:

1. That the present Chinese currency should be abolished and replaced by a new currency linked to the U.S. dollar, but the reform should not be executed until the war in the Far East is over.

2. To meet present problems and permit a more fluid economy, the Government should take more realistic steps to stabilize commodity prices and readjust foreign exchange rates.

Three reasons were given by Prof. Wu for abolishing the present Chinese currency after the war; (a) After years of inflation the present currency is devalued to such an extent that it is no longer suitable as a computating unit. (b) Salaries of professional classes have not been raised appreciably during the war (only rice allowances and subsidies have been increased to help meet the inflation). To forestall the disastrous social, political and economic effect of their elimination, a new currency is indispensable. (c) The people have lost confidence in the present currency as legal tender. A new currency and reform of the monetary system would restore public faith in their medium of exchange and permit a modern development of banking.

The professor and his colleagues suggest the creation of a new dollar, also to be termed the "Yuan" as the old Chinese dollar is. They propose that the new dollar should be fixed in foreign exchange value at U.S. $0.25. They insist the Government should commission one bank, the Central Bank, to be responsible for issuance. There need be no reserve fund for the Government-commissioned issuance but the legislative organ of the Government should determine the maximum limit to be brought out. Exclusive of the Government-commissioned issuance, all other issues should be made with a reserve of 100 per cent. gold or foreign exchange. The new dollar, according to this plan, should be a paper dollar. The Government should mint silver coins; to range from 50 to one half cent units. Since the primary goal in issuing the new money is to stabilize Chinese currency both at home and abroad it would be pointless to bring the new currency out until after the war, when the Government no longer has to rely in such a measure upon inflation to meet its daily needs. The same premise, they insist, would make it impossible to tie the present currency effectively to a gold standard.

The present much discussed plans for bringing in gold bullion from America and placing it on the market, possibly as gold coins to be exchanged at a fixed rate for Chinese currency, they insist, can lead only to confusion. With legal tender dropping daily in value, gold in any form would immediately go underground, be hoarded and cease to exist as a medium of exchange.

The Chinese Government readjusted the official exchange rate last in the summer of 1942 when it fixed the rate of 20 Chinese dollars for one U.S. dollar. At a later date the Ministry of Finance added a 100 per cent. bonus for the benefit of those importing exchange from abroad, giving such individuals the rate of $CN 40.00 for US$ 1.00. Prof. Wu points out that this exchange rate, which is still officially maintained, is completely divorced from reality and that any new exchange rate, if fixed, would be valid only for a short period. For that reason he opposes the linking of China's currency with that of the U.S. in war-time and states that the free exchange of gold bullion for 'fapi' provided the gold were brought in, would serve only to contract the currency and hamper industry and commerce.

In the initial period after the war, this study points out, there must be a number of months when the present Chinese currency is retained as the chief circulating medium. In that period the Government should attempt to balance financial receipts and disbursements, while permitting foreign exchange to find its own level. In the transitional period the circulation of enemy and puppet banknotes should be immediately suspended. If these suggestions are properly executed, he insists, the Government would be in a position to issue the new currency within half a year after the entire country is liberated.

The study proposes the Government should immediately abolish the sale of foreign exchange and gold to wealthy groups and vested interests at alarmingly low rates. If the Government undertakes to sell bonds to be redeemed in foreign currency, then the conversion rate in Chinese currency at which the sale price of the bonds is fixed should not be less than 90 per cent. of the open market price for that currency. The sale of gold for fapi should be on a like basis.

Such steps alone, the professor insists, will prepare the country for a stable Chinese currency after the war.

UNDER THE CEILING

The prices of electric fans are now controlled throughout India. A list of ceiling prices of available brands was published in the Calcutta Papers on the 23rd June, 1945.

At present we manufacture only two types of "Orient" fans--52" A.C. and 56" D.C. The retail price of both is fixed at Rs. 150|- each with complete equipment, which is considerably below the ceiling prices fixed by Government. We would request those patrons holding permits not to pay more.

The entire production of "Orient" fans is now requisitioned for the essential services. We can therefore supply fans only to those possessing the necessary permit from the Controller General of Civil Supplies, Bombay. We are making arrangements to meet post-war demands in full.



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A DELHI DIARY

THE pedestrian mind has been quite unable to cope with the rapidly shifting scenario. British Labour victory, Potsdam declaration, atom bomb, Russian declaration of war against Japan! Hard-headed men who were not quite decided as to the significance of the first atom bombs raining on Hiroshima in terms of an early and unconditional surrender by Japan, were quite sure that with the weight of the Red Army now thrown into the battle against Japan the war is now on its last lap. What does the entry of Russia in the arena against Japan signify in terms of her early prospect of peace and reconversion to peace economy? When the Germans surrendered in May last the business world in India at least was not quite impressed that the stringency of war economy was about to end—that is to say if we are to judge by the trend of, say, the gold market. But now the early prospect of end of the Pacific war means that the world will again be reverting to the peace gear. With the Red Army marching into Manchukuo, if not with the atom bomb raining on Hiroshima, the Japanese war lords may confidently be expected to peg out by the fall of this year. Early peace is no longer a contingency: it is a certainty.

But what is this atom bomb? What does this signify for peace and war, for good or evil to human civilization? The whole world is agog with interest, expectancy and fear. The reels of the mighty power imprisoned in the atom opens up a new vista of possibilities for good and for evil. Our mind is still reeling at the contemplation of stupefying significance of the new discovery. One single bomb weighing more than 400 pounds can obliterate a whole city in the twinkling of the eye. This discovery is as revolutionary as the discovery of gunpowder but on a grand scale. The gunpowder made anachronistic the feudal castle, the armoured knights and the entire social and state organization based on them. The atom bomb again smashed the very basis of our state organization. For surely, if only very big and highly industrialized countries can manufacture atom bombs, the era of small agrarian states, in fact, the very basis of theory of sovereignty is definitely ended. In our own case, it means that either India becomes one big highly industrialized country or it becomes fragments of small agrarian satellites of some big power which has resource to manufacture atom bombs. Ultimately, it means that old strategic concepts become wholly out of date and international organization of security has to be built up afresh. Already an interim committee has been appointed to consider these matters. These are political and social considerations. At the same time it is also recognized by the liberation of atomic energy we have got a new almost potent source of power which may initiate an industrial revolution on a grander scale than we have ever known. As the London Times put it, "it presents mankind with a choice between life and death. One alternative is: undreamed of reaches for all men, of abolition of service and mechanical toil..... an unimaginable vista of material progress." The other alternative is a speedy end of civilized life on earth. We are on the threshold of the era of atomic power and "humanity must bear the burden of its own power." The coming of atomic power is something as revolutionary as the coming of gunpowder or steam-engine. But in moral stature man must measure up to it.

The Washington announcement that Mr. Walter Schleither will be here soon with an expert staff to ascertain the value and means for the disposal of the large American surplus stores and military equipment should have caused a flutter in the dovecotes of the Supply Department. With the European War at an end and the atomic bomb making the capitulation of Japan a very near possibility, the big question for the Supply Member is how long he can keep going the bloated staff of his department. Already, the sharp decline in the tempo of Supply activities has led to a marked state of "under-employment" of officers and subordinate staff, who do not have much to do. Earlier this month the Supply Member's prospects of furnishing some work for these idle hands to do, was brightened up, when his colleague of the Industries and Civil Supplies Department settled with the U.N.R.R.A. mission that the Supply Department would be the agency for the purchase of supplies for U.N.R.R.A. from this country. But this may not amount to much by way of relief, and the continuation of the Supply Department in anything like its present strength depends largely on Sir Ramaswamy Mudaliar persuading Mr. Walter Schleither as well as H.M.G. that the disposal of allied surpluses is best left to his department. In the meanwhile, his difficulties are not likely to be the less because of the attitude of the Finance Member, who, it is rumoured, has made it quite plain to his colleagues in the Executive Council that he would very much like to see a start being made in the directions of lower levels of public expenditure. "Retrenchment Rowlands," as he is called, is not exactly a very popular personage just now.

While the Hon'ble Sir J. P. Srivastava, Food Member of the Government of India, complimented, the other day the members of the Famine Commission on the courage and realism with which they had approached the task, he did not tell us what he has recently being doing in the matter. Probably the Hon'ble Member is, as usual, so self-satisfied that he thinks no statement is necessary. We wish, he approached his task with at least as much courage and realism as the Famine Commission has done in a purely post-mortem inquiry. He did talk about the long-range solution worked out by the Commission, but meanwhile people are yet dying of sheer starvation. Recent news from Jubbulpore and Almora is highly disquieting. So responsible a person as Pandit Pande, Chairman, Jubbulpore District Council, goes to the length of saying that "many families are going without food, some live on only one meal a day for days together." News from Almora is as serious: "People in the interior of Pali subdivision (Almora District) are on the verge of starvation and if prompt measures are not taken the situation is bound to deteriorate further." Is not all this news sufficient to move the Government of India? Does Sir J. P. believe that he can long live on certificates that he gives to himself? Did his certificate save his boss Amery from nemesis? The day of reckoning is not far. The Hon'ble Member would be well-advised in acknowledging the continued existence of famine conditions in parts of the country and taking immediate radical measures for redress.

Something seems to be wrong with our Municipal bodies and Local authorities. While they are to be congratulated on their declaring 'out of bounds' some first class hotels in the city on the alleged unhygienic conditions prevailing in their kitchens, when are the remaining hundreds of thousands of people groaning under still more unhygienic conditions in hotels, which remain 'in bounds' to be given attention to? Take again, the proposed tax on prostitution by the Cawnpore Municipal Board. Socially and psychologically everybody seems to be in that bliss which is called ignorance. Had repressive measures like taxation been a remedy to root out prostitution nothing could have been more fortunate. Let us all probe more into the framework of our social institutions rather than seek superficial or mere fiscal remedies for deeplying social evils.

ARGUS.

MONEY MARKET

Gilt-Edged Quiet—Silver Active

BOMBAY, Aug. 5, 1945.

THE money market was comparatively easy during week under review. Bigger banks had no difficulty to command floating funds whilst the smaller ones did not find it so easy. The inter-bank call rate was quoted at 1|2 per cent.; three months and six months deposit rates were steady at 3|4 per cent. and 1 per cent., respectively.

The response to the Government of India three months Treasury Bills was better than the previous week because of the improvement in the money market situation, but continued to be tardy. Against an invitation of four crores, tenders offered amounted to 2.92 crores as against 57.25 lakhs the previous week. Tenders at Rs. 99-14-6 and above were accepted in full. The total amount accepted was 1.49 crores as against 47.25 lakhs the previous week. The average rate of accepted tenders was 5 as. 11 p. per cent. per annum as against 5 as. 1 pie per cent. per annum during the previous week, the discount rate having improved by 10 p.c. Again tenders for four crores have been invited for the next week.

The consolidated statement of the Scheduled Banks for the week ended 27th July, 1945, shows a distinct improvement in their cash balances, thanks to the return of advances and influx of deposits. It is thus seen that both demand and time deposits have, as compared with those over a week ago, gone up by Rs. 269.78 lakhs and Rs. 206.15 lakhs, respectively. Advances have declined by Rs. 495.18 lakhs and so also bills discounted and purchased by Rs. 39.06 lakhs. The cumulative effect of these variations should have been an addition of Rs. 1,010.17 lakhs in the Bank's cash resources. But the latter have actually improved by only Rs. 691.20 lakhs. The difference between these two figures, namely, Rs. 318.97 lakhs, points to the increase in the investment port-folio of the Banks.

Gilt-edged

The gilt-edged market during the week under review was dull and quiet. There was a tendency on the part of the operators to book their profits and hence prices were on the downward trend, particularly in 3-1|2 per cent. Government Paper. The volume of business was, however, reduced and the range of fluctuation narrow. 3-1|2 per cent. Paper slided from Rs. 102-2 to Rs. 101-13, but there was improvement towards the end of the week owing to absence of sellers, and it closed at Rs. 102-3-6. Short dated loans were also easy. Three per cent. 1951-54 was down as low as Rs. 101-3 and three per cent. loan 1949-52 was offered at Rs. 101-13. Towards the close of the week, in sympathy with the 3-1|2 paper there was a slight improvement of one anna in most of the short dated loans.

Bullion

The gold market was featureless during the week under review, ready gold moving very narrowly between Rs. 77-12 and Rs. 78-9. The end of the week witnessed hardening of the prices on Calcutta advices. The Reserve Bank continued to sell 20,000 tolas every day thus equalizing daily average offtake. The floating stocks of gold are said to be about 1,00,000 tolas. The highest and lowest prices witnessed during the week were Rs. 78-9-6 and Rs. 77-12 for ready gold and discount on gold to be delivered within a week narrowed from the opening level of 5 as. on Monday to 2 as. towards the end of the week.

The silver section on account of increased speculative activity and paucity of stocks in the local market. Mention has been made in these columns of the effort on the part of certain operators in exporting silver to uncountry, this stimulating demand in the absence of sales by the Reserve Bank. It is said that on an average 300 bars a day were regularly railed to upcountry from Bombay during the week under review. Market ruled at Rs. 135-10 during the earlier part of the week and dropped down to Rs. 135-4 on August 1. The reduction in the note circulation referred to in the Reserve Bank statement for the week ended 27th July attracted undue attention of the market which interpreted the decline in the note issues as the beginning of a new phase in the policy of currency contraction. Bears attempted to create confusion in the market by spreading out rumours that the Bank would shortly resume silver sales which brought about selling pressure. The reports about Russia's participation in the war against Japan had also their reaction in the market.

Stocks of silver in the local market were estimated at 1,500 bars and the daily average offtake at 300 bars. The highest and lowest rates touched during the week were Rs. 136-10 and Rs. 134-10 for spot which commanded a premium of 10 as. over forward due to scarcity.

Sovereign market was steady. Opening at Rs. 53-12 price declined to Rs. 53-10 but closed at Rs. 53-13. Floating stock is estimated at 5,000 sovereigns and the daily average offtake at 1,000 coins.

Stock Exchange

The stock exchange worked only for four days during the week under review. There was reaction in the local stock exchange to the dropping of prices in the London Stock Exchange due to the advent of the Labour Government and the consequent nationalization programme which is expected to follow. Tata Iron and Steels eased further this week; Deferreds touched Rs. 2,202 but closed at Rs. 2,228-12 as compared with Rs. 2,242-8 last week. Ordinaries likewise lost Rs. 6 and closed at Rs. 409-8. Indian

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Irons and Bengal Steels were fractionally lower at Rs. 42-5 and Rs. 34-5, respectively.

In the textile section, Bombay Dyeings alone held their own ground because of inherent strength and closed at Rs. 1,972-8. The only other exception was Simplex which also closed higher at Rs. 309. Operators were disappointed at the announcement of the Management of Kohinoor Mills declaring an interim dividend of Rs. 9 against Rs. 12 last year. Kohinoors dropped by Rs. 11-8 and closed at Rs. 607-8. Swadeshis declined from Rs. 555 to Rs. 447. Other textile scrips also closed week.

Banks and Insurance also staged a recession in prices. Central Banks lost Rs. 1-8 and closed at Rs. 85. Bank of Indians were quoted at Rs. 189 ex-dividend as against Rs. 197 cum-dividend last week. Imperial Banks fully paid lost Rs. 7-8 during the week under review and closed at Rs. 2,272. Partly paids closed at Rs. 560, thus dropping Rs. 3-12.

New Indians were quoted at Rs. 82. Jupiter which were quoted at Rs. 37-8 last week because of change in the management, declined during the week under review by one rupee to Rs. 36-8. In the Miscellaneous section, Associated Cements remained quiet at Rs. 208-8. Scindias receded further this week from Rs. 37-6 to Rs. 36-8.

Bulls in Control—Firmness inCoal Section

CALCUTTA, August 6, 1945.

AFTER a period of indecision and concern over the decisions of the Potsdam Conference, British Election results, and the war situation in the Pacific, the Calcutta Stock Exchange has staged a definite rally in the latter half of the week. Bears tried to depress prices in mid-week with the circulation of the rumours that deflation had started and that the decline in notes in circulation for two weeks in succession was the sign. But the explanation that the decline in notes issued was the result of the large subscriptions to loans caused a recovery. The announcement of new orders for the jute industry had also an encouraging effect.

It would appear, however, that the peak of prices has been seen at least for sometime and that with the unsettled tone of the gilt-edged securities market it would not be justifiable to expect any further rise. But for the extreme reserve of investors and the large professional activity, ordinary developments would have a disturbing effect on the market. As it is, bulls are in complete control of the market.

In the early days of the week, definitely quiet conditions were noticeable with the leading coal shares lower and the bigger denomination jute shares also quieter by 15 points. In the Engineering section, there was very little activity.

In the Coal section, Bengal came down to Rs. 765, Burrakur to Rs. 45-12 and South Karanpur to Rs. 35-12. But there has been a recovery to Rs. 775, Rs. 46-8 and Rs. 38-10, respectively. The sharp rise in South Karanpura has been due to the large buying by bull operators and the shortage of scips. The reports that the coal industry was doing well and that raisings were considerably in excess of the two previous years had a stimulating effect. As evidence of the improved conditions in the coal industry the balance-sheet of the Amalgamated Coalfields for the half-year ended March, 1945, shows that raisings were considerably higher than the figure for the corresponding period last year and that earnings were the highest in the history of the company. It has not been possible to pay very much higher dividends the distribution to the shareholders being 1-1'4 per cent. for the half-year besides the dividend of 10 per cent., by the payment of a bonus.

In the jute section, Howrah came down to Rs. 96|5 and Anglo-India to Rs. 535 but there has been a subsequent recovery to Rs. 97'8 and Rs. 545, respectively. Ganges sharply improved to Rs. 688 and Reliance to Rs. 85|8 from Rs. 83|8. National were Rs. 36 12 and Nuddea Rs. 143. Presidency were quiet as there was not much of special buying and the quotation came down to Rs. 14'9 from Rs. 15'12. Craig, on the other hand, remained steady at Rs. 14. The firmer tone of the jute section was due to the reports that the industry had received further orders. The Central Government had asked for the delivery of 30,000 tons of B Twills in a short period. There were also orders for hessians of various descriptions. As has been pointed out on earlier occasions the present level of jute prices afford good scope for jute mills to make large earnings. While jute prices are quoting around maximum rates and even at these levels mills are not free sellers.

In the Miscellaneous section, there is a sensational rise in Calcutta Electric Supply Corporation to Rs. 48 from Rs. 41|8 on the reports that negotiations are going on between the Bengal Government and the Corporation for the acquisition of the undertaking and that the terms were being discussed. Earlier it was reported that with the refusal of the Central Government to include the acquisition of the C.E.S.C. in the Government's programme of sterling repatriation the prospects for the provincial Government taking over the undertaking had diminished and there was a decline in the quotation for the shares to Rs. 41|8 from Rs. 45. Burma shares were quiet though Indo-Burma Petroleum were for a time higher at Rs. 118. B.I.C. have slipped back to Rs. 7|6 as on confirmation is yet available regarding the proposal to issue bonus shares. There was a sudden rise in Ivan Jones on special buying and in Walford Transport too.

In the raw jute market quiet conditions have continued to prevail in spite of the strength of the jute manufactures market. It should be said, however, that the placing of new orders with the industry has given rise to the feeling that consumption of jute would be on a larger scale. The latest reports from Dupdee also are encouraging. It is said that Dundee is anxious to resume exports before the Continental producers come into the field. It is also stated that cutting has been delayed in the mofussil and that due to the insufficiency of water the quality of the fibre is reduced and that the yield also is lower.

In the loose jute section sellers continue to be anxious for business though with the strength of the mofussil centres they are not in a position to offer any discount in rates. Supervised Jat Middles and Indian District Tossa Middles and Bottoms were dealt in at Rs. 15'8 and Rs. 12'8 per maund with Bottoms were done at Rs. 15'4 and Rs. 12|4 per maund. Bottoms alone four annas higher.

In the pucca bales section export business has been poor and mills, as before, are interested only in cuttings at maximum rates.

In the jute manufactures market very firm conditions have prevailed during the week. In the hessian market there are no sellers even at maximum rates for early positions while here are buyers for positions up to March, 1946. The orders for hessians of various descriptions has had an encouraging effect. The quantity is reported to be small.

In the heavy goods section the order for B Twills is said to be about 30,000 tons for early delivery. Quotations for ready delivery are at maximum rates and bears have rushed to cover their open positions. B Twills for August shipment is quoted by the bazar at Rs. 66'4.

The Indo-Commercial Bank, Limited

Twenty-fifth 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 half-year ended 30th June, 1945, with the Auditor's Report thereon.

2. The figures in the statement:—

	Rs.	a.	p.
Net Profit for the half year amounted to	2,69,595	0	3
Brought forward from last year after appropriation ..	3,606	1	2
Total ..	2,73,201	1	5

This sum the Directors propose to appropriate as follows:—

(a) To pay an interim dividend at 6% per annum (free of income-tax) on C shares ..	30,000	0	0
(b) To pay an interim dividend at 7% per annum (free of income tax) on A and B shares	30,625	0	0
(c) To place to General Reserve Fund raising it to Rs. 5,00,000	1,25,000	0	0
(d) To provide for Taxes ..	57,033	13	0
(e) To provision for one month's salary as bonus to staff ..	14,000	0	0
(f) To carry forward	16,542	4	5
Total ..	2,73,201	1	5

3. The business of our Bank during the period under report has been very satisfactory. We propose to open some more branches shortly.

We are glad to report that since the date of the balance sheet we have acquired for our occupation the well-known Wilson Buildings, in the Second Line Beach, Madras, at a cost of about Rs. Two Lakhs.

T. R. VENKATARAMA SASTRI,
Chairman.

Madras,
21st July, 1945.

THE INDO-COMMERC IAL BANK, LTD.

Balance Sheet as at 30th June, 1945.

LIABILITIES

		Rs. A. P.	Rs. A. P.
CAPITAL			
AUTHORISED:			
10,000 A shares of Rs. 100 each	Rs. 10,00,000 0 0		
10,000 B shares of Rs. 50 each	Rs. 5,00,000 0 0		
* 20,000 C shares of Rs. 50 each	Rs. 10,00,000 0 0	25,00,000 0 0	
ISSUED & SUBSCRIBED CAPITAL FOR PAYMENT IN CASH;			
6,250 A Shares of Rs. 100 each	Rs. 6,25,000 0 0		
10,000 B Shares of Rs. 50 each	Rs. 5,00,000 0 0		
* 20,000 C Shares of Rs. 50 each	Rs. 10,00,000 0 0	21,25,000 0 0	
CALLED & PAID UP:			
6,250 A Shares of Rs. 100 each	Rs. 6,25,000 0 0		
10,000 B Shares at Rs. 25 each	Rs. 2,50,000 0 0		
* 20,000 C Shares of Rs. 50 each	Rs. 10,00,000 0 0	18,75,000 0 0	18,75,000 0 0
RESERVE FUND			3,75,000 0 0
CONTINGENT FUND			22,000 0 0
PROVISION FOR TAXES			92,966 3 0
LIABILITIES;			
DEPOSITS: Fixed, Current, Savings Bank, Monthly Deposits, Cash Certificates, Staff Security, & Other Accounts			2,73,14,603 15 4
DUE TO BANKS			NIL
DIVIDENDS NOT DRAWN			4,056 8 0
BILLS FOR COLLECTION			13,28,544 10 10
COMMERCIAL CREDITS			27,500 0 0
BRANCH ADJUSTMENTS			6,69,892 12 4
DRAFTS & T. T'S. PAYABLE			1,99,645 0 4
SUNDRIES			42,364 0 8
PROFIT & LOSS ACCOUNT:			
Brought Forward		3,606 1 2	
NET PROFIT FOR THE CURRENT HALF YEAR		2,69,595 0 3	2,73,201 1 5
CONTINGENT LIABILITIES:			
Claims against the bank not acknowledged as debt Rs. 5,076—13—11			
* Entitled only to a tax free non-commulative preferential dividend of 6 per cent. per annum.			
TOTAL			3,22,24,774 3 11

PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30TH JUNE 1945.

Dr. Cr.

To		By	
Depositors' & Other Interest	2,46,037 13 10	Interest	4,84,686 9 6
Salaries, & Bonus	1,29,484 8 3	Commission, Discount & Miscellaneous Income	1,65,778 13 1
Directors' Fees	723 0 0	Interest on Investments (Less difference on Sales)	1,24,890 6 1
Managing Director's Honorarium	38,513 9 3		
Auditor's Fees & Legal Adviser's Fees	1,500 0 0		
Rents, Taxes & Insurance	16,237 12 9		
Printing & Stationery	10,820 14 0		
Communications	15,634 2 7		
Remittance Expenses & Commission	13,613 14 9		
Other Charges	33,195 1 0		
NET PROFIT	2,69,595 0 3		
TOTAL	7,75,355 12 8	TOTAL	7,75,355 12 8

K. LAKSHMANAN.
Accountant.

Directors:
R. VISWANATHAN
K. SIVASWAMI
R. S. A. SANKARA IYER
V. VENKATARAMAN

T. R. VENKATARAMA SASTRI,
Chairman.

S. N. N. SANKARALINGA IYER,
Managing Director.

AUDITOR'S REPORT

We have audited the above Balance Sheet and Profit & Loss Account, and have obtained all the information and explanations we have required. We beg to report that the above Balance Sheet and Profit and Loss Account, are in our opinion, drawn up in conformity with the Bank's affairs as on that date, according to the best of our information and the explanations given to us and as shown by the books of the Bank and that in our opinion, books of account have been kept by the Bank as required by Section 120 of the Indian Companies Act, 1913.

Madras,
21st July, 1945.

P. S. SUBRAMANIA IYER & CO.,
Registered Accountants, Auditors.

ASSETS

	Rs. A. P.	Rs. A. P.
LOANS, CASH CREDITS, BILLS DISCOUNTED, BILLS PURCHASED, PROMISSORY NOTES AND OTHER ADVANCES;		1,63,08,940 2 4
Particulars required under the Indian Companies Act VII of 1913.		
1. Debts considered good in respect of which the bank is fully secured	1,07,26,657 0 6	
2. Debts considered good in respect of which the bank holds,		
(a) Joint & several pro-notes	15,02,851 4 10	
(b) Pro-notes by several persons singly	8,98,062 2 0	
(c) Bills and Drafts	31,12,636 13 3	
(d) No pro-notes being temporary overdrafts	47,084 11 4	
3. Debts considered doubtful and bad	21,648 2 5	
4. Debts due by the Directors & Other Officers	NIL	
Loans & advances made to the Directors at any time during the period	*Nil*	
BANK PREMISES at cost	33,270 13 10	
Add additions during the half year	7,227 2 2	
	40,498 0 0	
Less depreciation written off up to 31-12-44	4,800 0 0	35,698 0 0
SAFES & FURNITURE at cost	1,04,160 5 9	
Add additions during the half year	2,943 3 4	
Less depreciation written off up to 31-12-44	1,07,103 9 1	
	38,730 15 10	68,372 9 3
BOOKS & STATIONERY IN STOCK at cost		39,756 0 5
BILLS FOR COLLECTION per contra		13,28,544 10 10
CUSTOMERS' LIABILITY FOR ACCEPTANCES per contra		27,500 0 0
SUNDRIES		3,35,290 6 10
INVESTMENTS;		
Government Promissory Notes of the face value of Rs. 74,10,500 at cost (Market Value Rs. 74,35,147—7—0)	73,62,498 9 6	
(G. P. Notes for the face value of Rs. 80,000 lost in transit. Duplicates have been applied for.)		
Shares of Joint Stock Companies of the face value of Rs. 1,16,650 at cost (Market Value Rs. 1,14,237—8—0)	98,588 2 0	
Deposit of Staff Security with Scheduled Bank	13,425 0 0	74,74,511 11 6
INTEREST ACCRUED ON INVESTMENTS		83,094 14 0
CASH ON HAND	36,64,337 3 5	
CASH AT BANKS IN CURRENT A/C	29,58,728 9 4	65,23,065 12 9
TOTAL		3,22,24,774 3 11



"You see, I know. This year I was 55 and retired from my Job. Was I worried about it? Not at all.....I had saved enough money to make my retirement free from financial worry. How did I do it? It is quite simple. I started the saving habit when I was still young. At that time I did not earn a big salary, but every month I saved something and invested my savings in safe investments."

It is not everybody who can put away money in such amounts as Rs. 1,000 or Rs. 5,000. Too often people who find their surplus income amounting to a few rupees only consider it futile to save so small a sum. They are wrong. The simple secret of successful saving is to put away a little each month, however small it may be. You will be surprised to see these small savings grow in time to a useful sum....*Systematic saving that is the tip.*

PLAN TODAY FOR TOMORROW
SAVE ALL YOU CAN

But remember to invest your savings where they will be safe, and waiting for you when you need them.

You can invest quite small amounts in National Savings Certificates, Government Loans Post Office Savings Bank Accounts, Insurance, Co-operative Societies and Savings Bank Accounts. Your money will be safe there and increase as time goes by. Do not risk your savings by buying commodities, manufactured goods, jewellery, land or property. Their value is likely to depreciate.
SAVE SAFELY FOR THE FUTURE

ISSUED BY THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA.

AAA 152

THE BUSINESS WORLD

DEBENTURE FINANCE

THE problem of industrial finance in India may properly be viewed from two angles, *viz.*, the size of the industry and the purpose for which the fund is required—whether for fixed capital or for working capital. Small and medium-sized enterprises, whether they are in need of initial capital or working capital or long-term credit for expansion at a subsequent stage of growth, have always experienced severe handicaps. If the enterprise is run on individual proprietary basis, the financial resources of the owner are soon exhausted and the concern starves for want of capital. In the case of joint-stock companies of medium size the capital raised by share floatations does not usually meet the fixed capital expenditure. Working capital is obtained by them on very unfavourable terms. Large-scale enterprises, however, enjoy many advantages by virtue of their constitution. Reasonable prospects of financial success, the personnel on the board of directors and the control of sound and reputed managing agents are factors quite sufficient to inspire confidence and attract subscriptions to the share capital. It is common experience that large-scale joint-stock companies do not find much difficulty in raising initial capital for purchase of land, installation of machinery, erection of buildings and other equipment. The problem of such concerns is to secure working capital and long-term finance for extension, development or reorganization.

Joint-stock banks have developed a tradition of keeping aloof from industry. They venture to provide short-term credit, but only on strict conditions and in an attitude of over-cautiousness. Their slow advances are not inconsistent with their functions as commercial banks. As a matter of sound policy these banks should not invest much in industry. The function of providing loans for industry has devolved primarily on the managing agents. Responsible managing agents with big stakes usually acquit themselves well. But the absence of statutory obligation on managing agents to provide finance for industry under certain specified conditions has left a convenient lacuna which enables lesser managing agents to escape their liability in an hour of emergency, leaving industry to its fate. Such a situation of inadequate sources of finance must be ended now that the country is determined to embark on industrialization. In the light of the Government of India's recently announced industrial policy, Sir C. D. Deshmukh, Governor of the Reserve Bank of India, has suggested that "a special type of institution deriving its resources from long-term deposits and debenture and share capital, participated in by the State, if necessary, would be a suitable agency." In regard to industries which are not allocated to the central list and are therefore the subject of provincial responsibility, there should be formed provincial industrial investment corporations. Government guarantee of dividend on shares and interest on loan capital is necessary. This obviously implies State control.

What role can debenture capital play in the finance of industry? What are its potentialities and limitations? A brief statement of the various classes of debentures and the liabilities which flow from their issue will be helpful for an appreciation of the question. The most widely prevalent kind of debentures are mortgage debentures which are secured by a mortgage on specific items of the property of the company. The assets so charged lose their elasticity and no change in their constitution can be made without the consent of the debenture-holders. A less common type are debentures creating a floating charge which crystalizes on the happening of a certain contingency, such as default in payment of interest. Until then the debenture creates only a general lien on property. Sometimes debentures create a mere promise to pay and the holder is just an unsecured creditor. Such debentures are an index of the high financial position of the company. Redeemable debentures are repayable after a certain date either by instalments or in a lump sum. Irredeemable debentures are co-extensive with the life of the company. Payment of interest is a first charge on the assets of the company and must be made whether or not the company makes profits. The essence of debentures is that they create an encumbrance and to that extent affect the credit of the concern. Small and medium-sized industry, owing to the small volume of its owned capital and restricted capacity of making big profits, can look only to other sources of accommodation. Debentures are not at all a feasible proposition for it. The foreign experts associated with the Indian Central Banking Enquiry Committee had suggested that industrial concerns should rely on debentures not merely to meet capital shortage in block but also for requirements of normal working capital. So far as working capital is concerned, this suggestion has been dismissed by responsible opinion. Industry would surely place a dead-weight on its resources by mortgaging its assets and paying a comparatively high rate of interest for its short-term needs. The only scope for debenture issue is in the case of large concerns to meet their long-term requirements.

In western countries industrial concerns have drawn freely on debenture finance to meet their capital shortage for expenditure on extensions or replacements. In pre-war Germany banks often advised industry as to the time and manner in which debentures should be placed on the market and usually banks made advances to concerns in anticipation of adequate subscriptions to debenture issue. There the banks of course did a lot of stock exchange work. In America and Japan debentures have proved a successful device for raising loans. But in India they have found a very restricted operation. It is estimated that in 1939 "out of 59 jute mills quoted in the "Investors' India Year Book" 19 had debenture capital and the percentage of debenture to total capital was 10. Out of 60 cotton mills quoted only 16 issued debentures which represented 16.6 per cent. of the total share capital. In the tea industry debentures formed 4 per cent. only of the share capital. In the sugar industry the proportion of debenture to paid-up capital is higher than in any of the above industries. It is 22.9 per cent. of the total capital." The rate of interest on debentures is reported to vary from 5 per cent. to 9 per cent.

What possibly are the causes of the restricted issue of debenture capital? One plausible explanation given by alien critics is that the Indian investor is attracted by speculation and that he does not possess so much interest in steady yield as in capital appreciation. Speculators abound in India as they do in other countries. But it is incorrect to assert that the Indian investor is not interested in steady yield. Government securities, postal cash certificates and loans raised by municipalities and other sound public institutions offer no prospects whatever of capital appreciation and yet very big funds are invested in them only in the hope of getting a steady yield. Nor is it quite correct to

accuse Indian capital of being shy. The Indian investor is fairly bold, but he prefers to be cautious. He has seen so many joint-stock companies going into liquidation and hence he looks for safety of investment. The jute mills of Calcutta, tea companies and sound industrial enterprises such as the Tata Iron and Steel Company and the Tata Hydro-electric Company have found ready response when they placed their debentures on the market. Industry must come to the market with a convincing past record of good business and prospects for the future, if it wants the investor to subscribe to its debentures. The chief causes of a restricted market for debentures are quite different. In India concerns which want to issue debentures have to rely on underwriters whose commission ranges from 2 per cent. to 5 per cent. Joint-stock banks, which are essentially commercial, cannot be expected to hold debenture stocks as in Germany. There are no issue houses in India and hence industrial concerns are under a handicap to get competent advice about the stock market. It is pointed out that stamp duty and other legal costs—registration, etc., constitute a high charge and are responsible for the limited issue of debentures. Banks usually take a low view of the credit of a concern which has issued debentures and are very niggardly in advancing short-term loans to them. It is really harsh that adequate help should not be given to a concern just because its block requirements are not fully satisfied by its own share capital.

Debentures have proved a very useful method of long-term finance in other countries. There is no reason why they should not be made popular in India. Industry is long awaiting the institution of a suitable agency for finance. The industrial investment corporation with provincial ramifications, or independent corporations in the provinces, will go a long way towards solving the problem of credit. One of the sources of the capital of these corporations will be guaranteed debentures. Industrial concerns will then be free from their dependence on ordinary banks, and if they organize themselves on sound lines, there is no reason why they should not be able to raise capital by means of debentures without detriment to their capacity for future borrowing.

NOTES

THE CAWNPORE COAL CASE

The Allahabad High Court's judgment in the S. K. Coal case is in many ways a most revealing document. It will be recalled that this case excited great public interest, and if its progress was watched with anxiety, the decision of the High Court, setting aside the conviction and the sentence of both the applicants, has been widely welcomed. Referring to the charges against Sir Padampat Singhania, the Hon. Justice Malik, in the course of his judgment, observes, "There is complete absence of any evidence on behalf of the prosecution. . . . To my mind it is obvious that on such meagre foundations no inference can be drawn against appellant No. 1 and his appeal must be allowed." Mr. N. P. Saksena, the stores purchase Officer of the J. K. Mills is acquitted no less —honourably, and indeed his lordship finds that "the whole position is, to my mind, due to the most careless way" in which the official instructions for the submission of weekly returns of coal stocks were issued. The Hon. Justice Wali Ullah, in his separate concurring judgment, points out, "In a criminal prosecution it would be dangerous to base a finding regarding criminal intent on steaden foundations" While it is true that all is well that ends well, it is very much to be regretted that those responsible for sanctioning the prosecution had not taken greater care to see that there really was a case to go into the merits of the evidence, on the basis of which they choose to act. One wonders whether, as it is, one of the top leaders of the business community has had to go through the ordeal of a criminal prosecution for no fault of his own.

'BAN' ON BUDLA

Mr. K. R P. Shroff, President of the Native Share and Stock Brokers' Association, Bombay, in the course of his speech at the Annual General Meeting held on the 4th August, has pointed out vigorously the harmful consequences of Defence of India Rule 94-C. "Our administrative difficulties," Mr. Shroff Observes, "were multiplied and hardships increased but even more serious was the development of "grey" markets that sprung into being and thrived in the streets outside the control of the Stock Exchange. Rule 94-C cut athwart the basic principles governing stock market technique. A free, broad and active market ensuring liquidity of holdings and continuous adjustment of values from point to point in the smooth flow of a moving equilibrium was in a large measure destroyed by this unfortunate tampering with the trading machinery. . . . . Backwardation, a rarity in normal times, became the order of the day in the "grey" markets and one scrip after another was juggled with till there was not one of note left out of the game.....And it was not only we in Bombay who were penalized. Budla transactions, which were not to be found in any other market than Bombay before the issue of Rule 94-C, appeared all over India as if a magic wand had been waved soon after Rule 94-C, was promulgated. Thus, paradoxically, a Defence Rule banning Budlas was directly responsible for spreading such business to other centres where till then trading had been conducted on different lines."

Mr Shroff goes on to say that these facts were repeatedly pointed out to the Government, but there was no response. He rightly urges that the Government have an obligation to consult and co-operate with agencies "which have expert knowledge and which by right of long service and established status have an indispensable stake in the future development of India."

THE JEHANGIR COMMITTEE

The committee presided over by Sir Cowasjee Jehangir to inquire into the undesirable features of insurance managements has submitted its report to Government. Although the findings of the committee and the recommendations it has made to Government are kept a closely guarded secret, some information has been available about the attitude taken up by the committee and the broad nature of its recommendations. Notable discoveries by the committee are said to be the payment of exhorbitant prices for share-prices which bear no relation to market quotation of funds and evidence of large-scale nepotism. Inter-locking of bank and insurance funds is also said to be a common feature. For instance, the committee is reported to have observed, "When the shares of an insurance company are subscribed for by a bank and the bank is unable to find the money to take delivery of the shares, the amount appears on the liability side of the insurance company as capital and on the asset side as deposit with bankers. The bank shows on its liability side the amount of the insurance company's share capital under deposits, while on the asset side it shows the shares of the insurance company. While the company has a large sum to its credit with the bank, it is not able to pay its outstanding claims. In the valuation year of the company, some of the investments of the insurance company may be sold to the bank at fictitious prices and profits are taken to swell the life fund. The valuation would thus show a surplus. After the actuary's valuation, the same securities will be purchased again by the insurance company from the bank, thereby avoiding any loss to the bank. It is thus that the real position of the bank and the insurance company is concealed from the balance sheets for several years."

This is a serious a state of affairs and this finding of the committee alone constitutes a formidable indictment of the numerous instances of manipulation on the part of bank-cum-insurance combines.

IMPERIAL'S HALF-YEAR WORKING

The report of the Imperial Bank of India for the half-year ended 1945 is mainly interesting not so much or the actual statement of accounts as for the fact that the Directors increased the distribution to the shareholders from 12 per cent. to 14 per cent. This was an agreeable surprise to shareholders as it had been thought that, in view of the current inflationary setting, the Directors would not take such a decision. After all, it may be noted that they did not pay a higher dividend even when the net profit was substantially higher than during the half-year under review. This shows that in declaring a higher dividend, the Management were actuated by the feeling that as other leading banks have increased the dividend levels during war-time or at least maintained them on the expanded capital structure, the Imperial too should fall in line with the rest. Coming to the actual figures, the notable thing about them is that the net profit for the half-year under review is higher at Rs. 49.22 lakhs than the profit for the corresponding half-year of 1944, by Rs. 3.2 lakhs. Despite the higher incidents of taxation, the earning capacity of the bank has improved and this is reflected in the fact that the gross profit for the half-year has been higher, being Rs. 1.51 crores as against Rs. 1.32 crores for the corresponding half-year of 1944. Including the amount brought in from the previous half-year, a sum of Rs. 92.77 lakhs was available or distribution, which the Directors have allocated as follows: A dividend of 14 per cent. absorbing Rs. 39.38 lakhs, transfer of Rs. 5 lakhs to the reserve fund as against Rs. 7.5 lakhs in the last half-year, bonus to staff Rs. 8.5 lakhs and sundry other allocations. The reserve fund of the bank now stands at Rs. 6.65 crores which is higher than the paid-up capital by Rs. 42.5 lakhs. It can, therefore, be appreciated that the appropriation to reserve may not be on a large scale in the coming years and that therefore if the bank is able to maintain its present level of earnings, the shareholders may be fortunate enough to continue to get the present dividend of 14 per cent. per annum. The total deposits at Rs. 240.15 crores show a rise of Rs. 2.37 crores as compared with six months ago. The small increase is doubtless due to the fact that the rate of currency expansion has also slowed down considerably, particularly in the last half-year. This is more strikingly brought out by the fact that whereas between 31st December, 1944, and 30th June, 1945, deposits have gone up only by Rs. 2.37 crores, the increase for the corresponding period of 1944 was as much as Rs. 16.01 crores. The Imperial, by virtue of the large financial resources at its command, has a large say in the trend of investment markets in the country. It is, therefore, somewhat surprising that the investments of the bank show a substantial fall of Rs. 6 crores as compared with the position six months back. No doubt, one explanation is that the floating debt at the end of June 1945 was only half of what it was at the end of 1944, and invariably the Imperial has a large share in the outstandings of treasury bills. In addition to this, the bank has also been extending substantial support to the various government loans. Advances also show a decline to the extent of Rs. 3.4 crores when compared with six months ago, and this is probably to be attributed to the fact that the volume of bank accommodation for trade channels has in general been steadily on the decline except for sporadic demand Due to the decline under both investments and advances, the cash position is higher by Rs. 22.36 crores at the handsome figure of Rs. 39.7 crores, at which level they bear a ratio of 16.6 per cent. to total deposits as against only 11.7 per cent. in the last half-year. A comparison instituted with the position prevailing a year ago shows less sharp changes. Deposits are higher by Rs. 9.6 crores, investments in Government securities are up by Rs. 15.2 crores, while advances are more or less unchanged. All told, these figures add up to make an impressive story. They show what an important part is played by the Imperial in the banking economy.

NATH BANK LTD.,

Head Office:—135, CANNING STREET, CALCUTTA.

—OFFICES—

CALCUTTA CIRCLE :—Shambazar, Hatkhola, Ballygunge, Lake Market, Barabazar, Bowbazar, Bhowanipore, Harrison Road, Howrah.

BENGAL CIRCLE :—Noakhali, Chaumuhani, Chittagong, Mymensingh, Dacca, Narayangunge, Chandpur (Puranbazar), Kushtia.

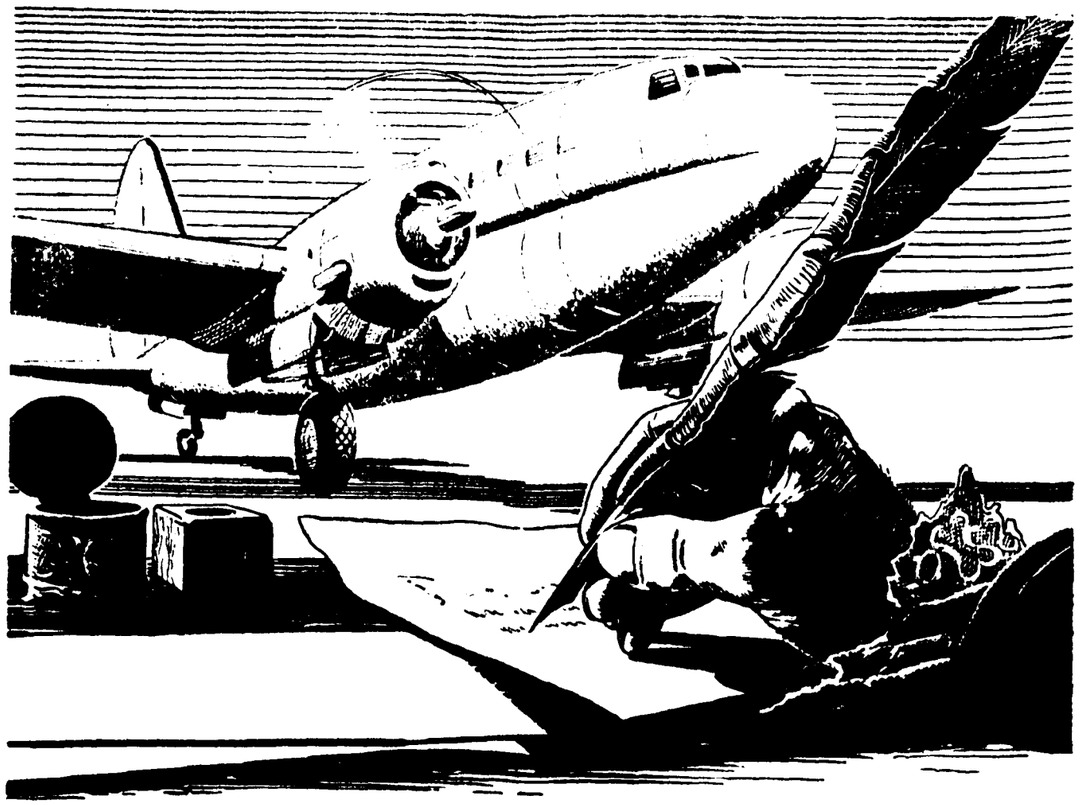
U.P. CIRCLE :—Delhi, New Delhi, Lucknow, Cawnpore, Meston Road (Cawnpore).

BIHAR CIRCLE :—Patna, Patna City, Jamshedpur, Sakchi, Chaibasa, Jharia, Muzaffarpur. Bhagalpur.

ASSAM CIRCLE :—Gauhati, Dhubri, Tezpur, Shillong, Nowgong.

BOMBAY BRANCH:—Bombay.

K. N. DALAL,
Managing Director.



"Despatch is the Soul of Business"

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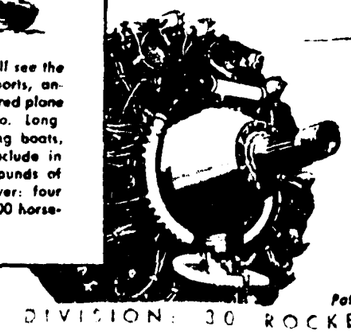
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FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT.

Madras Letter

MADRAS, Aug. 4, 1945.

AT the annual general meeting of the Rubber Sectio of the United Planters Association of Southern India held a few days ago, Mr. E. Lefevre, who presided, referred to the principal events in the rubber history of the year.. The intensive tapping scheme died a natural death and was replaced by the Bonus Price Scheme. The latter also suffered from many defects and therefore was abandoned and then a schedule of prices enforced. But even this was unsatisfactory since the schedule was to be in force till further notice. Accurate knowledge of income for reasonable period was a natural advantage to an industry which worked on an expenditure budgetted annually. For many months, the income of the Indian producer was not equal to that of his counterpart in Ceylon; for, the U.K. Ministry of Supply offered higher prices there. Referring to the future, Mr Lefevre said that the time had come, possibly with the co-operation of the Rubber Growers' Association of Travancore, to get into touch with the Rubber Manufacturers' Association and discuss distribution and marketing problems which would arise when present control ceased (it was stated that the Rubber Control and Production Order would expire six months after the cessation of hostilities) and might seek what Government assistance, if any. Referring to the controversy in regard to natural versus synthetic rubber, he said that if recently mentioned figures of rubber consumption were reasonable, there appeared to be little room for an early development of synthetic manufacture in India, which would not seriously affect their industry or which would itself have an output of economic proportions. The trend of events was generally to seek industrial development which would provide employment for labour but a synthetic rubber industry here might employ hundreds only to the ultimate detriment of thousands of plantation labourers. He hoped that such a development would not be encouraged without full consideration of its possible reactions on the nationally important South Indian plantation industry.

The Cochin

The Cochin Budget presented to the Legislature reveals an estimated revenue of Rs. 294.25 lakhs and an expenditure of Rs. 282.50 lakhs, a record in the financial history of the State. The revised estimate of the year that is closing shows large increases as compared with the budget estimate, both of revenue and expenditure, the former by about Rs. 34 lakhs and the latter by about Rs. 45.75 lakhs. One important feature of the current year is that the total transactions in the Food Department came to Rs. 5 crores and resulted in a loss of Rs. 10 lakhs, of which Rs. 7 lakhs was due to sale of wheat and other dry grains below cost price and the balance being the loss due to deterioration of stocks. Explaining the budget estimates of the forthcoming year, the Finance Member of the State said that "the increased revenue under customs Rs. 10.29 lakhs, the larger incomes from the new taxation measures on betel-nut etc., Rs. 10.89 lakhs and the astounding increases under excise revenues Rs. 24.50 lakhs had largely contributed to the phenomenal growth of the revenues. While the politicians might deplore the excise revenue, the administrator found that in this he had the means to meet the ever-growing needs of a developing administration without resort to fresh and additional taxation." The Finance Minister has budgetted for a programme of expenditure aggregating to Rs. 282.48 lakhs, out of which Rs. 113.24 lakhs would go for the development and nation-building services. A capital expenditure of Rs. 13.28 lakhs has been provided on the Pallivasal Power Purchase Scheme for extending the power supply from Chowwara to Trichur. It has been proposed to raise a loan of Rs. 1 crore for post-war development schemes.

Country-craft Traffic

The Southern India Chamber of Commerce have addressed the Government drawing their attention to the fact that the organization of the country-craft traffic along the west and east coasts is far from satisfactory. It is stated that boats are being overloaded with consequent loss of cargo on the way. The Chamber suggest that the sum of over Rs. 45 crores of the War Risk Insurance Funds collected during the last four years and remaining with the Government with no ostensible purpose in view might be utilized for the insurance for covering the risk. The Chamber has also pointed out the need for taking special steps to build new boats or to repair old ones for enabling the country-craft organization to become a perfect agency of transport.

The Stock Exchange

The prospects of an early termination of the war against Japan did not affect the Share market adversely. Though some of the leading shares have declined fractionally, it seems to be more due to profit-taking since at the lower levels there has been a broadening of enquiry for them. The Government Securities market was easier. 3½ per cent. Paper further declined to Rs. 101-15. Terminable loans also declined fractionally. The demand for local bank shares was sustained though the quotations were unchanged. In the textiles section, there was continued demand for the market favourites. Buckingham and Carnatics which touched Rs. 364 closed at Rs. 350 due to profit-taking. Bangalore Woollens were taken up to Rs. 495. Cambodias were easier by a point at Rs. 30-12. In the Coimbatore group, there was demand for Lakshmis. Radhakrishnas were done at Rs. 356 and Rangavilas at Rs. 155. The Planting section continued to be active and share values were maintained at around last week's levels. Cochin Malabars were quoting Rs. 19-3 c.d. Velliamuttams have declared a dividend of 15 per cent. as against 20 per cent. the previous year, though earnings have been higher. The shares improved slightly to Rs. 34-12. Midlands and Rajagiris came in for business around Rs. 13. There was a wider range of business in the local electric company shares. There was improved demand for sugar shares. The Mysore group of industrial shares was not very active and share values tended to be lower.

U.P. Letter

CAWNPORE, August 5, 1945.

CANEGROWERS' co-operative societies represent an important development in co-operation in the United Provinces. These have helped protect the growers' interest and help them obtain fair rates, etc. In 1943-44, according to a government report released recently, of the total area of 1037.59 thousand acres reserved for factories, as much as 329.67 thousand acres was controlled by co-operative societies which supplied a total of 1532.30 thousand maunds of cane valued at Rs. 1138.40 lakhs.

Co-operative societies advanced to their members loans amounting to Rs. 16,83,308 and recovered Rs. 12,88,594 from them during the same period. Of the total amount advanced 84 per cent. was for seed and

manure and 9 per cent. for cattle and fodder. The marketing of other agricultural produce was also carried on by some societies in the Eastern Range and produce valued at Rs. 11,77,000 was handled.

The cane development societies carried on rural development work consisting of construction of roads, construction and repair of welis, improvement of cattle, construction of drains in low lying areas and provision of medical aid. In all 3,000 miles roads were either constructed or repaired and 260 culverts and 160 bridges were constructed, 73 stud bulls were distributed, 136 wells were constructed, 26 bored and 472 repaired.

Milk Supply for Towns

The formation of co-operative milk societies has been suggested by the Registrar of Co-operative Societies, U.P., for ten towns of the province to help improve the milk supply in the principal urban areas of the province. A co-operative butter factory is also recommended. The Registrar was deputed to Bombay and Madras recently to study the milk rationing and distribution schemes in these cities. The U.P. has already one co-operative milk society in Lucknow and its results so far have been extremely satisfactory.

There is reported to be shortage of milk in all the urban areas of the province, and specially in the towns where industry has expanded. The proposed Urban Area Development Board has on its programme the question of proper milk supply to Cawnpore. It has been suggested that all the dairies may be shifted outside the town limits.

Co-operative Bank

The U.P.'s first co-operative bank on a provincial scale came into existence a year ago with its headquarters at Lucknow. It is now to open agencies in the province at selected centres where it can give fillip to the co-operative movement. The first agency will be opened in Barabanki.

The Registrar of the Co-operative Societies has also moved the Government to so amend the Municipal Board, District Board and Town Improvement Acts so as to allow the Municipal and District Boards and the Improvement Trusts to deposit their funds with the Provincial Co-operative Bank. Hitherto these bodies could deposit their funds only with the Imperial Bank.

Cloth Rationing

The U.P. Government have issued a circular to the District Magistrates giving details of the lines on which cloth rationing in the urban areas where it is proposed to be introduced will work. There will be 9 yards cloth for each adult and 4½ yards for each child in a period of 6 months. Coupons for cloth will be issued and each holder will have the option of buying from any or more of a group of shops to which he will be attached. The Provincial Textile Controller, Mr. E. Ryston was in Bombay last week studying how cloth rationing has worked in that town.

The setting up of cloth merchants' syndicates who would take over the work of importing each district's cloth requirements, instead of one or more merchants, as was the case during the last three months has been suggested. The first such syndicate is expected to start functioing in Bareilly. In other districts syndicates may be formed if the one in Bareilly proves a success.

Labour Differences

After 6 years general election to the Cawnpore Mazdoor Sabha, the most important trade union of the province, are to be held. This time Congressmen and Communists are pitched against each other. When the last elections were held in 1939 Congressmen and Communists had joined hands and ousted the Congress Socialists. The Sabha at one time had a membership of over 12,000 but now it has sunk to about 3,000. Nevertheless it wields influence in labour which is far greater than is indicated by the strength of its membership.

Sind Letter

KARACHI, August 5, 1945.

SIND'S post-war plans have been published. It is estimated to cost 35 crores capital and 10 crores recurring expenditure. The two main schemes are another Barrage on the Indus which is to cost 12 crores and Roads which will cost 10 crores. The Barrage should pay for itself by sales of land irrigated by it and is likely to be financed by a loan as also a third Barrage costing Rs. 3 crores which is also included in the Plan. It is proposed to get finance for the rest of the Plan from 9 crores budgetary balances, 4 crores surplus in the next five years and grants from Government of India. The present Government is not likely to consider fresh taxation as a means of financing their Plan. And yet the possibility of a tax that satisfies all canons of taxation and will bring in over 3 crores is there for all to see. The major Barrage scheme will irrigate 11,50,000 acres of privately owned land and raise its value by about Rs. 160 an acre. Why should not the Government appropriate at least 25 per cent. of this benefit which is accruing directly from a Government Work costing 12 crores? But the Government is a Zamindari Government and will not like to tax a section of their supporters.

Need For Ghee Plant

Considerable dissatisfaction has been caused among industrial circles by the refusal of Government of India to allow the setting up of a vegetable Ghee plant in Sind. The Government of India has based their refusal on the comparatively favourable position of Sind in respect of ghee and fats. The opinion here is that the position is not as favourable as Government of India think. Large quantities of ghee are being taken away by military contractors and the local demand has also gone up due to the great purchasing power of some sections of the people. There is, therefore, an acute shortage in the province. The Government of Sind is being pressed to make a representation to the Government of India.

Manure Distribution

The Government of Sind are selling 500 tons of Sulphate of Ammonia for manuring paddy crop at half-price. The Governments of Sind and India are sharing equally in the loss. The use of this manure is expected to give an increased yield of at least 1,500 tons of paddy. It is proposed to sell sulphate of ammonia at half-price for manuring fruit trees also.

Iron and Steel Distribution

There has been some discussion in the Press about the high charges of distribution of iron and steel in the province. The position appears to be that the material comes from the producers first to Registered Stockholders, a body recognized by the Iron and Steel Control authorities. This body passes the material on to another body, Karachi Iron and Steel Syndicate which is also recognized by the Iron and Steel Controller. These two bodies between them charge a commission of Rs. 85 a ton while the cost of the material including freight to Karachi is round about Rs. 300 a ton. The Iron and Steel Controller is alleged to have said that these are the normal channels of trade and he would not release materials direct to the consumer even if the consumer holds a quota of more than a wagon-load. The big consumers justly complain that they have to pay a commission of Rs. 85 a ton for services which they do not require.

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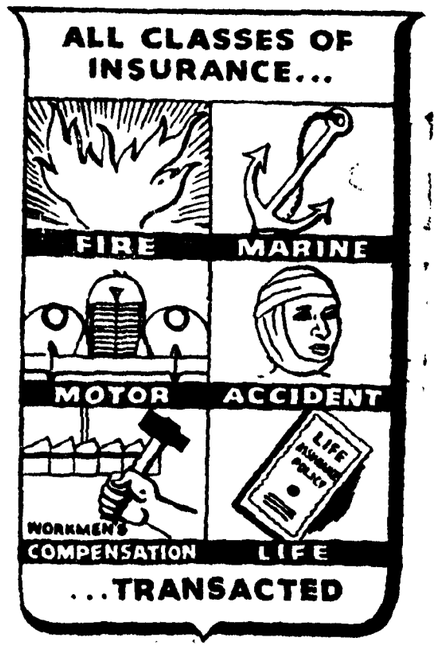
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LABOUR

Labour Incentives in the U.S.S.R.

IN a capitalist society, the solution of the problem of wage determination is generally sought in the marginal productivity theory of wages. That, however, has remained more or less a theoretical nicety due to the imperfections in the practical world which hinder its operation in actual practice. Hence, wages in a capitalist society, have been a function of the capitalist captains of industry, acting in conjunction with the law of demand and supply. True, the State-control has made its appearance, particularly in the field of fixing fair wages where they are unfair and also to a certain extent regarding living wages. In a planned economy as in the U.S.S.R., however, the class of captains of industry is conspicuous by its absence, because the Soviet incentives, though they may momentarily exhalt this or that hero of industry, create no separate class in the community. Unlike, the motive of making profit, the Soviet incentives act upon the entire mass of those engaged in work. Whereas, due to the inherent capitalistic structure of society, the extent of the State control is bound to be limited in other countries, in the U.S.S.R., it is the State from which institution, the decisions regarding wages and their individual and industry-wise allocation, emerge.

In the Soviet economy, there are three main parts into which the total national income and expenditure is divided: Firstly, the amount to be held from current consumption and to be invested in lasting utilities, which may be called internal investments of the nation; the second part is allocated to the maintenance of the common services of the nation, conducted on a collectivized basis; the whole of the remainder constitutes a wage-fund, which though reminding one of the wage fund theory of Ricardo and McCulloch, is more concrete than any of those. It is this reservoir of wage fund from which wages and salaries are paid to the whole of the workers, both manual and intellectual, employed in the production of commodities and services. This demarcation of wage fund takes place in the protracted annual collective bargaining between the All-Union Council of Trade Unions (A.U.C.C.T.U.) representing all the trade unions of the U.S.S.R. and the U.S.S.R. Sovnarkom representing the management of all the enterprises in which the workers are employed. This has necessarily to take into consideration, the national needs of commodities and services, and the consequent industry-wise allocation of expenditure, so also the standard rates of wages and conditions of employment.

The allocation of expenditure according to industries appears relatively a simple affair, when we begin to consider the basis of the individual wage rates in different industries. There is a good deal of misunderstanding about this. There is, for instance, a false assumption current among some people, that since all men are born equal with an inherent right to equal share in commodities and services produced, there are identical incomes for all workers by hand or brain in the U.S.S.R. The criterion followed in this respect is 'from each according to his faculties and to each according to his needs' which is certainly diametrically opposite to an equality among individuals, in the sense of identity either in rewards or in sacrifices. The equality in Marxism is not equality in personal requirements and personal life but the abolition of class in all its comprehensive connotation. In keeping with the general condition of abolition of class (which meant abolition of private incomes from rent and profit,) and of social equality, which is fundamental to both socialism and communism, a sufficiently varied rate of individual rates of remuneration can be imagined. This brings us to the principle of adoption of wages according to output, *i.e.* piece-work wages. The piece-work wages as contrasted with a fixed time work rate is the basic system of remuneration of labour in the U.S.S.R. which, while it recognizes, as useful incentives—if properly directed—the impulses implanted in the ordinary man to seek comfort and security, also provides for the avoidance of what the Bolsheviks termed 'depersonalization,' *i.e.* complete absence of responsibility for the work performed.

Coupled with this collective piecework, is introduced the system of individual accounting. That is to say, an individual account of the production of each worker in each shift is kept, which helps to foster the incentive towards increased output along with the monetary incentive. It is now possible to understand how piece work rates are fixed in the U.S.S.R. It is the working class who determines through the medium of its planning organs what part of the worker's product is to go in the form of individual money wages, what part is to be expended to meet the requirements of the public and what part is to be appropriated to develop socialist economy. When these points of policy are determined, the work of Technical Normalization Bureaux begins, whose duty it is to establish rates for production and rates of remuneration, to fix the standard time required for the accomplishment of certain work with certain equipment and the wage, the worker is to be paid for it. This system of collective piece work is to be distinguished from the same in a capitalistic economy in this that in the latter, profit making is the recognized object of industrial undertakings and hence employer 'cutting the rate' and thus taking the advantage of workers' increased output, is the constant danger. In the Soviet economy, however, profit motive being absent, the management does not get uneasy at the increased earnings of the workers under the piece-work intensity. It may also be remarked, that, as contrasted with the clever piece-work systems by which in capitalist industry the workers are made to gain less per unit the faster they work, under Soviet communism not only the piece-work rates are not degressive but in some cases they are progressive, the rate rising by stages for output beyond the norm.

As remarked above, there is no equality of wages in the U.S.S.R. After the fixation of a national minimum of desirable personal expenditure the difference in different wage grades gets more and more dominated by what is called the principle of payment according to 'social value.' This principle of social value is directly corelated to the shortage or labour supply in a particular branch of industry. Thus the value of a particular craft or industry is socially greater or less according as the supply of labour therein is relatively short or abundant, in relation to the requirements. There was a time when, taken as a whole, the 'light industries' had, in the annual wage determinations got ahead of the heavy industries in their standard rates of wages, whilst the latter were suffering from an insufficiency of competent workers together with an excessive turnover of men. It was then, that A.U.C.C.T.U. took a firm line in the

matter of regulating wages according to social value, and of 'giving each individual worker a material incentive to raise his qualifications and increase the productivity of his labour.' A remarkable example of the principle of payment according to social value was seen towards the end of 1933, when special steps were decided to be taken to attract immigrants to the Far Eastern province of Siberia. This resulted in a special increment of a substantial amount to the standard rate of wages payable there, and exemption from certain specified taxes.

One pertinent and nice question remains yet to be answered. What exactly is the basis upon which the elaborate piece-work rates are determined? After all, the principle of social value is, to put it plainly nothing but the law of supply in capitalist economy interlinked with a very vague connotation of social value. Payment is higher, if social value is higher; and social value is higher if labour supply is short. Rule out the middle term of social value and you get the law of supply. Where then is the distinction between capitalism and communism? There must be somewhere a point where capitalism ends and communism begins. Where is that point in this respect? Webbs' answer to this question is, "The piece-work rate for each job is based upon the time-work wage current in each category of workers whether skilled or unskilled" and they claim that this covers up the radical distinction between Soviet communism and capitalist enterprise. And it is like this. There is, in Soviet production, no 'enemy party' against whom the workmen have to contend. Nor is there any such thing as the 'demarcation dispute' between men of different crafts as to which craft shall have the privilege of performing a particular task. The grading of wages is not by craft, nor by age or seniority, nor even by the estimate of skill or time required for gaining the skill. Grading is a simple flexible function of the requirements of enterprise, or of all the enterprises with similar needs in various skills or craftsmanship. But what is more, the vertical mobility of labour has attained a high level. With a view to provide for an automatic and continuous increase of skilled craftsmen, there is no fixed number of workers to be admitted to the higher grade. As Webbs remark, 'In practice, in the U.S.S.R. *any worker may at any time claim to be tried as a candidate for any higher grade.*' (Italics ours.) If he proves to be qualified for that grade, he is at once promoted to the higher grade. It is all these put together, that constitute the radical distinction between the labour incentives in the U.S.S.R. and in a capitalist country. As distinguished from any capitalist economy, any argument in support of increasing aggregate wage fund simultaneously becomes an argument for an actual increase in the aggregate net productivity of all the enterprises throughout the country. That is the core of labour incentives, in the U.S.S.R. 'The capitalist employers in every other country, whilst complacent about their own superior efficiency in profit-making, must now and then envy the industrial directors of the U.S.S.R. the extraordinary increases of output obtained by the incentives that Soviet communism supplies to its labour force!'

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INDUSTRY

Punjab's Hydro-Electric Power Scheme

IN the schemes for post-war development and reconstruction under the contemplation of the Punjab Government, an important place is given to schemes for hydro-electric development. "The general policy of the Government (of the Punjab)" we read in a note prepared under official auspices, "is to cover the whole province with a net-work of supply lines so as to provide facilities for giving a plentiful supply of electricity at attractive rates to the majority of the people." In an essentially agricultural province as is the Punjab, the prosperity of the rural population is inter-connected with the provision of ample facilities for irrigation and water-supply and with appropriate arrangements for the prevention of water-logging in the rural areas. It is also inter-connected with the promotion of rural industrialization on a cottage industry basis, which would be immensely facilitated if cheap power is made available to the people.

There are already some hydro-electric power projects in the Punjab. Among these most important is the Uhl river project, by which the waters of the Uhl river, which is a tributary of the Beas, have been harnessed at a site on the spur of the Dauladhar Range in the Mandi State, at a distance of about 200 miles north-east of Lahore. The Uhl river project, with its headquarters at Brot in the Mandi State, is regarded as "a marvel of engineering skill" and is capable of supplying current over a wide circuit to a large number of places in the Punjab through a number of sub-stations. Power generated through this project is distributed over long transmission lines to energize urban industries like the N.W. Railway workshops at Moghulpura near Lahore, the large spinning and weaving mills at Lyallpur and many other smaller factories like flour mills, hosiery and weaving plants, etc., besides enabling bulk supplies to be made for the electrification of towns like Amritsar and Jullundur under the license system. An idea of the magnitude of the project can be secured when it is pointed out that at present it serves an area of 46,000 square miles and a population of nearly two millions.

It is fairly widely recognized that the capital cost of setting up hydro-electric plants and stations, coupled in certain cases with the cost of long transmission lines, is undoubtedly calculated to be heavy. But the position ultimately resolves itself into one of what will be the actual cost of supplying power; and experts have after careful calculations arrived at the conclusion that hydro-electric power stations can and do produce electricity at a cost much less than that of steam or oil-driven power stations. In addition, the former process is estimated to be definitely more reliable notwithstanding the possible risks involved in long transmission lines and equally definitely cheaper to supply in comparison with power which would be obtainable from a grid system worked by thermal plant.

To supplement the schemes already in operation or in process of being brought into working order in the Punjab, the Punjab Government are embarking on a five years' post-war plan of development of electricity schemes. At least five such schemes are under active consideration, which are as follows: (1) Rasul hydro - electric - cum - Sialkot - Gujranwala - Lyallpur-Rawalpindi transmission and distribution project; (2) Mangla or Mianwali hydro-electric scheme; (3) Scheme to link up the Shahdara Thermal Power station of the Lahore Electric Supply undertaking with the Uhl river hydro-electric scheme; (4) Jullundur-Ludhiana-Ferozepore transmission and distribution schemes; (5) Addition of a pipe lines with one 12,000 kw. generating set at Jogindranagar.

A few details of the projects and schemes mentioned above may be incorporated here. The Rasul hydro-electric-cum-distribution project provides for the construction of a power station at Rasul with two 11,000 kws. Kaplan generating sets. These turbines will be the largest of their kind in the province and possibly in the whole of India. Thirty towns in the northern regions of the Punjab, which include Gujranwala, Lyallpur, Jhang, Sialkot, Gujrat, Rawalpindi, Jhelum and Sargodha will be supplied with cheap grid power as a result of this scheme.

The second scheme relates to the generation of power at Mangla or Mianwali to the extent of 10,000 kws. by harnessing the waters of the Upper Jhelum canal and its working is considered to be free from the disadvantages of developing water power usually associated with canals since there is a sheer fall of 30 feet of water here. The third scheme provides for the inter-linking of the existing Shahdara thermal station with the branch's grid system in order to maximize the advantages of a correlated operation of thermal and hydro-electric stations. When this scheme is completed, it is expected that it would be possible to feed the Lahore Electric Supply undertaking in the summer from the Jogindranagar station of the Uhl river project, when sufficient water would be available there. A considerable saving of coal at the Shahdara thermal station will thus be possible.

The fourth scheme, the Jullundur-Ludhiana-Ferozepore transmission and distribution project, will ensure the electrification of the following towns, among others, and their suburbs in east and south Punjab:—Moga, Jagraon, Ludhiana, and Khanna, besides covering within its range a number of neighbouring villages.

Scheme number five is intended to be an extension of the existing grid system of the Punjab. The addition of a pipe line will facilitate the transmission of additional power to meet the further development of the load on the present grid system. It will also serve new towns to be covered by the transmission and distribution schemes numbers one to four explained above. The maximum power which can be generated from the water resources of the province has been estimated at roughly one million horse power; and when schemes numbers 1, 2, 3 and 4 are brought into full working operation at the end of the first five years' plan, they will enable the limit of primary power, which is approximately 20,000 kws. presently attained to be increased to approximately 54,000 kws.

The schemes included in the post-war development plan will help very substantially to increase the power supply to the main grid to cope with the greatly augmented demand for power which has occurred during the war period but which it has not been possible to meet owing to the shortage of plant and materials. They are also calculated to help in the supply of electricity throughout large areas in the Punjab, parts of which receive at present their supply of electric current from thermal stations at relatively high rates. Lastly, they will help in the extension of the tube-well system to districts adjacent to the canal-irrigated areas both for supplementing the canal system, which would release water for expansion of irrigation elsewhere, and also for bringing fresh lands under cultivation. The potential beneficial effects of the projects and their

value are accentuated by the fact that they facilitate the extension of the process of tube-well irrigation, particularly in view of the eagerness with which the Punjab peasant, in comparison with his compatriot in other parts of the country, takes to irrigated land. It is estimated that about 2-1|2 million acres of high-lying land in the Punjab can be irrigated economically by means of electrically operated tube-wells, while nearly 50,000 acres of water-logged land can conveniently be drained off and converted into cultivable area by the same process, thereby greatly increasing the food supply of the province.

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S. K. Sen, Esq., *Manager.*

CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT
(Rs. in lakhs)

	27-7-45	20-7-45	28-7-44	1-9-39	27-7-45 compared with 1-9-39
Notes held in the Banking Dept. ..	24,21	16,86	23,02	35,04	—10,83
In circulation ..	1128,73	1135,29	921,96	182,13	+946,60
Total Notes ..	1152,94	1152,15	944,99	217.18	+935,76
A. Gold Coin and bullion ..	44,41	44,41	44,41	44,41	...
Sterling Securities					
Total of A ..	1034,33	1034,33	828,33	59,50	+974,83
B. Rupee Coin ..	1078,74	1078,74	872,74	103,92	+974,82
Rupee Securities	16,35	15,37	14,40	75,87	—59,52
Silver bullion under coinage ..	57,84	57,84	57,84	37,39	+20,45
% of Reserve to Liabilities ..	..	..	..	.. ..	..
	93,565	93,629	921,355	63,149	+30,416

IMPERIAL BANK
(Rs. in lakhs)

	27-7-45	20-7-45	28-7-44	1-9-39	27-7-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts ..	237,91	238,43	229,35	87,26	+150,65
Govt. Securities	143,13	143,14	133,04	51,03	+92,10
Other Investments	4,90	4,90	3,20	96	+3,94
Loans	17,66	17,56	12,37	7,66	+10,00
Cash Credit Overdrafts	45,09	46,56	44,27	19,76	+25,33
Bills discounted ..	4,06	3,67	4,00	2,95	+1,11
Cash in hand, with R.B.I. and other Banks	32,61	32,08	42,05	14,69	+17,92

BANK OF ENGLAND
(£ '000)

	1-8-45	25-7-45	2-8-44	30-8-39	1-8-45 compared with 30-8-39
Total Bullion ..	944	1,109	1,30:	263,700	—262,756
Public Deposits ..	11,100	10,000	8,700	31,000	—19,900
Other Deposits ..	277,100	282,700	232,000	129,100	+148,000
Of which Bankers Deposits ..	221,000	229,100	183,000	90,100	+130,900
Govt. Securities ..	257,000	250,700	193,600	113,100	+143,900
Other Securities ..	12,200	13,000	14,100	31,000	—18,800
Of which Discounts and Advances ..	5,800	1,800	5 700	6,400	—600
Notes and Coins ..	31,200	45,500	55,300	34,200	—3,000
Notes in circulation	1,319,800	1,305,700	1,146,000	529,000	+790,800
% of Reserve to Liabilities ..	10.82	18.2	22.05	21.38	—10.56

TREASURY BILLS SALES
(3 Months' Tenure)
(Rs. in lakhs)

Date of Issue	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
1945					
May 1, " ..	7.67	4,00	0 6 11	..	67,50
" 8, " ..	5,75	4.00	0 7 11	..	1.82
" 15, " ..	5,71	2.00	0 7 5	..	2,10
" 22, " ..	5,42	2,00	0 7 0	..	2,31
" 29, " ..	7.38	2.00	0 6 0	..	2,45
June 5, " ..	8,66	2.00	0 4 11	..	4.50
" 12, " ..	..	2,00	0 4 0	..	8,11
" 19, " ..	4,11	200	0 4 0	..	3.31
" 26, " ..	5.80	2.00	0 3 11	..	4.69
July 3, " ..	2,26	86	0 3 11	..	1,64
" 10, " ..	2,42	42	0 4 0	..	1,11
" 17 " ..	70	58	0 4 0	..	..
" 24, " ..	57	47	0 5 1	..	+1,45
" 31 " ..	2 93	1.50	0 5 11	...	

CLEARING HOUSE RETURNS
(Rs. in lakhs)

	1943-44	1944-45	May 1945	June 1945	July 27 1945	Aug 3 1945
Bombay	24,42,31	22,36,97	1,82,59	2,02,23	47,57	1,81
Calcutta	17,40,12	23,51,59	1,96,85	2,16,94	52,60	2,06
Cawnpore	1,02,41	1,12,95	8,01	8,05	1,88	1,77
Delhi	1,02,41	1,29,94	10,77	10,15	2,25	...
Karachi	1,02,64	1,24,54	12,37	11,51	2,47	...
Lahore	78,82	74	7,47	8,48	7,35	...
Madras	2,00,02	1,27,37	20,49	21,27	5,43	...

NON-SCHEDULED BANKS
(Rs. in lakhs)

Date	Liabilities Demand	Time	Total	Cash Balances	% of Cash Balances to liabilities
31-12-1943 (530) ..	17,52	17,27	34,79	4,88	14.9
30-6-1944 (572) ..	21,06	23.37	44,43	5,29	11.9
28-7-1944 (572) ..	20,81	15,58	43,42	4,85	11.1
25-8-1944 (579) ..	22,12	23,81	45,93	5,15	11.2
29-9-1944 (579) ..	22,27	23,24	45,51	5,07	11.1
27-10-1944 (585) ..	22,18	25,78	47,96	5,30	11.1
24-11-1944 (568) ..	22,33	24,48	46,80	5,61	11.9

Number of banks submitting their returns within brackets.

BANKING DEPARTMENT
(Rs. in lakhs)

	27-7-45	20-7-45	28-7-45	1-9-39	27-7-45 compared with 1-9-39
Cash	24,39	17,08	23,31	35,15	—10,76
Balances held abroad*	434,45	412,38	205,54	10,08	+424,37
Investments ..	20,23	19,62	11,21	6,81	+13,42
Bills discounted—					
(a) Internal and External ..	3,75	6,81	1,17	1,16	+2,59
(b) Treasury Bills	17	50	1	31	—14
Loans and Advances to Government ..	374,92	340,00	123,12	14.89	+360,03
Deposits—	353,79	321,04	...	14.89	+338,90
(a) All Govts. ..	75,07	68,60	97,21	26,91	+48,16
Of which G. of I.	21,76	21,30	5,60	1,24	+19,52
(b) Banks ..					
(c) Others ..					

* Including Cash and Short-term Securities.

SCHEDULED BANKS
(Rs. in lakhs)

	27-7-45	20-7-45	28-7-44	1-9-39	27-7-45 compared with 1-9-39
Demand Liabilities in India	626,52	623,82	575,39	134,36	+492,16
Time Liabilities in India	244,08	242,02	183,91	102,24	+141,84
Cash in India ..	32,51	32,45	25,41	6,70	+25,81
Balances with Reserve Bank ..	74,96	68,12	97,43	23,17	+51,79
Advances in India	281,09	286,04	211,48	101,52	+179,57
Bills discounted in India	14,46	14,85	9,64	3,57	+10,89

U.S. FEDERAL RESERVE BOARD
(Million dollars)

	2-8-45	26-7-45	3-8-44	31-8-39	2-8-45 compared with 31-8-39
Resources:—					
Total Reserves ..	17,981	18,041	19,115*	14,661	+3,320
Total Bills Discounted ..	399	229	36	6	+393
Bills bought in open market ..	..	..	..	(550,000)	(—550,000)
Total U.S. Govt. Securities ..	21,877	21,570	14,891	2,426	+19,451
Liabilities:—					
F.R. Notes in actual circulation	23,341	23,194	19,165	4,609	+18,732
Reserve Account ..	14,861	14,699	12,884	10,951	+3,910
Total Reserve to Deposit and F.R. Liabilities ..	45.1%	45.0%	56.3%*	86.9%	—42.4%

Figures in brackets are the actual ones. *Gold only.

TREASURY BILLS MATURITIES
(3 Months' Tenure)
(Rs. in lakhs)

Date of maturity*	Amount	Date of maturity*	Amount
June 4, "	4,00	Aug. 22, "	2,00
" 11, "	4,00	" 29, "	2,00
" 18, "	4.00	Sept. 5, "	2,00
" 25, "	4,00	" 12, "	2,00
July 2, "	4.00	" 19, "	2,00
" 9, "	4,00	" 26, "	2,00
July 16, 1945	4,00	Oct. 3, "	86
" 23, "	4,00	" 10, "	42
" 31, "	4.00	" 17, "	58
Aug. 7, "	4.00	" 24, "	47
" 15, "	4,00	" 31, "	

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	May 1945	May 1944	June 1945	June 1944
Amount (£ in '000) ..	105,310	91,808	—8,451	4,855	—690	6,824

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	Aug. 10, 1945	Aug. 17, 1945
Bombay on London (s.)	1-5 31/32	1-5 31/32
Bombay on New York (Rs.)	332¾	332¾
London on Bombay (s.)	1-6	1-6
London on New York ($)	4.02½—4.03½	4.02½—4.03½
New York on London ($)	4.03	4.03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	28th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	3%	2%
U.S.A.—New York Fed. Res. ..	29th Oct. 1942	1%	½%
	27th Oct. 1942	1½%	1%

CASH POSITION
(Rs. in lakhs)

	27-7-45	20-7-45	28-7-44	1-9-39	27-7-45 compared with 1-9-39
Reserve Bank of India	24,39	17,08	23,31	35,15	—10,76
Scheduled Banks ..	107,47	100,57	122,84	31,87	+75,60

B—General

LEAGUE OF NATIONS STATISTICS—BANKING*

Country	Units	Notes in Circulation† (In millions) (1939 xii)	1943 (xii)	Latest figures	Commercial Bank Deposits‡ (In millions) 1939 (xii)	1943 (xii)	Latest figures
Union of South Africa	(S.A.£)	20.9	51.0	56.5 (1945—ii)	101.0	235.9	271.1 (1945—xii)
Egypt	(E.£)	26.4	95.6	117.1 (1945—i)	—	—	—
Canada	(C.$)	233	874	1049 (1945—iii)	2,744	4,395	5021 (1945—vi)
U.S.A.	($)	4.912	16,737	22100 (1945—iii)	23,842	40,050	45026 (1945—vi)
Argentina	(Peso)	1.912	1,886	2354 (1945—ii)	3,913	5,957	7265 (1945—i)
Chile	(Peso Pap.)	950	2,268	2516 (1945—i)	2,049	3,319	4194 (1945—ii)
Mexico	(Peso)	373	1,171	*1280 (1944—v)	251	1,414	1847 (1944—xii)
China-Manchuria	(Yuan M.)	624	3,011	*3223 (1944—v)	—	—	—
India (excluding Burma)	(Rupee)	2,245	8,408	10585 (1945—ii)	2,401	6,581	8196 (1945—i)
Japan	(Yen)	3,818	9,667	15933 (1945—i)	19,745	43,132	49580 (1944—v)
Germany (Reich Bank)	(Reich M.)	11,796	33,683	55519 (1945—ii)	8,501	19,613	19613 (1943—xii)
Spain	(Peseta)	..	16,381	17265 (1945—i)	..	18,618	20537 (1944—v)
France	(Franc)	151,322	500,386	†580100 (1945—iii)	42,443	107,043	114131 (1944—v)
Ireland	(£)	18.0	34.1	132.5 (1945—iii)	42.7	68.3	73.8 (1944—xii)
Italy	(Lire)	24,432	96,543	277000 (1944—xii)	..	..	..
Rumania	(Leu)	..	48,800	211848 (1944—vi)	15,340	42,567	42567 (1943—xii)
U.K.	(£)	554.6	1,088.7	1235.8 (1945—iii)	2,441	4,031	4405 (1945—ii)
Turkey	(T.£)	281	802	964 (1944—xii)	261.9	491.1	457.8 (1944—vi)
Australia	(A.£)	57.3	163.8	193.2 (1945—ii)	335.0	497.1	580.2 (1945—i)
New Zealand	(N.Z.£)	19.3	37.7	40.2 (1945—ii)	72.6	113.3	127.9 (1945—ii)

*Monthly Bulletin of Statistics, League of Nations, December, 1944. †Central Bank Note only.
‡Including Sight, Savings, Time and others.

RURAL AND URBAN RETAIL PRICE INDEX
May, 1945

Name of Centres	Cereals	Pulses	Other articles of food	All articles of food	Fuel and lighting	Clothing	Miscellaneous
A. RURAL (Base Jan. 1943=100)							
Eastern Zone							
Burma	..						
Maibang	149	136	174	166	97	142	304
Rajapur	127	130	228	202	128	209	369
Shankargarh	151	142	117	134	78		187
Sonaili	157	134	178	168	71		259
Northern Zone							
Muttapi	120	122	135	129	111	117	276
Nana	113	96	109	108	128	109	223
Sriamatpur	159	84	118	117	80		150
Shujabad	114	132	112	116	114		242
Gujarkhan	128	143	124	129	104	104	214
Southern Zone							
Krishna	154	76	126	116	85	72	140
Lakh	112	72	108	103	121		166
Mahur	161	123	169	157	86	125	255
Muniguda	178	88	122	125	65	92	177
Kudchi	76	100	113	102	108		204
B. URBAN (Base July-Dec. 1943=100)							
1. Ajmer	84	98	101	96	120	138	
2. Howrah	88	69	113	103	102	117	
3. Budge-Budge	95	85	107	102	115	119	
4. Kanchinara	86	87	105	99	97	120	
5. Panigunj	94	82	117	107	115	122	
6. Calcutta	96	92	107	103	95	112	
7. Gourpore	93	93	102	99	105	150	
8. Naraingunj	94	85	111	104	104	133	
9. Serampore	100	93	106	103	105	115	
10. Kanchapara	90	103	112	107	98	113	
11. Kharagpur	96	79	108	101	109	121	
12. Hubli	94	62	106	98	111	189	
13. Surat	49	77	103	88	105	176	
14. Dohad	77	75	115	102	107	107	
15. Akola	82	83	103	96	98	145	
16. Delhi	91	103	102	99	112	127	
17. Rawalpindi	93	111	107	106	113	101	
18. Amritsar	92	90	104	101	147	125	
19. Ludhiana	90	121	109	107	102	121	
20. Rajkot	80	114	104	103	119	134	
21. Lucknow	80	84	100	93	95	237	
22. Agra	96	81	103	98	105	152	
23. Bareilly	89	89	100	95	97	135	
(Base Nov.-Dec. 1943=100)							
24. Gauhati	73	66	104	94	79	159	
25. Tinsukia	74	82	113	104	93	147	
26. Dehri-on-Sone	74	81	97	89	118	151	
27. Patna	76	70	103	91	118	165	
28. Cuttack	109	71	114	108	106	193	
29. Berhampur	88	90	98	97	89	117	
30. Kanewra	80	117	102	100	104	123	
31. Karachi	121	105	102	105	111	116	
32. Benares	79	83	108	96	123	182	
33. Meerut	90	101	98	96	93	133	

ELECTRICITY STATISTICS*

	(Units—Millions) Units generated	Units sold†
1939-40	2,189.3	1,837.7
1940-41	2,453.4	2,057.3
1941-42	2,878.1	2,401.6
1942-43	2,854.6	2,414.6
1943-44	3,126.3	2,849.0
1944-45		
April	263.9	226.0
May	289.5	238.4
June	283.2	239.3
July	283.1	237.4
August	294.2	256.2
September	279.7	237.5
October	282.4	239.5
November	266.0	244.6
December	294.8	248.7

*These statistics only cover public utilities.

†Figures for units sold omit bulk sales to distributing licensees by generating undertakings since bulk sales are only intermediate transactions in supplying the ultimate consumers. The sales by distributing licensees to ultimate consumers are included.

RESERVE BANK OF INDIA
Profit and Loss Account 1943-45
FOR THE YEAR ENDED

	30th June, 1945 Rs a p	30th June, 1944 Rs a p	30th June, 1943 Rs a p
INCOME (Interest, Discount, Exchange, Commission, etc.)	16,67,51,710 0 0	12,00,42,798 0 0	9,19,19,376 0 0
EXPENDITURE (Establishment; Directors' and Local Board Members' fees and expenses; Auditors' fees; Rent, Taxes, Insurance, Lighting etc.; Law charges; Postage and Telegraph charges; Remittance of Treasure; Stationery, etc.; Security Printing; Cheque, Note Forms, etc.; Depreciation and Repairs to Bank's Property; Agency charges; Contributions to staff and superannuation funds; Miscellaneous expenses)	1,78,24,916 0 0	1,73,84,908 0 0	1,49,28,636 0 0
Net available balance out of which	14,89,26,894 0 0	10,26,57,810 0 0	7,69,90,740 0 0
Amount set aside for payment of dividend at the rate of 3-1/2 p.c. per annum	7,50,000 0 0	17,50,000 0 0	17,50,000 0 0
Amount transferred to the Reserve Fund	Nil	Nil	Nil
Surplus available for payment of an additional dividend at the rate of 1/2 p.c.	2,50,000 0 0	2,50,000 0 0	2,50,000 0 0
Surplus payable to the Central Govt.	14,89,26,803 11 1	10,06,57,810 7 11	7,40,80,740 3 0

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities		Market	Unit	This week. Rs. a. p.	Last week. Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	8 8 0	8 11 0
	Superior	,,	,,	8 12 0	8 15 0
	Ready	Lyallpur	,,	9 1 0	9 2 0
	Red	Hapur	,,	10 4 0	10 4 0
	Dara	Cawnpore	,,	12 5 0	12 5 0
	..	Calcutta	,,	10 7 0	10 7 0
2. *Rice	Punjab Basmati New	Amritsar	,,	23 0 0	23 0 0
	Punjab Basmati Old	,,	,,	24 0 0	24 0 0
	Punjab Basmati Sela	,,	,,	22 8 0	22 8 0
	Parmal	,,	,,	19 4 0	19 8 0
	Sone	,,	,,	15 8 0	16 8 0
	Begami	,,	,,	14 0 0	13 6 0
	Jhone	,,	,,	13 6 0	...
	Common Bkoel	Cawnpore	,,	26 10 8	26 10 8
	Medium Grade	Calcutta	,,	11 12 0	11 12 0
3. *Linseed	Ready Bold	Bombay	,,	14 5 3	13 12 5
	,, Small	,,	,,	14 0 10	13 8 0
	,, Bold	Cawnpore	,,	8 0 0	8 0 0
	,, Small	,,	,,	8 0 0	8 0 0
	,, ,,	Calcutta	,,	12 0 0 to	12 0 0 to
4. *Mustard	Yellow	Cawnpore	,,	13 0 0	13 0 0
	Black	,,	,,	12 0 0	12 9 6
5. *Groundnuts	Karnel (Coromandal)	Madras	,,	10 0 0	...
	Karnels	Bombay	,,	12 5 2	...
6. *Potatoes	Desi	Cawnpore	,,	12 2 0	...
	Pahari (Haldwani)	,,	,,	13 0 0	13 0 0
†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	17 0 0	...
7. †Cotton (yarn)	No. 10½s.	,,	per lb.	416 0 0	416 0 0
	No. 20s.	,,	,,	1 1 0	1 1 0
9. †Cotton (piece-goods)	Long cloth (std. quality)	,,	,,	0 12 10	0 12 10
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 lbs.)	...	...
	Lightnings (Mills)	,,	,,	79 0 0	79 0 0
11. †Jute (bags)	B. Twills (2¼ lbs.)	,,	per 100 bags	74 0 0	74 0 0
12. †Jute (cloth)	Hessian cloth 8oz.	,,	per 100 yds.	65 14 0	65 4 0
	Hessian cloth 10½ oz.	,,	,,	22 2 0	22 0 0
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 lbs.)	29 0 0	29 0 0
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	82 0 0	82 0 0
	Goat skins (good quality)	,,	,,	170 0 0 to	170 0 0 to
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	190 0 0	190 0 0
	Goat skins	,,	,,	1 9 0 to	1 9 0 to
16. †Shellac	T.N.	Calcutta	cr md.	1 13 0	1 13 0
17. †Kerosene Oil	Superior	,,	per tin of 4 gallons	2 12 0 to	2 12 0 to
18. †Coal	Selected Jharia A	,,	per ton f.o.r.	3 2 0	3 2 0
19. †Cement	Indian	,,	full wagon load of 16½ to 23 tons	71 0 0	71 0 0
				5 1 3	5 1 3
				13 5 0	13 5 0
				68 12 0	68 12 0
20. †Coffee	Plantation A	Mangalore	per cwt.	137 0 0 to	138 0 0 to
21. †Tea	Indian market	Calcutta	per lb.	137 0 0	139 0 0
22. †Sugar	First Crystals	Cawnpore	Per md. (ex-factory)	...	...
				15 3 0	...
				16 1 6 to	16 1 6 to
				16 12 6	16 12 6
23. ‡Oils—Linseed	Ready	Bombay	per quarter	12 7 0	13 0 0
Caster	,,	,,	,,	10 12 0	10 14 0
Copra	,,	,,	,,	10 6 0	10 6 0
Groundnut	,,	,,	,,	10 4 0	10 10 0

‡Marketing Adviser's Report (weekly), August 4, 1945.
†The Times of India, August 7, 1945.

COTTON STATISTICS
A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)	Aug. 2, '45. 1945	July 26, '45 1945
Futures:		
Sept., 1945	431	431-3/4
Spot:		
Jarrila F.G.	414	417 /-

NEW YORK (Cents per lb.)	Aug. 2, '45. 1945	July 26, '45 1945
Futures:		
Oct., 1945	22.86	22.70
Dec., 1945	22.90	22.70
Jan., 1946	22.87	22.67
Mar., 1946	22.90	22.71
May, 1946	22.86	22.70
Spot	23.30	23.26

B.—ALL-INDIA COTTON MOVEMENTS
(In bales)

	Week ending July 21 1945	July 14 1945	This season 1944-45	Last season 1943-44
Receipts at Bombay	25,335	38,726	1,970,414	1,746,702
Receipts at Karachi	10,740	7,157	1,069,617	908,013
Total bales ...	36,075	45,883	3,040,031	2,654,715
Exports from Bombay ...	65	1,227	147,463	166,791
Exports from Karachi ...	5,000	...	495,000	814,000
Total bales ...	5,065	1,227	1,042,463	980,791

* Indian Trade Journal, August 2, 1945.

SUGAR POSITION—SEASON 1944-45
(Figures in tons)

Producing Areas.	Production upto 22-7-45	Dispatches during the period 16-7-45 to 22-7-45	Progressive total of dispatches upto 22-7-45	Percentage of progressive dispatches to production.	Balance stock as at close of 22-7-45
U.P.	5,31,967	17,278	3,38,397	63.6	1,93,570
Bihar	1,70,484	5,380	89,384	52.4	81,100
Bombay	74,932	1,340	50,843	67.9	24,089
Madras	49,128	754	33,405	68.0	15,723
Punjab	8,248	393	6,513	79.0	1,735
Bengal	11,966				
N.W.F.P.	4,127	128	3,051	74.2	1,088
Orissa	2,888	105	1,737	60.0	819
Indian States	1,14,984	1,516	84,899	73.8	30,084
Total	9,68,383	26,903	6,17,646	63.8	3,50,727

Note:— Balance stock of 1942-43 and 1943-44 seasons's sugar as at close of 22-7-45 was 1,688 tons.
(2) Production returns have not been received from 3

D—Prices

INDIAN STOCKS AND SHARES

	7-8-45 Rs. a. p.	31-7-45 Rs. a. p.
GOVT SECURITIES:		
3¾% (1948-52) (98)	..	..
3% (1945) (100)	..	..
3% (1952-54) (98½)	101 6 0	101 6 0
3% (1960-68)	98 8 0	98 7 0
3½% G.P. Notes	101 14 0	102 6 0
4% (1960-70)	..	..
4½% (1955-60)	117 2 0	117 2 0
5% (1945-50)	100 13 0	100 14 0
Calcutta		
3% Loan (1945-52)	..	..
3% Vic. (1957)	100 4 0	...
3% Loan (1953-55)	101 0 0	...
3½% G.P. Notes	..	..
4½% (1955-60)	..	117 3 0
5% Loan (1955-60)	..	..
TEXTILES: Bombay		
Ahmedabad	413 12 0	412 8 0
Bom. Dyeing (250)	1,910 0 0	1,957 8 0
Central (10)	380 8 0	384 0 0
Century (100)	900 0 0	910 0 0
Colaba (10)	222 8 0	227 0 0
Ind. Bleaching (10)	187 0 0	171 0 0
Kohinoor (100)	608 0 0	609 8 0
Phoenix	651 4 0	651 4 0
Sholapur (1,000)	7,800 0 0	7,800 0 0
Simplex	305 8 0	302 8 0
Swadeshi (100)	552 0 0	548 0 0
Vishnu (50)	490 0 0	500 0 0
Finlay (100)	...	...
Swan (100)	...	...
Morarji (100)	...	...
New Great (100)	...	...
Apollo	...	...
Sassoon Ordy.	...	...
Sassoon Defd.	...	...
Poddar	...	...
Calcutta		
Calcutta	...	...
Ben. Nav. (10)	...	...
Cawn. Tex. (2-1/2)	...	13 6 0
Dunbar (100)	...	343 0 0
Kesoram	19 0 0	...
Elgin Mills (10)	..	69 8 0
Muir Mills (50)	...	...
N. Victoria (2-1/2)	8 0 0	8 5 0
Basant	...	...
Madras		
B. & C. Ord. (100)	350 0 0	363 0 0
Bang. Wool (100)	497 0 0	...
Pankaja (100)	272 8 0	...
Cambodia (100)	...	31 4 0
Com. Spg. (50)	...	169 0 0
Sitaram Spg. (50)	...	...
Vasantha (100)	...	310 0 0
Madura (15)	75 12 0	...
Lakshmi Old (50)	...	184 0 0
Sharda (100)	...	...
Lahore		
Ajudhia	6 15 6	7 1 0
Cawn. Tex. (2-1/2)	..	...
N. Vic. Ord. (2-1/2)	7 15 0	...
N. Vic. Pref.	...	...
Raza Tex. (10)	74 12 0	74 8 0
JUTE: Calcutta		
Alliance (100)	758 0 0	765 0 0
Anglo-India (100)	544 0 0	541 0 0
Barnagore	291 0 0	282 0 0
Birla (10)	..	53 8 0
India (786)	785 0 0	783 0 0
Champdany (100)	288 0 0	291 0 0
Ganges (300)	674 0 0	680 0 0
Bally (100)	439 0 0	430 0 0
Budge Budge (100)	605 ... 0	...
Cheviot (100)	...	393 0 0
Howrah (10)	97 2 0	97 3 0
Kamarhatty (100)	816 0 0	826 0 0
Kanknarrah	693 0 0	691 0 0
National (10)	36 11 0	37 6 0
Orient (100)	..	321 0 0
Presidency (5)	14 12 0	15 4 0
Nuddea (50)		146 8 0

Hyderabad quotations for 3-8-45.
Calcutta quotations for 6-8-45.

	7-8-45 Rs. a. p.	31-7-45 Rs. a. p.
TATA SHARES: Bombay		
Chemical (10)	...	...
Oil	...	...
Power (1,000)	1,885 0 0	1,892 8 0
Hydro (100)	203 8 0	204 0 0
Steel Ord. (75)	410 0 0	409 0 0
Steel Pref I (150)	220 4 0	225 0 0
Steel Pref. II (100)	168 12 0	167 8 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com.	...	...
Braithwaite (10)	14 12 0	15 3 0
National Iron (10)	...	12 1 0
Steel Cor. Ord. (10)	34 5 0	34 9 0
Steel Corpn. Pref. (10)	...	...
Jessops Ord. (10)	27 2 0	25 10 0
Kumardhubi (10)	11 14 0	12 2 0
Bhartia Elec. (10)	...	...
Ind. Iron	42 8 0	42 13 0
COAL: Calcutta		
Amalgamated (10)	56 6 0	59 4 0
S. Karanpura	...	37 11 0
Bengal (100)	773 0 0	770 0 0
Bhalgora	23 1 0	23 4 0
Burrakur (10)	46 8 0	46 3 0
East India (£)	47 8 0	44 2 6
N. Damuda (1/2)	17 4 0	...
Equitable	72 4 0	73 8 0
		73 8 0
Ghusak and Muslia	...	16 15 0
Kuardi	20 6 0	...
New Beerbhoom	47 4 0	47 15 0
Raneegunge	65 0 0	65 14 0
Dhemo Main	32 3 0	32 6 0
SUGAR: Calcutta		
Buland	...	42 12 0
Bahrampur (10)	...	17 15 0
Samastipur	22 8 0	...
Belsund (7-1/2)	...	...
Carew (10)	30 10 0	30 0 0
Murree Brewery (5)	...	...
New Savan (10)	...	...
Ram. Cane Ord.	22 4 0	21 11 0
Lahore		
Pun. Sugar (100)	...	...
Gokulnagar Ord.	...	...
Murree Brewery (5)	...	...
Jagjit	...	...
Jaswant	...	...
Madras		
Mysore (10)	59 12 0	59 8 0
Deccan (10)	31 4 0	31 4 0
Deccan (25)	75 8 0	75 8 0
Travan. Sugar (7)	...	17 4 0
South India (10)	...	...
PLANTINGS: Madras		
Cochin Malabar (3)	19 5 0	19 5 0
Chembra Peaks (2)	10 2 0	10 4 0
Woodlands (10)	12 10 0	...
Thirumbadi (1)	...	...
Travn. Rubber	...	...
TEA: Calcutta		
Bishnauth (10)	...	...
Cen. Cachar (100)	...	...
Tezpore (10)	...	23 12 0
Eastern Cachar	...	13 4 0
East India	18 1 0	20 4 0
BANKS & INS.: Bombay		
Central (5)	85 8 0	86 4 0
Imperial F.P. (500)	2,220 0 0	2,225 0 0
Imperial P.P. (125)	565 0 0	560 0 0
Reserve (100)	140 12 0	142 0 0
India (50)	191 0 0	...
New Ind. In. (15)	81 12 0	83 8 0
Lahore		
United Com. (50)	79 8 0	79 0 0
Hind. Com. (50)	...	85 4 0
Pun. Na. P.P. (50)	...	...
Pun. Na. F.P. (100)	255 0 0	...
Bharat Bank Pref.	...	...
New Bank A	...	...
New Bank B	...	...

	7-8-45 Rs. a. p.	31-7-45 Rs. a. p.
New Bank of La. B	...	...
Oriental	...	...
MISC.: Bombay		
Ajmer	15 1 0	15 1 0
Assct. Cement	208 12 0	209 8 0
Bom. Sub. (100)	211 14 0	...
B.I.C.	...	...
Alcock	421 4 0	425 0 0
Belapur Sugar (150)	219 0 0	220 0 0
Bom. Bur. (50)	531 4 0	532 8 0
Bom. Bur. N. (50)	193 12 0	195 0 0
Bom. Steam (250)	610 0 0	618 12 0
Bom. Tram	145 8 0	148 0 0
Bombay Petrol	5 14 9	6 1 0
Scindia Steam	37 4 0	36 13 0
Shivarajpur (50)	53 0 0	52 8 0
And. Val. (1,000)	1,832 8 0	1,820 0 0
Indian Iron (10)	42 7 0	42 4 0
Indian Copper (2s.)	3 5 0	3 5 6
Prem. Const. (30)	204 8 0	212 0 0
Burma Corpn.	5 11 0	5 11 6
Calcutta		
Bengal Paper (25)	...	...
I.P.P. (100)	236 0 0	...
Shree Gopal (10)	...	...
Star (10)	...	...
Titaghur	32 4 0	32 9 0
Ind. Cop. (2s.)	3 7 0	...
Cons. Tin	3 14 0	...
Burma Corpn.	5 13 0	5 11 0
As. Ben. Com. Ord.	19 14 0	...
Aluminium Corpn.	16 8 0	16 12 0
Rohtas Industries	...	...
Br. Bur. Petroleum	6 3 0	6 3 0
Midna. Zamindari	...	199 0 0
Ben. Navigation	...	...
Dalmia	...	17 4 0
Lahore		
Indian Iron	42 7 0	...
Dharangdhara	495 0 0	...
Rampur Distillery	...	18 14 0
National Saltpetre	...	7 2 0
North India Oil	...	...
Shree Gopal (10)	...	...
Star (10)	...	...
Kaycee Glass	105 0 0	...
Kaycee Industries	...	...
Jagatjit Distillery	...	8 0 0
Hind Motors	...	4 0 6
Delhi		
Rampur Maize	45 8 0	45 0 0
Rampur Dist.	16 14 0	16 8 0
Un. Com. (50)	79 8 0	78 0 0
Dharangdhra (xd.)	490 0 0	490 0 0
Bharat Bank Ord.	103 8 0	102 0 0
Gwalior Brewery	19 8 0	18 8 0
Raza. Tex. (10)	75 0 0	74 8 0
Cawn. Tex. (2-1/2)	13 4 0	13 4 0
Hind. Com. Ba. (50)	58 0 0	56 0 0
Delhi Flour	16 0 0	15 12 0
Amrit Ordy.	4 4 0	...
Amrit Pref. I	5 0 0	...
Amrit Pref. II	...	...
Delhi Cloth Mill	126 0 0	124 0 0
Buland Sugar	40 8 0	43 0 0
Raza Sugar	...	...
Cent. Dist.	18 8 0	19 0 0
Hyderabad		
Hy. Bank (U.S. 50)	53 0 0	...
Azamiahi (U.S. 100)	667 0 0	...
Hy. Spg. and Wg. (B.G. 1,000)	...	...
Osmansahi (BG 100)	313 8 0	...
Nizam Sugar Ord. (C.S. 25)	47 4 0	...
Che. && Fer. (O.S. 25) (50)	47 4 0	...
Hy. Con. O.S. (100)	354 0 0	...
Hy. Iron & Steel (O.S.) 10	9 0 0	...
Singareni (B.F.)	19 8 0	...

COMPANY DIVIDENDS

Names of Companies.	Amount per share.	Date of Meeting or Payable on
Benares Electric Light & Power Co. Ltd.	As. 4	30th July
Bhartia Electric Steel Co. Ltd.	Re. 1	11th August
Borooah Timber Co. Ltd.	Re. 1	24th August
Central Bank of India Ltd.	Re. 1-8**	16th August
Concord of India Insc. Co. Ltd.	As. 6	23rd July
Cuttack Electric Supply Co. Ltd.	As. 6	16th July
Great Eastern Hotel Ltd.	Rs. 7 (f)	16th July
Imperial Bank of India (Fully Paid)	Rs. 35	31st August
Imperial Bank of India (Conty.)	Rs. 8-12	31st August
Kamarhatty Co. Ltd. (Ord.)	Rs. 15	31st August
Kamarhatty Co. Ltd. (Pref.)	Rs. 3	31st August
Kanknarrah Co. Ltd. (Ord.)	Rs. 12-8	30th July
Kanknarrah Co. Ltd. (Pref.)	Rs. 8	27th July
Mirzapur Elec. Supply Co. Ltd.	Nil	23rd July
National Iron & Steel Co. Ltd.	As. 10	24th August
National Co. Ltd. (Ord.)	As. 8	24th August
National Co. Ltd. (Pref.)	Rs. 3-8	22nd August
Northern India Oil Industries Ltd. (Ord.)	Re. 1-4 (f)	22nd August
Northern India Oil Industries Ltd. (Pref.)	Rs. 3 (f)	4th July
Oriental Coal Co. Ltd.	Re. 1	31st July
Pench Valley Coal Co. Ltd.	Re. 1-8†	25th July
Ramnugger Cane & Sugar Co. Ltd. (Pref.)	Rs. 18††	17th July
Reliance Fire Bricks & Pottery Co. Ltd.	As. 8	28th July
Reserve Bank of India	Rs. 4***	

(f)—Final Dividend.
(i)—Interim Dividend
***—Less Income Tax.
†—Including Bonus of As. 6 per share *—Including Bonus of Re. 1 per share.
**—Including Bonus of As. 4 per share. ††—Arrear dividend from 1-9-42 to 31-8-44.

COMMODITY MARKET

MADRAS, August 4, 1945.

Tanned Hides

To encourage the offering of larger quantities of tanned kips to the British Ministry of Supply, certain new arrangements have been announced following the recent visit to New Delhi of the representative of the Ministry in Madras. According to these, an increase in price of two annas and up to a maximum of six annas per lb. based on the quantities delivered in the previous month is to be given. Thus, while no permanent increase in the prices is being given, the new scheme, so to say, a bonus scheme is bound to be of advantage to the kip tanners if they could pull themselves together to earn the maximum increase. Unlike the previous occasions when price increases were given, the raw hides market in North India has not shown a tendency to shoot up just now. It is learnt that the Ministry have been getting on an average about 1,500 bales of kips per month in the last two months and probably that has been the reason for fixing the minimum at 1,500 bales over which only increased prices are to be given. A further incentive has been given, *viz.*, that if in any month the sales fell below 1,000 bales and above 1,500 bales in the next month, the total purchases of the two months are to be averaged for one month and increased prices given according to the new scheme. It is learnt that the South India kip transport arrangements have been made to move the stock to the tanneries in this Presidency *via* Cuddalore and Cochin and also directly by rail. It is, therefore, confidently expected that sales to the Ministry would considerably improve in the forthcoming weeks.

Groundnuts

A slightly easier tendency prevailed in the groundnuts market mainly due to exporters reducing their limits. The British Ministry of Food purchased fairly large quantities at £30-10-0 during the week. The quotation at the close in the local market was Rs. 78-8. The U.N.R.R.A. is to buy 70,000 tons of seeds in this country and it is stated that purchases in this province will be made through the Purchase Department of the Government of India. The oil market was uninteresting and the quotation for ready was practically unchanged at Rs. 170.

HAPUR, August 5, 1945.

There was no visible change in the position of wheat market which continues cautious but not alarming. Local stocks are poor but there is the hopeful news that the U.P. will import 43,000 tons of wheat from the Punjab and 37,000 tons of rice from Bengal. Together they constitute a substantial quantity and will improve stock position in the province. Besides another 15,000 tons is to be made available just after the rainy season. It is now announced that the import of 1,00,000 tons of wheat per month for six months promised by H.M.G. would begin to arrive from the middle of August and this factor will strongly counteract any scarcity feeling. A report from Punjab indicates that following this announcement, prices of wheat in that province are tending to go down with the reduction of pressure of deficit provinces demand on the supplies in that province.

The control rate in the assembling centres is unchanged at 10|4. Local stock is 49 khatties.

There is acute shortage of gram and barley. Last week there was fall in peas prices which has again recovered. The current rates are Peas 8|- old 6|12, gram 8|14.

PULSES: Markets are steady on good ready demand, and prices have recorded gain in all cases. The current rates are arhar new 7|6, old 7|-, urd 15|9|9, moong 11|6.

GUR: Market remained steady despite the continuance of exports. Gur is quoted at 10|8 and raw sugar 11|9. It is understood that the price of sugarcane may be raised to Re. 1 per maund. Crop reports are not very promising.

MUSTARD SEED: Market is steady due to the fact that 1,00,000 maunds of the oil is being exported to Bengal. The rates are Seed 11|-, oil 33|, and cake 3|2.

GUWAR: Guwar futures having recorded sharp grain later declined on heavy speculative sales. Export of guwar has been banned outside the province. Guwar ready 8|14, maha 7|3.

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The Transition to Peace Economy

IT was no more than a coincidence that the Governor of the Reserve Bank of India was scheduled to address the eleventh annual general meeting of the shareholders of the Reserve Bank within a few hours of the first atomic bomb raining on Hiroshima, followed by the Russian entry into war against Japan. Certainly when he was reviewing the state of finance and currency during the last year and outlining the problems of post-war economy, Sir C.D. Deshmukh himself did not believe that the advent of peace would be coming so soon after he had spoken. Nevertheless it was quite clear that the defeat of Japan could not be long held over and at the time of the collapse of Germany in early May last, we gave the warning that the Government's short-term and long-term planning work can no longer proceed on the assumption that the advent of peace is a remote contingency and pleaded that peace—even when it comes with a clear warning—should not find us as sordidly unprepared as the advent of war found us. The suddenness with which Japanese surrender came no doubt took everyone of us unawares, and more so the Governments which have not yet made their post-war plans ready for immediate action. The Government's planning work has all the time been proceeding at a leisurely pace and always one step behind the march of events. Neither could it be said that their plans have been conceived on a scale commensurate with the bigness of our task. The sudden end of the war has again jerked the Government into the posture of alertness over their post-war economic programme.

Sir C.D. Deshmukh's account of the nation's finance and currency as well as the financial results of the Bank itself fully reflected the artificial monetary prosperity coupled with real privation on a mass scale through which the country has been passing thanks to the disastrous financial policy pursued by the Government and operated through the Reserve Bank. The 14 crores and 89 lakhs of profit which the Reserve Bank recorded last year was no more than an exudation of the inflation-bloated economy of the country. Now the war has ended and with it the curious financial administration of the country's economy is bound to come to an end. The Hydari Mission had already secured the switching over of war contracts from Indian firms to British firms and also the import of consumers' goods on a large scale—all ostensibly in the interest of countering the inflation. The end of the war now means that the effects of the Hydari Mission would be realised much more speedily and on a bigger scale. For surely the cessation of war contracts will now proceed in a full measure; at the same time particularly British and American industries relieved from the pre-occupation of Japanese and German competition will now be in a position to mount a full scale commercial assault on countries placed like

India. Has the Government prepared its commercial and fiscal policy in relation to such a contingency as well as in relation to prospective industrial development which they may have on card. So far as is known now the prospect of an early release of a reasonable part of our sterling balances is remote; the prospect of securing capital goods and equipment from abroad immediately are dim. In the circumstances our foreign trade has to be carefully nursed and husbanded in order to subserve our national economic interests. Sir C.D. Deshmukh has suggested the necessity of organizing our trade in imports and exports in larger units in a world where the scale of organization in trade has been growing, so that the terms of trade may not turn against us, reducing the real r eturn for our efforts and that the area of beneficial foreign trade for us may be enlarged and the potentialities of our economic development may be utilised to the full. Our efforts towards multilateral intergration of our sterling balances in the Bretton Woods scheme has failed and we have to take note of the fact that, as Sir Chintaman puts, whether we like it or not we have to reconcile ourselves to a largely bilateral treatment of this problem. If indeed we cannot eke out our economic destiny within the multilateral framework of an international system then we must look to bilateral prospects. What are such bilateral prospects in relation to securing capital goods as for example from Canada, Australia, or Soviet Russia? What is the Government doing in regard to assuring to our industrialists priority of claim for the supply of the world's production of capital goods and raw material for which a scramble is likely to ensue for two or three years from now? Have the Government set up organizations for the purchase of such capital goods from abroad and indeed for "bargain hunting" in the disposal of war surpluses for the various Allied governments? And again if the British Government helps itself to reparation payments in cash or kind from Germany and Japan, can India's claim to a share be pressed by the Government of India not only because of her position as one of the Allied countries but also as a creditor to Great Britain. In fact the problems in regard to international economic relationships which will immediately arise are many. Are the Government fully alive to all the issues and are they prepared to press India's legitimate rights and claims in international counsels.

Secondly, what are the Government's plans for maintaining the stability and full employment of our economy, as with the cessation of the enormous expenditures by the Indian and Allied governments in India the inflation-bloated economy will tend to contract? It almost seems that the sole pre-occupation of the present Government lies in providing full employment for its own officers and settling the ex-soldiers as an insurance against wide-spread discontent among this class of people who roamed over three continents, seen the good things of life and fought for other peoples' freedom. The system of economic controls which has been instituted during the war successfully prevented the fullest mobilisation and development of economic resources even in the interest of war effort. "Controls in reverse gear" cannot mean just the setting up of disposal directorates which would sell rather than purchase as previously. It must mean economic control purposively directed and in the interest of real national economic planning on a large scale. Sir C. D. Deshmukh only referred to the banking expansion which occurred during the war and pleaded that the banking structure should be properly strengthened and rationalised in the general interest. Similarly many industrial concerns have grown up during the war and the Government has to ensure that such industries are assisted to take the place which may be properly assigned to them in our economy. The latest report on currency and finance of the Reserve Bank confirmed that "the stimulus of war has led to some industrial advance in the country and expansion of existing capacity in many industries. But the over-all measure of industrialisation secured and the durable gain of productive capacity has been small relatively to many other Empire countries". But whatever small gain might have been achieved must be preserved and the Government must positively help and not hinder a real drive for industrial expansion. Although the provincial governments have been carrying on with some plans in regard to roads and utilities, there has been a general complaint that the Government of India's own plans relating to large-scale industries which are beyond the scope of provincial plans were not being pursued with equal speed. Of course during the war governmental expenditure has been recently at the rate of nearly Rs. 700 cr Rs. 800 crores. In the interest of full employment in the economy the Government cannot suddenly step down its public expenditure to a very low level. Sir C. D. Deshmukh pleaded that the Government must see means of keeping up the rate of public expenditure and pari passu must encourage investment in the private sector of the nation's economy. The Government is now known to have some resettlement scheme and road programmes in hand. But are they on a sufficiently large scale to keep up the general buoyancy of our economy after such enormous rate of inflationary expenditure such as we have had recently in the course of the war? Public workes like roads are of course good. But public works would be better if as far as possible they have also a direct bearing on the standard of *living* of the masses. It is therefore that a housing programme conceived on an ambitious scale would be much better as a public works than mere road making. For during the war we have sufferred a grievous housing shortage throughout the country although in normal time itself the position was hardly less reprehensible. Housing programme as distinct from road programme as a form of public works will have a direct bearing on the standard of living of the masses. Again as a form of public works, heavy industries might be considered as a suitable object of investment. For construction of heavy industries will put money in circulation for a large number of years and thus partially offset the cessation of inflationary injection of money. This will help to regulate the orderly stepping down of the general price level.

It is quite clear that until the full-fledged long term plan comes into operation, the immediate preoccupation of the Government must be to ensure the continuance of full employment of the economy by means of an appropriate public expenditure policy. But public expenditure as such would not be enough unless it is purposive and meant to prepare the ground properly for the earliest execution of long term plans. The Government has issued a press note re-assuring producers and manufacturers that so long as the various controls remain in force they will endeavour to give assistance in the production of civil supplies in the same way as previously of war supplies, by provisioning and allocating essential materials. But few will be re-assured by such general assurances alone. It is again felt that at the crucial moment in our economic history when our place in the international economy and the full development of our internal potentialities depend on the existence of a national government determined to put through our internal plans and press vigorously our international claims, the political deadlock has remained unbroken. The political desideratum will undoubtedly constitute a serious drag and hindrance. But the Government as it is constituted today cannot escape responsibility if with the advent of peace, it again lands us in economic muddle and disaster in reverse gear. The Government must immediately announce what plans concretely it has in mind in sealing our economy through the transition and preparatory to the launching of the long-term plans.

The Lending Policy of the U.S.A.

IN order to maintain conditions of full employment in the post-war period, the United States must export a sizeable proportion of its current production. But since its prospective customers will not have dollars enough to pay, she must lend. Her annual national income under conditions of full employment is estimated at around 150 billion dollars. Given this amount of production, her export surplus is roughly put at some 10 billion dollars. Her intake of imports cannot at present be guessed at with any amount of accuracy, but it can be surmised with certainty that it will be nowhere near the export figure. This problem is and will be further complicated by countries like Britain cornering other peoples' dollars and making it impossible for them to buy or even to borrow from the United States.

Unfortunately, the United States Government has done nothing to straighten out these complications that threaten to strangle world trade. Her inter-war experience as creditor and the muddle it led to, seem to have been forgotten in the pressure of world events. There is, however, one thing that stands out clear. The United States is now consciously entering world trade as a creditor. Much of the muddle of the nineteen-thirties was due to the fact that she was acting as a creditor with a debtor psychology. She was a net debtor before World War I. In fact her economic development in the 19th century was due to foreign capital. She emerged from World War I as a net creditor, but had not yet developed a creditor psychology. Her financial and tariff policies remain unchanged. Above all, her political policy of isolation was ill in accord with her net creditor position. The result was her throwing of credits on European countries in a purposeless and unplanned manner. That this had much to do with two of the major catastrophes of our time —the Great Depression and the World War II—may be a little exaggerated, but it does contain the substance of truth.

How does the United States propose to use her export surplus position, now that the war is over? The applicants are many—almost all the European countries including U.S.S.R., China and India. As regards Britain, it is said, she desires to have a loan for purely reconstruction purposes, but she is afraid that her debtors will pounce upon her to share it with them. As regards the U.S.A., she is anxious to lend to Britain as the most credit-worthy nation, but would probably make it conditional on Britain adopting a more liberal exchange and tariff policy or sharing the loan with at least some of the big holders of blocked sterling. The position is rather obscure and cannot, therefore, be commented on. With regard to other European countries, the United States has recently extended loans to the Danish and Norwegian Governments. It is expected that credits would be granted to the governments of other liberated European countries also, but this will not exhaust the lending capacity of the Export-Import Bank, which has recently been increased by the Congress from 700 million to 3,500 million dollars.

What will be the criteria, which a party must satisfy to deserve and to get credit from the United States? It looks as though purely economic consideration will count practically very little in the advancing of these loans. Certain vague political considerations are greatly influencing American lending policy. An attempt has been made by Mr Herbert Feis to lay down these political criteria as precisely as possible under the circumstances, in a recent article in Foreign Affairs. "We shall have satisfaction in furnishing capital to countries which are content within their boundaries, which are ready to submit differences with others to international settlement, which are disposed to give our commerce fair opportunity and which are devoted to the ideal that all men should have freedom and justice. We shall find little satisfaction in providing capital for countries which may seem either to threaten our own safety, or to wish to dominate others, or to be wedded to oppression."

It is extremely interesting to analyse these criteria and to apply them to particular countries. Which is the country which is content within its own boundaries? Is Britain content within her own political boundaries? Is the United States content within its own economic boundaries? Would Britain submit the Indian problem or the Middle East problem to international arbitration? Freedom and justice, domination and oppression, have no precise definitions in political economy. And then what is meant by a threat to the safety of the United States or fair opportunity for United States commerce? Fair opportunity may mean anything from the most-favoured nation treatment to complete control of a country's economic life. And then how can anybody say now, as to who will threaten American safety or world peace some twenty years hence? Germany and Japan owe a considerable part of their inter-war economic development, both directly as well as indirectly, to the United States. But it was not expected then that they would any time threaten American safety. After the rise of Hitler, it became pretty certain that world peace was in danger, but American isolationists did not even then realize any danger to the safety of their own country. Who knows, where a Hitler will emerge some twenty years hence? According to Mr Feis' analysis, the U.S.S.R. satisfies the political criteria laid down by him. Then who does not satisfy them? According to many political observers, the foreign policy of the U.S.S.R. contains in itself the germs of a World War III. This, of course, unfairly exonerates British imperial policy from its due share in world disturbances; but if the U.S.S.R. on purely political considerations, deserves a loan, then the political criteria laid down by Mr. Feis lose much of their significance. There is no doubt that the U.S.S.R. has emerged from the war as a first rate political power; and if a loan to Russia is a sort of insurance against world Revolution, it has some meaning. But this sort of politics is a highly intriguing affair and is consequently not amenable to scientific analysis.

In all this world political drama, which the United States propose to control through her capital-supplying power, our country seems to be nowhere. Though we more than satisfy all the political criteria laid down by Mr. Feis, we do not satisfy the unstated yet the most important assumption of his thesis. We are not a politically independent country. We have consequently no credit of our own. Britain alone can help us; and our demand is so small and our needs so urgent that it should be easy for Britain to persuade the United States to advance credits to us. We would require at the most a 100 million dollars a year for five years. A part of this—say 30 million dollars—we may well be expected to earn by exports to the United States; but the balance will have to be lent to us through the good offices of Great Britain, but for this it is essential that this race of international parasites should overcome its traditional meanness.

FIRST AID



SOMEONE is injured. Send for a doctor! Until he arrives we must help the patient by doing the right things and these we shall only be able to do if we have learnt First Aid. Sometimes proper equipment is not available and the First Aider must then improvise, at a pinch, for example, using baking powder for scalds or burns from fire, and washing soda to neutralise burns from acid. As a result of the war many more homes and factories in India than before have their own first-aid boxes and the contents of these remind us at once of our dependence on the products of the chemical industry, and the work of the research chemist. In them we shall find chemicals such as iodine, boracic acid, sal volatile, aspirin, and, of course, anti-gas ointment, as well as dressings, cotton wool and adhesive tape, all of which have been chemically treated. First-aid points or posts at factories or works will have a wider range of chemicals, including colloidal silver and medicinal paraffin for eye treatment, organic products like acriflavine as an antiseptic and gentian violet for burns. Under the stimulus of total war, chemical and medical research workers are constantly developing new and more effective products for First Aid and already some of the wonder-working sulphonamides are being incorporated in ointments which may be used with safety by the First Aider. As each new product or new medical use for old products is found by the British chemist, the British chemical industry makes them available for medical units on the Burma front, and for First-aid Treatment of accidents in Indian homes.

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IMPERIAL CHEMICAL INDUSTRIES (INDIA) LTD.

The Week's Notes

THE REAL GERMAN CHARACTER

We have had during the war many propaganda stories about German atrocities. They might have been true, for all we know. But they certainly did not represent the German character as in a state of normalcy. The Germans, as also the people over whom they ruled behaved in a highly abnormal manner under highly abnormal circumstances. The only case of normal German occupation was that of the British Channel Islands. Interesting light is thrown on the nature of this occupation by the President of the States Controlling Committee which acted as the liaison body with the German occupation authorities. In an address to the States of Guernsey—the Parliament of the Channel Islands—he said: "..There seems to be a good deal of misunderstanding about our relations with the Germans. So many people assume that we got orders accompanied by threats and so were tamed into submission. But usually it was not the least like that .....We were given every liberty to state our case with the utmost frankness and to argue about it..... They were definitely susceptible whenever it (Hague Convention) was quoted to them.....They cannot and they do not flout its authority.....On the whole, our worst fears were not realized, for these were fears of excesses by the troops. After the first few weeks we almost forgot our preoccupation anxieties in regard to violence to our womenfolk.....Everyone of us who had contact with them knows that our correct official attitude could have ripened into something warmer had we wished it. The Germans were ready; it was we who held back.....The attitude which the Germans took up made life easier and yet was deceptive . . . . They were not by any means indifferent to what we thought of them. Often one felt that the most hopeful way of dealing with the situation was to make them ashamed of what they have done or contemplated doing.....They never tired of telling us that they regarded our well-being as their own responsibility and constantly reminded us how they helped us in regard to imports from France. They hated that we should think them callous to our fate.....Stern facts of war forced on them many roles, but it was not all mere propaganda that made them tell the world how contented occupied peoples were under their rule... If one were to describe the occupation as a reign of terror, one might well lay oneself open to a charge of exaggeration.....I don't think that generally speaking we were sickened by brutalities, nor, except in spasmodic outbursts did we hear much of the rattling of the sword of the Prussian bully." This is the testimony of a highly responsible gentleman, who actually dealt with the German Occupation authorities in a representative capacity. A criminal war psychology has been developed which may unnecessarily embitter the development of peaceful relations between the enemies of yesterday. A study of normal German behaviour will greatly contribute to the maintenance of peaceful international relations.

THE MIDDLE EAST

Following the news that the Egyptian Government has approached the British Government for a revision of the 1936 Treaty, comes the news that the Egyptian Finance Minister threatens to resign, if the British Government does not agree to the abolition of the British Cotton Export Control Committee. The British Government has been till now purchasing the whole of the Egyptian crop and crediting the purchase price to the account of the Egyptian Government in blocked sterling, which has by now swollen to £400 million. This phenomenon is very much similar to what we are familiar here and is in fact common to the whole of the Middle East. Wherever the British are in effective political control, they behave just in the same manner. It is really a political problem. That is the reason why all political parties in Egypt have demanded a revision of the 1936 Treaty. The Iranian Delegation made a similar request during its stay in London. The solution lies in the withdrawal of military control. The Egyptians have found by experience that their independence amounts to pretty little in the presence of British troops on the Egyptian soil and in full military control of the Suez and the Nile. Hence the Egyptians have demanded a revision, though it is due only in 1956. It is reported the British Labour Government is not unfavourably inclined. The new Foreign Secretary, Mr Ernest Bevin, desires a comprehensive politico-economic settlement covering the whole of the Middle East. This is an honest and logical attitude, but it will be a wonder, if Mr Bevin can pull his weight against the imperialist tradition. Leading Labour circles point out that the present Egyptian Government is not representative of the people, with the Wafd outside the Government. But who drove the Wafd out of the Government? It is said that Nahas Pasha was dismissed at the point of the bayonet. This may not be true but it is certain that the Egyptian Government was brought into existence by British diplomacy and is maintained by the full support of the British Government. In any case, the Wafd, too, has officially asked for a revision of the Treaty. But then Egypt is essential for Empire communications; so is the whole of the Middle East. Another complicating factor is the Jewish problem. The World Zionist Congress is at present in session in London. The Jews have considerable influence with the British as well as the American Government. They will have their say in the solution of the Middle East problem in so far as it concerns Palestine. But with the French control in process of liquidation in Syria and the Lebanon, the British cannot long avoid the solution of the Middle East problem.

INDO-SWEDISH TALKS

In our leader of July 20, we suggested that the Government of India should enter into trade talks with other countries on the lines of Egyptian-Swedish Agreement. According to an *A.P.A.* telegram of August 9 from Stockholm, negotiations through diplomatic channels are in progress between Sweden and India with a view to reaching a trade agreement. Sweden, it is said, is anxious to export machinery and capital goods to India in return for certain raw materials, *e.g.*, pig iron, mica, shellac and cotton. In return, she is prepared to supply us with all types of electrical machinery, calculating machines, radios and motors. There is no reason why we may not enter into a mutually profitable deal with Sweden, which is one of the few countries on the continent in a position to supply capital goods in the near future. Our pre-war balance of trade with Sweden was usually unfavourable, but the circumstances are now changed. It is said that the Swedish Trade Minister, Mr Gunner Myrdal, is very anxious to obtain immediately large supplies of certain raw materials, which Sweden badly needs. The Government of India should explore all the possibilities. The Anglo-Swedish monetary pact compels us to hand over our surpluses of Swedish Kronor to Britain in exchange for sterling. This can be by-passed by a bilateral pact just as Egypt has done. In any case, it was entered into without our consent and cannot, therefore, be binding on us. But it would be interesting to know, if the Government of India protested against it, being an encroachment on their authority. This apart, the Government's duty now is to enter into trade talks with the other countries,

independently of the British Government; and Sweden is obviously a promising party.

REDUCTION OF PERSONNEL

The total end of war at hand, the Government of India is naturally busy with retrenchment schemes. Mr H. C. Prior, Secretary to the Government of India, has prepared a Memorandum for the guidance of various departments prescribing the procedure to be adopted for reduction of personnel. While he criticizes methods such as irregular attendance and inefficiency being the criteria for reduction, it appears from his reference to the recommendation of the Murphy Court of Inquiry that "short service is the only one suitable method for bloc retrenchment." Before, however, trying that, the following methods have been recommended for adoption for minimizing the reduction of personnel: Avoidance of overtime working; reduction of working hours; compulsory leave by rotation; extension of legislation relating to hours of employment; special facilities to enable men to enjoy leave due to them; retirement of men on superannuation and of superannuated age; lowering down of the superannuation age limit. These are alternatives and when one or all of them are exhausted, and still retrenchment of men is found necessary, then the only criterion for reduction of men is that of short service. The Labour Department envisages that a committee should be appointed to prepare order of discharge according to the principle of short service and that before framing final orders the Committee should hear the representatives of the Union concerned. In accordance with these principles, when men are discharged, waiting lists of unemployed men are to be kept, but "the question whether it is advisable to give an assurance that preference will be given in future employments must be decided in consideration of local conditions." It is obvious that Government has no positive policy and we shall soon face a disastrous repetition of the chaotic conditions that prevailed after World War I.

INDUSTRIAL RESEARCH

Industrial research in India is still in its infancy. It does not represent even the bare minimum when judged by international standards of actual requirements. Industry has not yet become research minded and there is a regrettable lack of liaison between industry and research organisations. The capacity of our industry to face and survive international competition will depend in part at least on its adaptability to new methods and processes revealed by the latest research. The Industrial Research Planning Committee has tendered its report which contains a number of recommendations in the right direction. The Committee urges that Government must take the initiative and set up forthwith a central research organisation to be called the National Research Council. It should consist of representatives of scientists, universities, industry, labour and administration in suitable proportions with the Member in charge of Planning and Development as ex-officio president. The functions of the Council should be to organise national laboratories, to establish specialised research institutions, to stimulate research in the Universities by grants-in-aid, to promote a scheme of providing technical and research personnel by extending scholarships to students available at home and abroad, to encourage research activities by industry, to co-ordinate the activities of existing research organisations and government departments, to function as a National Trust for Patents, to set up a Board of Standards and Specifications and to encourage deserving scientific and technical societies and to foster the growth of new ones. The immediate establishment of a national chemical and a national physical laboratory is recommended. Nine new specialized institutes are suggested with priority as follows: Institute of Food Technology, Metallurgical Institute, Fuel Research Institute, Glass and Silicate Research Institute, Oils and Paints Institute, Buildings and Road Institute and Electro-chemical Institute. The Committee recommends a block grant of Rs. 6 crores by the Central Government to meet capital and recurring expenditure in the first five-year period and thereafter an annual grant of Rs. 1 crore for recurring expenditure. Out of this sum an amount of Rs. 2 crores should be earmarked for grants-in-aid to the Universities and Rs. 40 lakhs for the national chemical and national physical laboratory. The rest of the block grant will be required mainly for the various buildings and equipment and award of scholarships to trainees. These recommendations, are admittedly sound and useful. The report also contains a vague recommendation that a network of corresponding research organizations should be set up in the provinces and States. All the same it fails to grasp the vital importance of the provinces in the scheme. Industry is a provincial subject, but the report neither recommends their representation in the Council nor does it apportion their responsibility in the organisation. Provision ought to be made to preserve a proper balance between the various categories of research relating to large-scale, medium-sized and small industries which are all essential for national development. Central control in the name of co-ordination should not be carried to an excessive point where it is likely to stifle the initiative of the research institutions below.

FUTURE OF WAR-TIME INDUSTRIES IN INDIA

Business and trade circles connected with war-time industries have a natural feeling that the end of war and the cancellation of orders for war supplies may mean the end of the assistance which they have had from Government in obtaining materials and transport facilities for the production of war supplies. Here comes a heartening assurance from the Government that so long as the various controls remain in force they will endeavour to give assistance for the production of civil supplies in the same way as previously of war supplies by provisioning and allocating essential materials such as coal, steel, cement, timber, procuring capital equipment and tools, obtaining transport priority, etc. It is not, however, yet known as to what will be the criterion of these priorities or of assistance, replacing the existing criterion of war necessity. It is learnt that Government have instructed the Directorates in the Department of Supply that such assistance must continue, for the restoration of industry, its conversion from war to peace and for its expansion. It is gratifying to note the declaration of policy, coming as it does from the Government, to make the greatest possible use of indigenous production for the procurement of stores to meet post-war Government requirements and particularly of those industries which have, under the influence of war needs achieved acceptable standards and specifications in production.

EASTERN CHAMBER'S RESEARCH SCHEME

The dearth of statistical and similar other information on industrial and commercial subjects in our country is too patent to need emphasis. In the absence of reliable information and proper guidance, many an enterprise has proved abortive and ended in failure. It is essential that the collection of accurate and exhaustive information on economic topics should be undertaken by public institutions to supplement information obtained from Government sources. To this end, the newly constituted Eastern Chamber of Commerce has decided to carry out specialized research work in statistics on trade and industry. The Enquiry and Information Section of the Chamber will maintain elaborate arrangements for the dissemination of trade information relating to India as well as other countries among its member institutions. Marketing advice and contact with foreign commercial houses will be made available through this agency. The success of this scheme will depend entirely on sustained, intensive work.

FULL EMPLOYMENT FOR AUSTRALIA

The Minister for Post-War Reconstruction in Australia has recently tabled in the House of Representatives the Government's White Paper which provides for an orderly change-over from war to peace economy. The fundamental aim of Australia's post-war reconstruction is to secure and maintain full employment. It is estimated that a total number of 1,000,000 men and women in the forces and war industries will be in search of jobs, not to mention discharged civilians. Important among the measures calculated to help reconversion are: A national housing programme by the Commonwealth and States, a plan for soldier land settlement National Works Council planning for public works, a training scheme for ex-service personnel, restoration or expansion of key peace-time industries and control of prices, materials, imports and capital issues. The Socialist Government of Australia can and will enforce a planned development involving many essential controls. Again, full employment in Australia is not an ideal goal but a practicable achievement in view of her thin population and comparatively little exploitation of her natural resources.

VILLAGE INDUSTRIALIZATION DRIVE

The All-India Manufacturers' Organization, Bombay, with their motto of prosperity through industry have been doing constructive work in the field of village industrialization. They have placed definite schemes before the public in a brochure, *District Industrialization Drive*," prepared by Sir M. Visvesvaraya. The immediate object of this movement is to industrialize rural areas by establishing new industries particularly of the minor or cottage type, extending existing industries and spreading industrial pursuits in the population of every unit area. In progressive countries, there is a certain relation or proportion maintained in the activities and the income of the people between agriculture and industry. These two occupations are organic, the one to the other, and they help each other in providing the necessities and wants of the population. But in India, the agriculture-industry relation is marked by a total lack of balance due to continued neglect of industries. The average annual income from industries per head of population in India is about Rs. 15. The average total income is taken at Rs. 65. In the United Kingdom, the income per head from industries in some years is about Rs. 600 and the average total income about Rs. 1,013. In the United States of America, the corresponding figures are approximately Rs. 830 and Rs. 1,187. There has been, so far, no organized effort made in India, either by Government or by the people themselves, to raise the income of either description in India or to redress the lack of balance between industry and agriculture. Hence the importance of the work that the A.-I.M.O. has been carrying on. Recently, a party consisting of the Working Committee of the A.-I.M.O. paid a visit to Panvel and a few surrounding villages in Kolaba District in Bombay with a view to find out whether an experiment in village industrialization can be started in that area in accordance with their schemes. Their findings, which may be taken as fairly typical, are important. They found that in spite of the so-called prosperity supposed to have been caused by the present war there was utter poverty and helplessness. "On an average, a family of six or seven members have to depend on the agricultural income of about 25 maunds of rice per year." Mat-making is a possible additional source of income. The A.-I.M.O. are now thinking that a group of nine villages should be taken as an area in which the scheme for village industrialization should be put into practical shape. Their idea is to place two full-time workers in that area. They will work in co-operation with all the agencies working for the welfare of the villager. The experiment contemplated by the A.-I.M.O. will be followed with interest by all those who seek the salvation of this country through village industrialization.

APPRENTICE TRAINING SCHEME

The dearth of skilled and technical personnel in Indian industry is quite patent. With a view to meet the war needs of the country and to create a nucleus of trained technicians to help the industrial development of India, the Government of India initiated the Technical Training Scheme in 1940. In view of the coming industrialization, however, this dearth is bound to be more felt and hence the Technical Training Scheme Advisory Committee have recently recommended to the Central Government an Apprenticeship Training Scheme planned and organized on national basis. The scheme is intended to ensure a steady flow of trained craftsmen into industry and to meet the industry's present and future needs. The scheme envisages a training course of the duration of 3½ years of which the first two will be spent in a Government training centre and the remaining in a factory. As a starting measure steps are to be taken to open one centre each in Bengal, Bombay, Madras, the U.P. the Punjab, Bihar, Delhi and the Central provinces. It is estimated that all these centres will offer a seating capacity for about 4,000 trainees, and the annual outturn from these seats will be about 2,000 craftsmen. The training course will cover 22 engineering trades as also textile, leather and printing trades. For dealing with the problems of local administration of the scheme and to supervise the training, regional committees consisting of representatives of all the interests concerned both private and Government are also contemplated. The scheme as a whole, if it is implemented at an early date and if it gets eventually connected with the recent scheme of Employment Exchanges, may be reasonably expected to make a good beginning in meeting the needs of our industry in technical personnel.

INDIA'S HANDLOOM INDUSTRY

At the last session of the All-India Handloom Weavers' Conference held at Nagpur, Government's contemplated control of prices of handloom cloth and its partial attitude towards mill industry were criticized. The question of placing the handloom industry on a sound footing will engage the attention of the All-India Handloom Board, which also had its inaugural meeting on Saturday last. The handloom industry in India is important not only because it accounts for the employment of 2,500,000 weavers and 500,000 persons including women and children depending on them, but also because it has a bright future as a subsidiary cottage industry, requiring small capital outlay and giving an additional source of income to millions of the rural population who can work in their leisure hours or in the slack season. The present war gave a great fillip to handloom industry but unfortunately due to difficulties in securing yarn-supplies, weavers could not fully exploit the opportunity. While, as we had the occasion to remark in these columns, in cloth of medium counts, the mills have the field all to themselves and there is no point in diverting the yarn-supply from mills to handlooms in this respect, in the finer qualities of cloth which cater to individual tastes the position of the handloom weaver is impregnable and here the problem of yarn-supply must be solved in his favour. It is widely held that the

yarn-ceilings are unduly high and the Handloom Board will have to consider their reasonableness. Similarly, there are too many middlemen in the distribution trade and steps should be taken to ensure an adequate supply of yarn to the weavers with a minimum addition on mill prices. There is no doubt that, owing to the primitive methods of production, the cost of production of handloom cloth is higher and a considerable economy in production cost can be effected if establishments with improved appliances and beaming are set up under Government control in concentrated weaving centres. But before Government contemplate controlling prices of handloom cloth, they should also see that black market in regard to yarn dyes and chemicals which is no less contributory cause of higher prices is stopped and yarn supplies at least in finer counts facilitated.

WHOLESALE PRICES AND COST OF LIVING

The efforts to curb the wartime rise in prices are gaining ground in a steadily widening circle of countries throughout the world. This is the conclusion to be drawn from the trends of the official indices of wholesale prices and cost of living stated and published by the office of the League of Nations. In the course of the year 1944, the rise in wholesale prices had been checked if not reversed in 16 out of 28 countries for which index data are more or less readily available. While prices continued to rise in twelve countries the rate of rise as compared with 1943 had showed down in most cases. Only in four of these countries was the price in 1944 more rapid than in the preceding year and in one alone more rapid than in 1942. Cost of living indices displayed the same general trend subject to the usual time lag in relation by the changes in wholesale prices. The table below shows for certain selected countries the percentage increase or decrease (—) in wholesale prices and cost of living during each of the calendar years 1940—44.

(A) Wholesale Prices	1940	1941	1942	1943	1944
Turkey		+46	+134	—10	64
Canada ..	+ 3	+11	+ 3	+ 6	0
Sweden ..	+21	+12	+ 9	0	0
Switzerland ..	+31	+21	+ 8	+ 2	0
India ..	—15	+29	+ 54	+27	0
Iran ..	+12	+45	+109	+34	0
U.S.A. ..	+ 1	+17	+ 7	+ 2	+ 1
Australia ..	+12	+ 5	+ 12	+ 1	+ 1
N. Zealand ..	+13	+ 9	+ 7	+ 6	+ 1
Union of S. Africa	+ 9	+11	+ 13	+ 5	+ 1
Peru ..	+ 9	+27	+ 18	+10	+ 1
Norway ..	+27	+15	+ 3	+ 1	+ 1
United Kingdom	+21	+ 5	+ 4	+ 1	+ 2
Germany ..	+ 3	+ 2	+ 2	+ 1	+ 2
Denmark ..	+34	+10	+ 2	+ 1	+ 2
Palestine ..	25	+46	+34	+13	+3
Argentine ..	0	+39	+ 13	+ 6	+6
Spain ..	+17	+19	+ 12	+ 7	+8
Finland ..	+28	+19	+ 25	+12	+8
Portugal ..	+23	+10	+ 19	+22	+9
Chile ..	+ 5	+37	+ 23	+ 2	+10
Venezuela ..	+ 6	+ 2	+ 12	+ 3	+12
Egypt ..	+15	+29	+ 38	+17	+13
Japan ..	0	+11	+ 3	+ 9	+14
Mexico ..	— 2	+15	+ 8	+27	+22

Increases of far greater magnitude were recorded in China (Chungking). There wholesale prices and living costs rose by 171% and 123% respectively during the twelve months ending September 1943, and by 173% and 176% respectively during the twelve months ending September 1944; the wholesale price index then stood 194.47%, and the cost of living index 176.84%, above the 1939 level. Outside China, the largest increases in prices since the war began occurred in the Near Eastern countries, while the increase rgistered in the United States and Canada are among the smallest.

Compared with the pre-war average (January-June 1930), wholesale prices in December 1944 were up 407% in Iran, 363% in Turkey (April 1944), 240% in Palestine, 227% in Egypt (November), 205% in India, 177% in Finland, 151% in Portugal (November), 116% in Chile, 110% in both Argentina and Peru, 109% in Switzerland, 99% in Denmark, 92% in Mexico, 82 in Norway, 79% in Sweden, 72% in the United Kingdom, 65% in Japan (October), 57% in the Union of South Africa, 50% in New Zealand, 40% in Canada, 39% in Australia, 37% in the United States and 11% in Germany. Living costs at the end of 1944 exceeded the pre-war average by: 692% in Iran (November), 235% in Turey (March 1944), 183% in Egypt (November), 130% in India (October), 126% in Chile, 103% in Finland, 100% in Mexico (excluding rent), 74% in Portugal (September), 73% in Peru, 61% in Japan (November), 58% in Denmark, 53% in Norway (November) and Switzerland, 43% in Sweden, 31% in the United Kingdom and the Union of South Africa, 28% in the United States, 23% in Australia, 18% in Canada, 12% in Germany and 10% in the Argentine (November). It should be remembered that the above official indices do not take into account prices paid in the black market.

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SPECIAL ARTICLE

Property Rights in Liberated Countries

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THE reconstruction of economic life in Europe and Asia will be much more difficult and complex after this war than it was after the last. It is not merely a reconversion problem; it is that of restitution of the ownership of property. Nationalization of industries and agriculture might perhaps cut at the root of the tangle of changes in the ownership of property in the wake of temporary domination by the Nazis in the West and by the Japanese in the East. However, as long as extreme Leftism does not descend on these territories as an aftermath of war, decisions in regard to property shall have to be taken on the basis that what was privately owned must be returned to private ownership. There was a wide spread agreement among the Allies that changes in ownership of property that have taken place as a result of the actions by the occupying authorities, both Nazis and Japanese, should not be recognised; but no authoritative declaration has been made so far by the Allies in this regard. Even the Potsdam declaration does not throw any light on this problem.

In the inter-war period, in spite of the tendency towards public ownership of the means of production and particularly of transport throughout the continent of Europe, the system of private enterprise and private ownership of industry and land was still the ruling system. Of course Government control and regulation interfered to a varying extent with the full freedom of private enterprise. Even the Nazi brand of totalitarianism recognised and allowed unchallenged the substance of private enterprise. In the East the peculiar feature of colonial imperialism was its non-interference with private ownership.

During the period of domination of occupied territories by the Nazis and the Japanese, the principle of private enterprise was not affected materially. The purpose of the German economic organisation was to create an European economy dominated by Germany. The purpose of the Japanese economic organisation was to create an Asiatic economy dominated by Japan. But neither the Germans nor the Japanese resorted to nationalization. The German sought to penetrate the national economies of European countries in order to get control of all important means of production. They initiated a vast number of changes in industrial property throughout Europe in order to create such a complex situation as to make a restoration of the status quo, extremely difficult. The territories occupied by Japan, being primarily agricultural with industries mostly owned by nationals of metropolitan countries England, Netherlands and America, it was difficult for the Japanese to effect revolutionary changes similar to those effected by Germany. Moreover strategic industries —petroleum for example or exploitation of strategic raw materials—rubber, tin etc.—was best thought to be directly run and controlled by the Government authorities. Only in case of Manchuria and Northern China a longer period of occupation as also need to develop undeveloped resources such as iron and steel necessitated acquisition of these by private Japanese capital.

The property seized by Germany was not taken over by the Reich, but was either sold or given to private corporations of individuals. In the early years, the most numerous changes were effected under the anti-jewish laws and decrees. Subsequently the Germans obtained supervision of many important banks in occupied countries, exchanged patents or licenses for shares in foreign companies, acquired stocks and formed new enterprises. It must be remembered that banks in Central and Eastern Europe are closely linked with industry in which they have substantial holdings and over which they exercise a strong control. A recent survey of the German position in the banks of Austria, Poland, Hungary, Rumania, Yugoslavia and Bulgaria showed that the penetration has been highly successful giving Germany a really dominant economic position in those countries. Even in Western Europe, notably in France, German banks gained control of important local banks and established various new banking firms. It must also be remembered that many such transfers and floatations have been 'paid for'—by occupation-currency. Another method of penetration used more often in France and Western Europe, has been to create a new company under German control jointly with the existing national companies. Thus the I. G. Forbson joined the French companies to establish a new company the S. A. Francolor with a capital of 800 million French francs, the Germans holding 51 per cent of the capital. Similar corporations have been established for machine-tool and petroleum industry. In the majority of the countries controlled by Germany, new enterprises were created especially for the production of synthetic raw materials and for various goods needed for war. Over and above this, even where Germans did not interest themselves in a particular property, the same was forcibly *aryanised and non-aryans* compelled to relinquish their participation or ownership rights.

In case of Japan, apart from direct control by the Japanese Government of important strategic industries and plantations producing raw materials etc., there has been no material transfer of property to Japanese hands in the South Asia zone. In Manchuria and Northern China Japanese banks have acquired control over mines and other industries, sometimes through creation of new companies and sometimes through transfer from the Chinese to the Japanese hands. However, in regard to absentee landowners, particularly in Burma, even lands have been transfered but mainly to the Burmese national and not to the Japanese. Germany having enjoyed longer period of domination acquired more property in Europe, than could Japan do in the South East Asia regions; even then Japanese penetration in Manchuria and North China has been facilitated by longer duration of occupation and also by the intention of Japanese to hold such property permanently.

From the point of view of nationality of the new owners, three kinds of property transfers may be distinguished. (a) A transfer of property in an occupied country from its citizens to a citizen of the occupying country (b) A transfer of property in an occupied country from one citizen of the occupied country to another. (c) A transfer from a citizen of an occupied country to a German or Japanese subject or corporation, of property situated in a third country.

In regard to this last category, Germany effected a far larger number of transfers than Japan. Germany had been particularly interested in acquiring

business enterprises in Central and Eastern Europe. She, therefore, *induced* owners in other countries under her control *voluntarily* to sell their investments. The French Banque Mirabeau for instance 'sold' in 4940, the Mines de Bor in Yugoslavia. The Western European interests—Belgian, Dutch, and French in the Roumanian oil industries have been acquired by the Germans in the same way. The same method was employed in regard to banking interests held by various companies of Central and Eastern Europe.

It is necessary however to clearly understand that although the Germans acquired enormous holdings in Europe, no real export of capital from Germany took place to pay for all this new wealth. In case of Japan, before Pearl Harbour, Japanese Capital went to acquire holdings and develop industries in Mauchuria and North China. This was because most of the enterprises were to be developed and Japan yet did not resort to the technique of 'occupation-currency on a scale comparable to that of Germany.

This is the situation facing both Europe and Asia which is bound to affect seriously the enormous task of rehabilitation and reconstruction. One thing only seems to be clear beyond any dispute. German or Japanese ownership acquired during domination cannot be recognised in any of the countries concerned. But beyond that there is considerable divergence of opinion. Nationalization or even internationalization of large industries is being advocated in certain quarters. But decisions on such issues must be primarily made by the nations directly concerned after they have reconstituted their sovereign Government. Some groups will demand radical changes in the economic and social systems while others will seek greater freedom for individual initiative. In some quarters, transfers from 'foreigners' to nationals may be considered the best means of ending foreign vested interests. For example, land in Burma belonging to Chettiars which has been transferred by the Japanese to the Burmese, may not be released back to the Chettiyars by the reconstituted Civil Government of Burma. Nationalistic tendencies in Europe might also aggravate such tendencies of keeping out foreign interests. It is therefore necessary that the general question of the restitution of property should be regarded as an international question to be solved by common agreements among the United Nations. It would be advisable to establish a special international agency acting as a trustee on behalf of the original owners of property. Such an agency should restore the rule of law and establish a common international standard of procedure. There should be a court to which appeals can be made from the decisions of the executive agency. The creation of international trusteeship to settle and determine the restitution of porperty should be only a temporary measure to facilitate the application of the international standards of procedure. It should however not interfere with the sovereign right of every country regarding the organisation of its economic system. It must only separate the basic issue from the accidental circumstances created by temporary domination by the aggressors. It would indeed be a tragic aftermath of Nazi militarism, if the changes in property rights caused by them, were to interfere unduly with political consolidation and economic reconstruction. For all these reasons, the problem should be considered as one of international importance and effective means of dealing with it should be adopted by the United Nations.

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THE WORLD ABROAD

Unemployment Haunts the New World

WASHINGTON, August 12, 1945.

FOR months economic leaders in the United States have talked about what they might have to do if the war against Japan ended suddenly and then very recently the reality has come upon them. As feared, there was no final plan for reconversion available nor was the Congress even in session to grapple with great problems. However, even while some lingering uncertainty existed as to what Japan really would do, government leaders began to work almost feverishly upon the problem of changeover as if to disprove the prediction made ten days ago by the Senate War Investigating Committee, that "should the war with Japan end at early date, we will be in a sorry state economically". The problem was to cut down war production gradually so as not to cause undue unemployment, yet rapidly enough to speed the reconversion of war plants which can shift into civilian production and hire those workers displaced from war jobs. Governmental expenditures mostly in war work account for about half of the two hundred billion dollar annual production rate at which the United States is now operating.

The first action here was to get the Congress back in session so that it could enact legislation which will be needed for handling many of the problems. The Senate majority leader, Mr. Alban Barkley, conferred with President Truman even while the reply to Japan's surrender offer was on its way back to Tokyo. He announced that the Congress would resume its sitting probably about Septembr 4 and that members were being notified to be in readiness for that date. Meanwhile, he said that Congressional Committees will meet earlier to prepare bills and recommendations so that action can start promptly on the floor when the houses are reconverted. The War Department authorities have put in motion plans for gigantic cuts in war procurement. This was in addition to many orders that already had been cancelled. At the same time the navy announce stoppage of construction upon ninety-five warships which is expected to have approximately one billion two hundred million dollars. The new total immediate terminations of army and navy expenditure were estimated as likely to be four billion dollars although some estimates ran as high as twelve billion. It was estimated that three big army procurement items would be cut as follows: Service force items by an average of eighty percent, air force items by more than ninety percent and petroleum products about forty percent. The procurement by Army Service Forces which includes ordnance and medical departments, the signal engineer quartermaster and transportation corps and chemical warfare service amount to about one billion eight hundred million dollars monthly. The Army Air Force procurment now amounts to approximately seven hundred fifty million dollars monthly. The procurement of weapons and ammunition will be slashed to virtually zero except for new experimental items. The Army, of course, will continue to have heavy needs for clothing, food and transportation involving consumption of fuel.

Some idea of the philosophy with which the Congress will approach the problems of conversion and unemployment may be gleaned from hearings which were in process just at the time of the recent adjournment and are likely to be resumed now in a few days for preparing legislation for discussion on the floor. The prerecess hearings served principally as orientation period for the Senate Banking and Currency Committee which held them. Among the witness were sponsors of the bills Democratic Senators Wanger, Murray and Omahoney and Republicans Morse, Toeby and Aiken. Senator Wanger, chairman of the Banking Committee, who opened testimony began on the theme that America might well take heed from what was done by "war-weary people or Britain" who he said knew "that economic tranquility rests upon full employment with all the social gains that full employment means for all the people". The Full Employment Bill has these main provisions: Firstly, that the federal policy shall be framed so as to insure "highest feasible levels of employment;" secondly, that government shall go about his task in a manner that will stimulate private business and there would be no direct government operation of business enterprise; thirdly, when private business is unable to attain maximum employment, government by federal investments and expenditures shall take necessary steps to bring about such employment but always through private enterprise. In operation, the bill would authorize government to estimate each year how many jobs business will provide and if unemployment in any degree seems likely the President would make recommendations and the Congress would take actions to stimulate business activity to provide necessary jobs. In this matter the Congress would have a considerable direction and in any of the steps now deemed likely to be taken it would find ample constitutional justification.

Thus there has been nothing revolutionary or radical about the legislation so far as its legal and legislative aspects are concerned. The Congress could take such steps as lowering or raising tariffs, lowering taxes on corporations, or approving acts dealing with monopolies, wages and agriculture. All this is within congressional prerogatives; nothing new is added to the powers of the Congress. To enact an Unemployment Bill as part of the public policy nevertheless would represent an innovation because government never before has undertaken to predict in advance how much unemployment there will be and then do something about it, also in advance. In his testimony on the bill Senator Murray said, "In days to come I can see nothing but conflict and recrimination for capitalim in America unless we provide a programme which will insure employment for all Americans who are able and willing to work". Senator Omahoney recalled, no doubt to the discomfiture of many persons, that the United States emerged from the depression that followed world war I only during world war II . He characterised the pending employment measure as "a bill for economic preparedness". To this Murray added that a depression after this war would mean disillusionment for millions of jobless soldiers "who will have little interest in the maintenance of a system (the capitalistic system) which fails to offer them continuing opportunities for useful employment". The sum of the testimony thus offered was in the nature of an admonishment concerning dangers to the capitalistic system should this war be followed by mass unemployment. However, observers expect that the prevecess hearings on the matter will prove to have been merely a prelude to the scene that will

A DELHI DIARY

WHILE the whole world is happy that the slaughter has ceased, the sudden cessation of hostilities has anomalously plunged the imperial city in gloom. It is not only the Japs, who are weeping outside the imperial palace. They have got their comrades in our imperial secretariat, who wished the war went on for at least another ten years, if not for eternity. And then the inflation-bloated merchants and stockists of hoarded goods and the war contractors are thoroughly shocked that the wheels of their merry-go-round have suddenly come to a dead stop. They feel as if the world has suddenly come to an end with a bang. But in all this procession of mourners, one is surprised to find the Yankees, who, of all persons, were expected to be jubilant on the near prospects of getting home. The China-Burma-India Theatre is to be disbanded. The United States Office of War Information, which has for so long fed the World Press on its stuff, will not exactly cease to be, but with considerably diminished strength, will be merged with the public relations section of the American Consulate. So the Yankees, who have walked the whole earth like lords and made themselves feel at home everywhere, will now go home and they appear to feel all the sad for the same.

In all this rush of events and intensity of feeling, nobody seems to have taken note of the King's speech. Its most remarkable feature is its utter insipidity. The Bank of England is to be taken over by Government, but that is already an accomplished fact, so also the nationalization of the coal-mining industry. Control of investment is a radical proposal, but it is rather vague and God knows, what it will ultimately amount to. The reference to India is rather poor and leaves us utterly cold. In fact, the first feeling of enthusiasm about Labour Victory is having its reaction. The Indian mind is once again settling down to the old and realistic conviction that so far as we are concerned, there is nothing to choose between Tory and Labour, that they are just labels for the same contents.

So, this is the King's speech. Lord Wavell's V-J. broadcast was none better. Although the Viceregal V-J broadcast itself did not contain any pronouncement of political or economic significance, it may not mean that the Government of India have no future plans at all. For instance, there are rumours of early elections for the Central and Provincial Legislatures, possibly in December. This means that there are hardly four months yet for the various political parties to prepare themselves for an electoral contest, which, for obvious reasons, would be far-reaching and momentous in its results.

On the economic front too, even the present Government of India cannot avoid taking important decisions for any length of time. The most pressing problem, of course, is that of retrenchment of staff. Clearly, any peremptory large-scale discharge will cause a very severe social and economic dislocation. This, in itself, is sufficient ground for a cautious and sympathetic approach, and the political argument, alleged to have been advanced by the Supply Member in the course of confabulations with his colleagues in the Executive Council, seems, therefore, to be superfluous, if not unwarranted. Sir A. Ramaswamy Mudaliar is said to have argued that the throwing out of thousands of educated middle-class young men would, in effect, amount to making a present of that number of new recruits to the various political parties in general and to the Congress in particular.

But the administrative services can be maintained in anything like their present strength only if the Government have for immediate execution a well-planned programme of centrally organized and engineered economic development. This they most certainly do not have, which means that a pretty big dose of retrenchment is inevitable. There was a meeting of the Departmental Secretaries yesterday to consider which sections could be wound up now or in the near future. Although some Departments are likely to be affected more than the others, it seems likely that there will be, on the whole, a cutting down of staff to the extent of 25 per cent.

As against retrenchment, there is also talk about planning and development, Mr. V. V. Giri, Convener of the National Planning Committee, who was here yesterday, told me that a meeting of the Committee has been called at Bombay on September 23. Pandit Nehru will by then have made himself free to write the final report himself. All the 29 sub-committees have been asked to submit their reports by the third week of this month. It is not clear to what extent reports prepared some years ago will be revised in the light of radically altered circumstances and fresh ideas. The sub-committees have been asked to make the necessary revision. The next step after Pandit Nehru finishes writing the report, is said to be the creation a National Planning Commission with a permanent expert secretariat, to be situated at Delhi. The task of the Commission will be constantly to study conditions and Government policies, to lay down principles regarding State *versus* private enterprise, industrial location, etc. and to be the national watch-dog examining the present Government's actions until a people's Government comes to be established. A five-year plan, setting out targets, allocation of resources and priorities, will also be prepared.

The wheels of fortune make queer turns. Marshall Petain, the hero of Verdun, has been condemned to death. So the hero of one war becomes the criminal of the next! When the Communists organized resistance against the German occupation forces, they were patriots; the moment a right government was installed in Athens under Churchillian auspices, they were hunted down like criminals. Nothing succeeds like success. Lenin was smuggled into Russia by the German army and he helped the disintegration of the Tsarist army and in the interregnum of chaos, he built up steadfastly his Red Army and the Soviet State. He succeeded; so he came to be known as a genius and revolutionary. Subhas Bose probably had some such Leninist strategy in mind. If he had succeeded, we would have hailed him as the Lenin of India. But because he failed, some may be inclined to call him a Quisling or a war criminal according to taste and predilection. But nobody need doubt Bose's incorruptible patriotism. It is all a question of political ends and means. The notions of justice, war crime, patriotism . . . have become somewhat mixed up: Marshall Petain, German V-bombs, American atom bombs, Tito, Elas, August disturbances, Ashti, Chimur, Mahendra Chowdhury, Subhas Bose! What will happen to Subhas Bose? Will he be allowed to come back or will the Viceroy invite him to a conference as the *do-or-die* rebels have been?

ARGUS.

MONEY MARKET

Prospect Of Deflation—Bullion Market Fluctuates

MONEY market was distinctly easy during the week under review. There was surfeit of funds owing to return of advances and accumulation of deposits with the Banks. The interbank call money rate was nominally quoted at 1/4 per cent; three months and six months deposit rates were quoted at 1/2 per cent. and 3/4 per cent. respectively.

The Treasury Bill returns give further evidence of easy money conditions. Against an invitation of four crores of rupees, offers amounted to 3.14 crores as against 2.92 crores during the previous week and 57.25 lakhs a fortnight ago. Probably for the first time in the recent history of Treasury Bills borrowing, the entire offer was accepted and the Government agreed to pay Rs. 0-6-3 per cent., only four pies higher than the previous week rate of 5 as. 11ps. per cent. Inspite of large accumulation of funds on behalf of Government in the Reserve Bank to meet the ways and means position, Government have not minded paying a slightly higher rate of interest.

The Bank statements also reflect the return of plethoric conditions. The Schedule Banks' statement for the week ended 3rd August 1945, for instance, discloses a rise of Rs. 464.83 lakhs in total deposits, Rs. 279.78 lakhs under demand deposits and Rs. 185.05 lakhs under time d eposits. Advances and bills discounted have again receded, this time by R. 265.93 lakhs. Cash balances have, in consequence, gone up by Rs. 1,099.82 lakhs.

Reserve Bank

After a continuous fall for two weeks in succession, notes in circulation have gone by Rs. 3.97 crores, according to the statement of the Reserve Bank of India for the week ended 3rd August 1945. The total notes issued, however, show a rise of only Rs. 17.11 lakhs as notes held in the Banking Department have dropped by Rs. 3.79 crores. The variation in total note issue has been covered up on the assets side by a rise of Rs. 17.11 lakhs in rupee coin held by the Bank. In the Banking Department, the deposits of the Central Government which had gone up by Rs. 32.75 crores have suffered a fall of Rs. 10.76 crores. Deposits of Scheduled Banks, on the other hand, have risen by Rs. 10.64 crores. On assets side the only feature is the rise of Rs. 3.52 crores in balances held abroad which is, of course only a fleabite as compared with the increase of Rs. 22.07 crores in the week before.

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Gilt-edged

Investors in the Security market were trading cautiously. There was considerable hesitancy on the part of the operaters on the ground that sellers might predominate at higher levels. 3-1/2 per cent. Government paper opened at Rs. 102.5. On receipt of rumours that Russia was entering war against Japan and in sympathy with other markets, prices showed a downward tendency on Thursday. There was complete withdrawal of buying and the prices declined to Rs. 101.10. Earlier short dated loans remained dull.

On Saturday, on receipt of reports of Japanese offer of surrender there was selling pressure. 3-1/2 per cent. Government Paper which officially closed at Rs. 102 on the previous day declined sharply to Rs. 101. At this level there was some support from bulls and the rates recovered to Rs. 101.8. Business in other Government Securities was negligible. Future trend of the market is uncertain. As the war is now over, the Government of India might release the capital funds invested by new flotations in Government Paper and War loans which would lead to considerable selling in the market. The inflationary conditions which have been prevailing due to notes issued may not last long and the possibility of deflation setting in is great. Therefore, the chances of prices of Government securities declining are greater than otherwise.

Bullion

In the Silver Market, there were wide fluctuations. Owing to rumours of Russia entering the war against Japan, the market opened weak on Monday at Rs. 135.10. Due to bear covering, the rates shot up to Rs. 138.8 on Tuesday an upward movement of three rupees within twentyfour hours. Market again eased to Rs. 136.14 and again due to bear covering went up to Rs. 137.14. On receipt of news of Japanese offer of surrender on Saturday there was a spate of selling orders. Prices collapsed to Rs. 131.8.0. At 2 p.m owing to rapid decline in prices of cotton, he price of silver slipped down to Rs. 129.12.0 but again improved to Rs. 132 at 4 p.m. Market steadied at Rs. 129-12-0 at 5 p.m. Floating stock of silver is estimated at 1,500 bars and the daily average offtake at 100 bars.

The gold section remained steady during the earlier part of the week, prices hovering around Rs. 78-15-0 due to bear covering. Rumours of Russian entry into the war brought down the prices o Rs. 75-4-0. There was a further drop in the prices when the news of Japanese offer of surrender came through. At 2 p.m. on Saturday gold was being quoted at Rs. 71-12-0. It touched Rs. 71 and at 5-45 p.m. it was quoted at Rs.71-8 0 Budla differences were higher at 10as. The tone of the market was uncretain.

The floating stocks are estimated at 1,00,000 tolas and the daily average offeake roughly at 15,000 tolas.

The Reserve Bank continued to sell 20,000 tolas per day on tender basis at rates varying from Rs. 78.14 to Rs. 75.10.

Sovereign experienced a fairly good demand. After opening at Rs. 53-12-0 it touched Rs. 54 but came down to Rs. 51.12 on Friday night. The stock is estimated at 4,000 coins and the daily offtake at about 1,000 coins.

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Stock Exchange

The Stock Exchange showed signs of revival during the first part of the week before August 9th which was a holiday. Tata Iron and Steels deferreds marked up to Rs. 2,240, Ordinaries touched Rs. 409-8, Bombay Dyeings hovered when the news came of Russian entry into the war which the market interpreted would lead to an early termination o the hostilities in the Pacific. On Friday there was a spate of selling activity and the prices collapsed. Tata Iron and Steel Defds. closed at Rs. 2,200, Ordinaries closed at Rs. 401-810. Bombay Dyeings last only Rs. 12-8-0 and closed at Rs. 1,960 while other textile scrips also declined moderately. On Friday night rumours came of Japanese offer to surrender. In sympathy with the nervous decline in the cotton and bullion markets, prices in the Stock Exchange also were on the downward trend. As the market was officially closed on Saturday, there were no transactions, but unofficial trading indicated that Steels were quoted at Rs. 2,125, Ordinaries at Rs. 388. Bombay Dyeings, however, remained at Rs. 1,960 level while other textiles lost considerably.

The nervousness witnessed on Saturday, however, disappeared on Monday when the market reopened under much steadier conditions. Prices advanced under the leadership of Tata Steels which experienced keen buying. Operators thought that as the Company was sure to maintain the last year's level of dividend Tata Steels were a good proposition to buy. Tata Defds opened at Rs. 2,155 and closed at Rs. 2,192-8-0 after touching Rs. 2,197-8. Tata Ordinaries likewise showed a vast improvement, opening at Rs. 396 and closing at Rs. 403. Bombay Dyeings opening at Rs. 1,955 closed at Rs. 1,965 Kohinoors closed at Rs. 590.

Other industrial scrips and Banking, Insurance and Electrics showed a slight improvement on Monday.

Major Developments Discouraging The Market

CALCUTTA, August 13, 1945.

VERY steady conditions were noticeable in all the sections till Wednesday during the week under review. In gilt-edged securities speculative selling appeared to be over and there was a rise in the quotation for 33-1|2 per cent. Paper to Rs. 102-10from Rs. 100-15. Coal shares were very active with shares like Bhalgora, Central India and West Bengal being marked higher. Jute shares were steadier while Sugar shares improved on reports of better prospects for the next season.

After Wednesday, however, the course of markets has been completely different due to the important discovery of atomic bomb and the declaration of war against Japan by Russia. The two major developments cumulatively had naturally a discouraging effect on stock exchange values. On Friday evening even more surprising news to the effect that the Japs were prepared to accept the Potsdam terms was received. Curiously enough, the sensational developments in the war situation since Wednesday failed to bring about any abrupt break in prices in the markets and the declines so far recorded should be said to be mainly precautionary. Not even the bullion market has slumped though the drop by several points in the quotations for both silver and gold definitely suggest that the days of the bull syndicate are numbered.

On Thursday afternoon the first big drop in prices was noted in the Calcutta market, Indian Irons coming down to Rs. 41-8 from Rs. 42-8, Howrah to Rs. 96 from Rs. 97-2 and Burrakurs to Rs. 46-2 from Rs. 47. Prices for other counters were proportionately lower. There was no selling by investors and only professionals were active. In the early hours on Friday there was some selling though prices tried to rally towards the close. Indian Irons closed on Friday at Rs. 40-10, Steel Corporations at Rs. 33, Burrakurs at Rs. 44-4, South Karanpura at Rs. 36-4 and Howrah at Rs. 94-7. After the close on Friday on the news of the Jap offer to surrender Indian Irons came down to Rs. 39-15 from Rs. 40-,1 South Karanpura to Rs. 35-8 from Rs. 36-4, Howrah to Rs. 93-8 from Rs. 94-7 and Burrakur to Rs. 43-8 from Rs. 44-4. There has been a tendency for covering at the lower levels and Indian Irons recovered to Rs. 40-8. That the decline in prices so far has only been to the extent of five to ten per cent. and there has not been any panicky selling by investors is clear proof that the signing of peace will not result in any big slump in prices on the stock exchanges. With the pressure of surplus funds seeking investment and with the revised ideas regarding investments if holders were convinced that Indian industries would continue to be busy and that dividends would not be substantially lower prices might get stabilized at a slightly lower level.

Stock market operators are generally ahead of developments and it is not surprising, therefore, there is considerable discussion at the present moment regarding post-war prospects. It is felt that with the improved purchasing power of the masses and the large schemes for post-war development the usual slump in prices will not come about. The question for the stock market is for how long E.P.T. will continue to be levied. In his last Budget speech, Sir Jeremy Raisman indicated that the Excess Profits Tax was clearly a war-time measure and that it should go once war-time conditions ceased to exist. It remains to be seen whether in the next financial year the tax will be levied. If there is any indication that E.P.T. will not be levied next year the lower incidence of taxation will more than compensate the decline in earnings as a result of the reduction in war orders and dividends need not be drastically curtailed. The developments in the next few weeks will decide the general trend of markets.

The raw jute market has been quietly steady. Mills took greater interest in the market but with the order books of sellers depleted there was no anxiety to push up prices. Sellers accepted orders at the previous rates and covered their sales in the mofussil markets. Up-country centres have remained steady as arrivals have been small with cutting delayed owing to insufficient steeping water.

With the possibility of a large increase in jute goods following the resumption of trade with the Far Eastern countries there might perhaps be a slight improvement in prices in future.

In the loose jute section, Supervised Jat Middles and Bottoms sold at Rs. 15-4 and Rs. 13-4 per maund with old crop four annas lower. New crop Supervised Jat Tossa sold at Rs. 16 and Rs. 13 for Middles and Bottoms respectively.

In the jute manufactures market very firm conditions were noticeable. Mills were very reserved while buyers were prepared to pay maximum rates for positions upto June next. In the heavy goods section quotations were at maximum limits for ready positions.

THE BUSINESS WORLD

DISPOSAL OF WAR SURPLUSES

AS the war is nearing its end, the problem of disposal of war surpluses is gaining importance. The policy as well as the machinery of liquidating surplus stores and assets should now be fully developed and competently implemented. Surpluses for disposal fall broadly into seven categories: 1. Land and buildings. 2. Plant and machinery. 3. Motor and other vehicles. 4. Timber and building materials. 5. Textiles and other fibres. 6. Innumerable items of general stores which include both consumption goods and minor machine-tools, etc. 7. Produce of reclaimed salvage. But it is not merely the question of the kind of goods to be disposed of. In India, the issues involved are more complicated, because, apart from the Government of India themselves, the Government of Great Britain, as also that of the U.S.A. are interested parties. It is difficult to estimate what would be the total value of such stores that would be ultimately unloaded in this country. On the basis of comparison of an estimate of 20 billion dollar worth of materials which would be surplus in the United States, it is possible to have some idea of the amount involved in this country. For example, on the basis of purchases made by the Supply and other Departments of Indian Government, it may be estimated that the end of the war would leave with us stores worth about Rs. 100 to 125 crores plus other capital assets of great value. It is a little more difficult to estimate the quantity and the value of the stores that may be released by His Majesty's Government for the Government of the U.S.A. The British Government have been sending stores and materials to this country, as also building assets, not only under the terms of the Financial Settlement, but also for the use of the British forces stationed in India for SEAC operations. Exigencies of war made it impossible any hard and fast rules regarding the size of the stores to be maintained at a particular time. This elasticity has, however, its dangers and disadvantages, when the question of disposal comes up. It leaves Indian market completely exposed to the dumping of an unlimited amount of supplies by Britain, because it would be difficult to find out at any stage whether the stores offered for disposal are really those that were left out in India or include those which may have been specifically sent by Great Britain as a part of her own disposal policy. In the case of the U.S.A., the question revolves round the future of Lend-Lease supplies. However, for the disposal of surpluses held abroad, the United States Government have laid down certain broad lines of policy. They are: (1) Consideration will be given to economic conditions of the particular markets and the interests of local normal trade channels. (2) The surpluses held abroad, which can compete with the products of the U.S.A., will be disposed of in the areas or countries where they are held. (3) Such goods will be prohibited from subsequent import into the U.S.A.

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If the object of disposal is to recover maximum money in the shortest possible time, it would interfere with the reconversion of our economy to normal peace-time basis. It is, therefore, necessary to view this problem as primarily an economic one. The objective should be that of returning war surpluses to the peace-time economy in such a gradual and planned manner as to have the minimum detrimental effect upon the stability and productivity of Indian economy. It seems as if the Disposals Directorate of the Supply Department has already started disposing of some materials, for the purchase of which tenders are now invited. They consist mainly of spare parts and materials. Time has not yet come when disposal on a large scale can be made. But it is time that all facts relating to surplus supplies, including the information as to grades, qualities, etc., of the materials, are compiled and kept ready. The British Board of Trade have, in fact, already drawn up a detailed list of goods which they think are likely to be surplus and will be available for the market. The Government of India can certainly take up this work without delay.

Without such factual data, merely outlining a broad policy for disposal would be unrealistic and perhaps misleading. It seems that the Government of India, which went into this question, have laid down certain general principles. "As a rule, available surpluses should be disposed of to Central Government Departments, Provincial or State Governments, or Public Undertakings; and only after their demands are satisfied in full, will the surplus stores leave for civilian market. Distribution through usual trade channels should be the rule and not the exception; but in using trade channels, care should be taken that unnecessary middlemen are excluded, profiteering prevented, and the ultimate consumer is assured of supplies at a reasonable price. In order to carry out this policy, continuation of certain war-time controls has become necessary, and recommendations would be made by the Disposals Board to the Central Government in this regard. Disposal of civilian articles should be done in such a way as to dislocate as little as possible the existing economy of the country."

These principles are a mixture of platitudes and pious hopes. It needs no emphasis that disposal should not dislocate the existing economy of the country. But this is not enough. Economy of the country is bound is to be disturbed, if no thought is given to the possibilities of utilizing stores and materials as they become surplus, for immediate productive purposes. Much of the plant and equipment that will become surplus for war purposes, can be profitably utilized by civilian industry. Hence, the main principle should be that certain plants and equipment should be offered first to industry and not to the Central and Provincial Governments or public undertakings. It is true that for public works programme, a large portion of war surpluses might be highly useful. Certain urgent requirements, such as, reconditioning of roads, increased motor-vehicle traffic, etc., would require immediate attention. But in this country, with an Administration indifferent to real interests of the country, there is a serious danger that Government agencies might employ such means more wastefully than usefully. There is also a danger that public works programme may be designed and fitted merely to absorb these goods, without examining whether war surpluses can be utilized most economically in the public works programme designed on its own merit. The Provincial Governments, Departments of various States and the Central Government have amassed substantial financial resources for "post-war reconstruction," and such finances can be used, with impunity for absorbing war surpluses. There is also no effective means of checking the British Government's war surpluses from Britain entering surreptitiously into the public works programme of local and central Governments, for all such misuses can at least be partially obviated if war surpluses are offered first to industry, which will certainly be a better judge of their most economic and productive uses than Government Departments.

For the same reason, it is also necessary that Industrial Advisory Committees, truly representative of industry, must be attached to the Disposals Board. All facts relating to surplus supplies, including formation

as to grades, qualities, division and location of the supplies, should be placed before the Advisory Committees. This, incidentally, will also provide a check on any undue inflation of stores coming from abroad. The Committee would be a in position to recommend to the authorities the best use to which an item could be put to.

There is another important consideration. Trade and industry owned, controlled and managed by Indians is capable of using stores for production purposes, and, therefore, it should have the first right of refusal to buy such stores; otherwise, foreign interests would intervene and acquire the stores to the detriment of India's own interests. Regarding the surplus of consumer goods—and such goods will be in plenty—they should be disposed of in a manner which would not have damping effect on our nascent enterprise. If the inflationary tendencies continue to prevail in the country, controls may be necessary in order to check profiteering and black marketing. In any case, surplus goods should not be pushed up for sale when the market is generally uncertain and the local industry declining. A flexible import restriction policy should also be adopted during the period of disposal. In case of consumer goods, for example, whether released from British or American or Indian stores, if the stores released are substantial, import of similar goods should be curtailed, particularly if Indian industry is already manufacturing such goods. Such of the surplus stores, that may not be found useful in India, may be of great value to the adjoining countries, such as Middle East, Burma, etc., and the Government may profitably explore the possibilities of exports to these countries, especially such Indian goods which have a future in those markets.

NOTES

TRADE WITH AUSTRALIA

In his report to the Commerce Department, the Indian Trade Commissioner in Australia has attempted to assess post-war possibilities. The seven-fold increase in the value of exports from India to Australia in the last five years as compared to the pre-war years is largely due to the elimination of competitors as a direct result of the war. This is especially the case of cotton textiles and we must be prepared for a shrinkage when normal conditions return. The other important commodities in which our trade with Australia has increased during the war but will in all probability recede to the pre-war level are coffee, tea, etc. and the price factor will be the detriment of the volume of trade. In the matter of jute, however, India's position is fairly strong and business can expand to the pre-war level. As regards linseed and other oilseeds the position of India in Australia market is strong. In the products of art ware industries, like flour coverings, there is special need to study the special needs of Australian buyers. In those goods like shellac, myrobalans, curry powder, goat skin and goat hair, and mica India has almost a monopolistic position and much improvement can be made in Australian offtake with the introduction of a system of grading. Retention of the market developed during the war, for example, in wearing apparel, glass ware, crookery, art silk, silk, surgical instruments, etc., depends on the comparative cost levels. India will have to take modern and up-to-date methods of manufacture to be able to stand competition in Australia.

For India's requirements of capital equipments, the report of the Indian Trade Commissioner in Australia suggests that Australia will be able to supply machinery for the procession of raw wool, manufacture of paper, plastic, perfumery requisites, paints and varnishes, and engineering mining, oil milling accessories, etc. Agricultural machinery, road making machinery and appliances, railway equipment, etc. can also be imported from Australia.

TAXATION OF INDUSTRY

The Committee of the Indian Merchants' Chamber have made forceful representations to the officials of the Central Board of Revenue with regard to the need for revising the existing policy of taxation. The Committee definitely assert that the requirements of industry are not secondary to budgetary equilibrium. They point out the utter lack of sufficient reserves, with which industries find themselves faced today, thanks to the existing taxation policy. Industries find themselves unable to make adequate provision for re-equipment or to bring their assets to modern standards. For instance, the practice of allowing provision for depreciation, for purposes of taxation, on the basis of the *original cost* and not on the *replacement cost*, which has risen considerably now, has sadly handicapped many industries. To find new finance for replacement at these higher costs of replacement would certainly result in over-capitalisation which Indian industries can ill-afford in the present formative state of development. The Chamber did well to underline the sharp contrast between the policy in U.K. and in India in this respect. Unfortunately, the Government of India follow U.K. precedents much as the devil quotes cripture. The following U.K. taxation practices are in particular worthy of being adopted in India: (1) When members in an appellate tribunal differ, the opinion most favourable to the assessee should prevail. (2) The period for the carry-forward of losses should be extended in the same way as in the U.K. Finance Bill of 1945. There, the period of six years includes any year between 1939-40 to 1945-46, and the time limit of six years for carrying forward losses can be extended by the number of years, following the year in which the loss is incurred, that fall within the above period. More over if loss is incurred in a year ending 31st March 1944, it could be carried forward and could be set off against the profits of the next years. In short, the taxation policy in U.K. takes account of the business fluctuations over a period of years and is not merely an attempt to clamp an arbitrary burden on industry, irrespective of its experience before and after the war.

INDO-COMMERCIAL BANK

The balance sheet and the profit and loss account of the Indo-Commercial Bank as on 30th June 1945 show a decline in the Bank's gross earnings as well as in the net profits. The gross earnings of the Bank as revealed by the balance sheet for 31st December 1944 amounted to over Rs. 13 lakhs as compared with the present corresponding figure of 7.75 lakhs. The figures of net profits for the respective dates are Rs. 4.84 lakhs and Rs. 2.69 lakhs. This is explained by the decline in the income interest charges from Rs. 6.98 lakhs in 1944 December to Rs. 4.84 lakhs now. There has also been a decline in the other earnings of the Bank—Commission, Discount and Miscellaneous from Rs. 3.23 lakhs in December 1944 to Rs. 1.66 lakhs now. But the year 1944 was a period of sharp rise in business and the present balance sheet compared with the working of the Bank during 1943 shows that much of the progress made since then has been retained Thus for example the net profit made by the Bank in 1943 was about Rs. 2.82 lakhs which does not compare unfavourably with the Rs. 2.69 lakhs made now. The corresponding figures for interest earnings are Rs. 3.88 and Rs. 4.84 lakhs. There has been a progressive rise in the loans, advances, credits, etc., from 72.21 lakhs in 1943 to Rs. 163 lakhs as on 30th June 1945. There has also been an increase in deposits from Rs. 2,35 lakhs in 1944 to 2,73 lakhs now. Investments in Government securities have moved up from Rs. 55.6 lakhs to 73.62 lakhs. These investments together with cash on hand make up about 40 per cent. of the total deposits thus showing the liquid position of the funds.

The Bank's total paid up capital continues to be Rs. 88.75 lakhs of which Rs. 10 lakhs are entitled only to a tax-free non-cumulative preferential dividend of 6 per cent. The ordinary share capital is thus only 8.75 lakhs and as against this the reserves are at the satisfactory level of Rs. 5 lakhs.

BOMBAY MUTUAL LIFE ASSURANCE SOCIETY

For the Bombay Mutual Life Assurance Society, the oldest life office, the year ended 31st December, 1944, is a fresh land-mark in its history. Alike in the turnover of new business, the rise in premium income and fall in the expense ratio, the Bombay Mutual has done well. The outstanding feature is a continuous decline in the renewal expense ratio which is the more commendable when viewed by the side of the increased premium. New business written in 1944 was Rs. 5 crores, i.e., Rs. 1.3|4 crores higher than 1943 and more than double that of 1942. The annual income has increased by 300 per cent. in the last three years, from Rs. 8.98 lakhs in 1942 to Rs. 30.3 lakhs in 1944. Claims have risen sharply from Rs. 14 lakhs in 1943 for Rs. 20.6 lakhs in 1944. But this is only 1 per cent. of the total business in force. The allocation to Life Fund was naturally increased to Rs. 53.97 lakhs as against Rs. 52.97 lakhs in 1943. The Life Fund thus stands at Rs. 4.12 crores as against 3.84 crores in 1943 and Rs. 2.96 crores in 1942. Other interesting changes are that the average amount of a policy is less at Rs. 2,059 as against Rs. 2,213 in 1943, but the average premium per 1,000 has increased from 54.7 to 55.2 This reduction is a foretaste of the reversion to peace-time conditions and has already been met with in the case of most life companies. The rise in the average premium, however, shows that short term policies are preferred to long term ones. Calculated according to Rule 25 (6) of the Insurance Rules of 1939, the renewal expense ratio is 11.66 as against 12.88 and the previous year. The total investments at their book values in Government securities are Rs. 1,85,31,509 and Rs. 78,55,803 in stock exchange securities and nearly an equal amount in approved securities while investments in real estate are nearly Rs. 39.8 lakhs. The Directors have been able to earn an yield of 3.901 on the Life Fund. In the previous year, the figure was 4.07. But 3.9 per cent. in these days when the yields on Government Securities have come down should be considered very favourable.

Rao Bahadur U. S. Desai in his address to the shareholders was vehement in his attack on the provisions of the proposed insurance act amendment. While admitting the need for economical working, he expressed himself as opposed to reduction of commissions to agents. The proper test as to whether business is being done on right lines would be the actuarial valuation. The Government may tighten control in regard to valuations to protect the policy holders. But he was definitely against reducing the commission to the agents and seemed to feel that such reduction would keep qualified and competent men away from insurance salesmanship. In such a view, even the present control over agency commission may be unnecessary.

THE SOVIET AUTOMOBILE INDUSTRY

Prerevolutionary Russia had no automobile industry. Soon after the establishment of the Soviet power, the government launched the construction of automobile plants, and, in a record time, were built modern plants in Moscow, Gorky, Yeraslavl and Mias. Equipped with the most uptodate machinery, they are schools of advanced technique for many other industrial enterprises of the country. These plants produce their own models of passenger cars. The Moscow palnt turns out thousands of comfortable six-seater cars every year. The four passanger cars of the Gorky autoplant are likewise turned out in thousands. Trucks, varying from half to five tons in lifting capacity, trolleybuses, autobuses, army and special automobiles are likewise produced by the home automobile industry. The industry coped ably with its tremendous war-tasks when it not only supplied the necessary number of automobiles to the Red Army and the national economy but also designed new models, both for the army and civilian needs. During the war years, the Soviet automobile industry added a number of new plants. In the most critical period of the war, January, 1942, the construction of a large automobile plant was launched in the southern Urals. Built with record speed, the new plant began to produce automobiles in the middle of 1942. Since 1944 it has been turning out trucks The construction of a large autoplant commenced in 1943 in the Volga area. The vast program for the future calls for the construction of new automobile plants, automobile assembly, motor and allied enterprises, as well as for the expansion of existing autoplants. The principal shops of one of the new plants will occupy a territory of nearly 500 acres and have some 70,000 turning lathes, milling, planting and drilling machines. Chassis and assembly shops with a total floorspace of 30,000 square meters, wood working, foundry, forge and repair shops are to be completed before the end of this year. The first trucks will be assembled during the first quarter of 1946 and, by the end of that year, the plant is expected to turn out about 4,000 automobiles. It will produce 3.5 ton trucks with 90 horsepower engines in tens of thousands every year.

MORE CAPITAL FOR VANGUARD

The circular sent by the Vanguard Fire and General Insurance Company to their shareholders with regard to the increase of their capital by a fresh issue of 1,50,000 ordinary shares of Rs. 10 each discloses the progress made by the company in recent years. During the short period from the middle of March to the end of December, 1944, the company secured a premium income of Rs. 1,50,000. Consequently the company has found it possible to declare and pay a dividend of 7% on the ordinary shares, which feature itself should speak for progress, since a large part of the insurance companies' funds are channelled into the Government securities yielding low returns of 3 to 3-1/2%. For the period upto 15th July 1945, ceverting 6-1|2 months only, the company has been able to make a profit of over Rs. 40,000 after providing for a reserve of 40% for unexpired risks of the total premiums underwritten by the company and after meeting claims to the extent of over Rs. 43,000. Progress made by the company is reveared by the fact that this profit is more than the year. The directors hope that this will enable them entire profit earned for the whole of the previous to keep up the dividend payments. The directors therefore seem to be justified in calling for a further issue of capital of Rs. 15 lakhs. And they have done well in giving preference to the existing shareholders to avail themselves of this opportunity for investment. The total number of shares already issued is 1,09,000 and the present issue therefore works out to approximately 3 shares for every two existing shares.

backed by INDIA'S WEALTH

Over Rs. 112 Crores were invested in less than eleven months in the First 3% Victory Loan (1957) withdrawn during February 1945.

The investment of so large a sum in so short a time was proof of the First Loan's soundness and the public's confidence in Government Loans. The 3% Second Victory Loan offers you the same excellent terms—half-yearly dividend less Income-Tax sent to your address, guaranteed repayment at par not earlier than 15th August 1959 and not later than 15th August 1961, no limit to the amount purchasable, security of your capital, ready salability in the market at any time, and refund of Income-Tax if you are not liable to it or liable at a lower rate. Investment in the 3% Victory Loan assists the war effort and helps to counter inflation. It keeps your savings safe from depreciation and gives you a handsome return year by year.

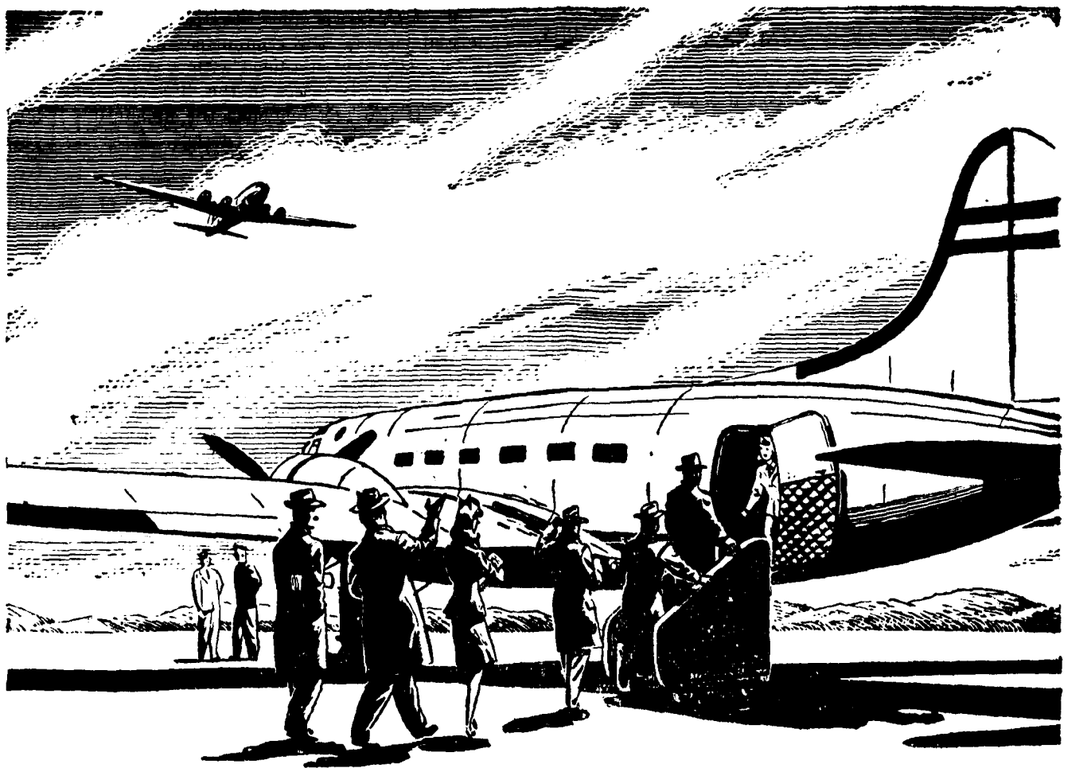
To buy this Loan, apply to your Bankers, or to the Reserve Bank of India at Bombay, Calcutta, Madras, Delhi, Cawnpore or to the Branches of the Imperial Bank of India in other places or to any Government Treasury.

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ISSUED BY THE FINANCE DEPARTMENT GOVERNMENT OF INDIA



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On business trips, passengers usually want all possible speed, both to cover more points and to save time lost to business work by travel. On personal trips, the same passengers are usually more concerned with comfort. Of all forms of transportation, the plane best combines the two travel requirements of speed and comfort.

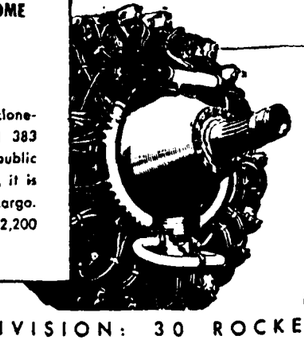
Passengers who go by air can forget the trouble of travel. The earth slides by far below. Engines run with a quietness that masks their real power. Counties, nations, continents or oceans can be crossed with an ease that wipes out distance before the usual travel fatigue can make its appearance.

Over much of the world, a person traveling by air will be flying with Wright Cyclone engines, for they power the leading transports of the world just as they power the leading military planes. The smooth, tremendous power of these engines has helped the steady growth of air travel. They pioneered not only the overland routes of many nations but also supplied power for air service on both the Atlantic and Pacific. Whatever the route, passengers get there faster and fresher with Cyclones.

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This is the Boeing C-97, a Cyclone-powered plane which averaged 383 miles per hour on its first public flight. Double-decked, long-range, it is built for either passengers or cargo. Its power: four Cyclone 18's of 2,200 horsepower each.



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FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT.

Madras Letter

MADRAS, August 11, 1945.

AN index to the progress of industralization in the Province and of labour conditions is furnished by the report of the Chief Inspector of Factories on the working of the Indian Factories Act in the Province for 1944. The report shows that the number of factories in the Province at the end of the year was 2,889 as against 2,691 at the end of 1943. The daily average number of workers employed in all the factories was 2,65,602 as against 2,62,347 in the previous year. During the year, 88 factories provided housing accommodation to its workers, 24 with school facilities, 56 with co-operative stores and societies, 69 with canteens, 33 with holidays with pay and 108 with medical facilities. With the installation of exhaust fans, cyclone dust separators, vaccum cleaners and provisions of ample roof and widow ventilation, dissemination of dust in factories has been controlled. The evil effects caused by dust in factories are largely mitigated by the wearing of respirators and face masks by the workers. There were 81 strikes during the year as against 21 in the previous year. There were 5,135 accidents as against 4,763 in the previous year. The average number of women employed daily in 1,426 factories from which the returns were received was 46,301 as against 46,255 in the previous year. The average number of women employed daily in 1,426 factories from which the returns were received was 46,301 as against 46,255 in the previous year. There were 2,191 claims under the Maternity Benefit Act and of these 1,869 were paid during the year. The total amount of benefits paid was Rs. 51,756 as against Rs. 49,661 in the previous year. The Assistant Inspectress of Factories (with medical qualifications) appointed in 1941 to look after the interests of women and children employed in factories contacted the women workers and given them advice relating to maternity and other relative matters. The number of man-days lost due to sickness during the year was 9,90,103 showing a decrease of 60,512 man-days as compared with the previous year mainly due to improved conditions in the factories such as the grant of weekly holidays and casual leave with pay.

Sugar Production

The question of expanding sugar production in the Province was considered by the first meeting of the newly constituted Provincial Sugarcane Committee held this week. This province being dependent on other provinces for more than half its sugar requirements, it was felt that there should be considerable expansion of sugar and jaggery industry, particularly in view of also the favourable tropical conditions in Madras suitable for cane production. In this view, the Committee resolved that new factories should be started in suitable areas to increase production, while some of the existing factories should be raised to the level of economic units. In this connection, the question of meeting the needs of the cane growers more adequately in regard to the supply of manures like sulphate of ammonia, iron, steel etc., was also stressed. Regarding fixation of prices of cane and jaggery, the Committee decided that the present system be continued with a sub-committee of non-officials to fix prices in the different areas. The Committee also recommended the appointment of a Special Cane Development Officer.

Glass Industry

In order to conduct a rapid survey of the raw materials for the development of the glass industry in the province and explore the possibilities of manufacturing glass the Madras Government have decided to appoint a Glass Technologist. The appointment will, in the first instance, be for two years. The necessary staff for the Technologist to assist him in his work has also been sanctioned. The Glass Technologist will tender advice on the location of the industry to introduce improved methods of manufacture. He will also prepare and submit for the consideration of the Government a detailed scheme for the construction and equipment of an up-to-date glass factory to be run under Government control, provided private enterprise does not take sufficient initiative to introduce methods in the industry. He will also render technical assistance to all the glass factories in the province.

Stock Exchange

The declaration of war by Russia on Japan, the atomic bombing of Japan and the final surrender of Japan came with such a rapidity that the Stock Exchange recorded a sharp and substantial drop in the values. On the top of this, came rumours of deflation and on the whole operators and investors were unnerved. The inter-market leaders declined heavily particularly Tatas, Steels and Irons. The divident of Tatas is expected any time now and the anticipations are between Rs. 100 and Rs. 129 per share. In the Government Securities market, three and a half per cent Paper after improving to Rs. 102-5 declined to Rs. 101-6 at the close. The dated loans were firm early in the week with a representative volume of business being done but towards the close, the market was easy and sellers predominated. There was only a moderate volume of business in Bank shares, local shares being more active. There was greater activity in public utilities, Vellore Electrics prominently rising to Rs. 17-8. In the textiles section, Buckinghams declined by five points to Rs. 345. Bangalore Woollens were firm at Rs. 497. In the Coimbatore group, Coimbatore Spinnings and Pankajas were down by eight points to Rs. 155 and Rs. 257-8 respectively. Lakshmis old and new were easier at Rs. 174 and Rs. 86-8 respectively. Maduras were quoting Rs. 73. There was selective buying in plantations, but at the close, the market was easier. Cochin Malabars declined to and closed a Rs. 18-10 c.d., Rajagiris at Rs. 12-12, Tropicals at Rs. 35-12 and Vaikundams at Rs. 21-5. Chembras were dealt with at Rs. 9-15 and O. Valleys at Rs. 9-13. In the Miscellaneous section, there was improved interest in Indian Steel Rollings and Spencers. Mysore shares were dull. The closing tendency was weak and uncertain.

Bombay Letter

BOMBAY, Aug. 11, 1945.

THE rejection by the 10 major Kathiawar States of a proposal to set up a joint State-controlled Roads Board to classify, construct, maintain and otherwise operate and manage a Rs. 2,87,00,000 Kathiawar Road building programme fitting into the all-India roads plan will leave the Kathiawar peninsula a blank on the future roads map of India. The plan was put forward by the Resident of Baroda, Western India and Gujarat States. This surprising decision is believed to be based on fears that the formation of a single administrative unit to operate the scheme would mean the surrender of a measure of sovereignty by individual States. On the same grounds, the States turned down last year an afforestation and anti-erosion scheme and a scheme to set up a Central Agricultural College. This attitude on the part of the princes will render almost impossible any plans for the economic development of the Kathiawar peninsula. While rejecting the scheme, the States claim that they are ready to undertake construction by "mutual agreement and co-operation", but this is exactly what they are asked to do under the road development programme proposed by the Resident. It is understood that the States' people on the whole realise that such proposals aim at general economic welfare and therefore regret their Rulers' decision to reject the scheme. They however have no say in this matter. Thus the personal status of the princes comes before the welfare of the people which is a state of affairs only possible in the anachronic constitution under which the Indian States are governed. It is most unfortunate that so backward a part of the country cannot even achieve a small amount of delayed progress as a main road. It is to be hoped that better counsels will prevail and some way will be found in overcoming the difficulty of the Indian States' sovereignty; otherwise, planning on an all-India basis will be rendered extremely difficult, not to say, impossible.

Trade Restrictions

Full advantage was taken of the presence of Mr. K. G. Menon, Chief Controller of Exports, in Bombay by the various commercial organisations to apprise him of the handicaps to free trade, which, it was felt, should now be removed. The Committee of the Indian Merchants' Chamber asked for the removal of all control over exports as soon as possible except those essential for industrial and food purposes. It was rightly pointed out that there was great danger of official control agencies, which might for sometime be necessary to regulate distribution, blocking out Indian interests from resuming direct contact with other countries. It is evident that unless the Indian exporter, is allowed to contact directly the foreign purchaser, he would be denied the right of bargaining. As an instance, it was pointed out that the Ministry of Food is still the sole purchaser of oilseeds exported from India even though the final destination of the seeds may be the Continent and not the UK. . Further, the Ministry of Food are reported to have gone even to the length of arranging that shipments to continental ports should be allowed to specified firms only. The Seeds Traders' Association also met Mr. Menon and urged upon him the necessity for purchases of seeds being made by the open tenders system so that the Indian shipper got a fair share of the trade. The Association also urged the resumption of hedge markets in oilseeds. Hedge trading has now been closed for the last two years and it is felt that the absence of hedge facilities has kept the price-level of Indian oilseeds at a low level. The Exporters' Association also met Mr. Menon and requested him that where the price of the exported article was fixed, the price-level should be determined by the normal laws of supply and demand. As an instance, it was pointed that the price of exported cotton hardwaste was fixed at the prewar level, which was unfair. Another such instance which is pointed out by those in the trade is that the Ministry of Food which buys Indian groundnuts at around £.35 per ton sells the same to the continent at about £.59 per ton. It is maintained that the gap between the two prices, even after covering the expenses, still leaves a substantial margin for the Ministry.

Food Supply

The quota of rice for this Province has been increased by 30,000 tons. There was revealed by the Food Secretary to the Government of India who was in Bombay recently. The additional quota will, it is understood, be allocated to Bombay from the C. P. and Sind so that transport will not be very difficult. As regards wheat, it is believed that out of 100,000 tons of wheat per month promised by H. M. G. for six months from mid-August, a large part would go to Bombay. There is however no indication that there will be any increase in the nation as a result of these additional quotas received, as it is desired to build up a reserve. The progress of the foodcrops in the Province is so far quite satisfactory, but until a reasonable estimate can be made, these additional quotas will not be made available to consumers. The Food Secretary at a Press conference paid a well deserved tribute to the efficiency of the administration of the Food Dept. of the Bombay Province.

Cotton

The Government of India announced this week the floor and ceiling prices for the 1945-46 cotton crop. The Government's decision to maintain the floor prices at the present level except in the case of Sind NT has been generally welcomed by the trade and may be called a happy compromise of the various conflicting viewpoints of the interests concerned. In the case of Sind NT the floor price has been reduced by Rs. 25, i.e., from Rs. 445 to Rs. 420. This reduction is justified on the ground of the low premium ruling for this variety in terms of the Indian Cotton contract. This however, is not strictly correct because the low premium for Sind NT this season was due to the shy character of the crop. But as this is the only reduction in the floor levels as against the Government's original proposal to reduce all floor prices by Rs. 50 per candy, it has been accepted by way of a compromise. Regarding ceilings, as compared with those for the current crop, there has been a reduction of Rs. 20 pe candy for varieties falling under 3/4" staple and Rs. 10 per candy in case of 13/16" staple. The slight changes in the floors and ceilings are not very significant and the Government may well have left both the ceilings and the floors unchanged.

U.P. Letter

CAWNPORE, August 13. 1945

THE U.P. Oil Millers have entered into a deal with the Bengal Government by which they have undertaken to supply 50,000 maunds mustard oil monthly to the Calcutta city and suburbs for working the rationing of this edible oil in this rationed area. The rationing of edible oil is believed to commence from September.

The U. P. exports both oils and oilseeds. Bengal needs U.P.'s oilseeds from manufacturing oils, and its oilmills do not yet produce enough to do away with the imports of oils. In the past Bengal had a flourishing vegetable oil industry, though it was dependent for oilseeds on the U.P. In the course of time oil mills were established in the U. P. and these having the advantage of being near the source of raw mate-

rials and of improved production methods devised by the Oil Section of the U. P.'s Government—run—Harcount Butler Technological Institute succeeded in beating the Bengal Oil Industry in the race for Bengal markets. Now the Bengal Oil interests try to import more seeds from the U. P. and less oil from that province, and the U. P. and less oil to export more oil and less seeds. There appears to be a considerable bitter feeling between the rival interests.

At present the millers in U. P. produce annually about 24 lakhs maunds vegetable oils. Of this nearly 15 lakhs is exported, and of the latter about 10 lakh maunds goes to Bengal. Under the latest deal of the U. P. Oil Millers' Association with the Government of Bengal as much as 6 lakh maunds will go for the rationing of edible oil to Calcutta, and the rest to other parts of Bengal. The U. P. will also supply 10 lakh maund seeds but this will be dependent on the Bengal Government taking the quantity of oil agreed upon by them.

Having made this deal with the Bengal Government, much to the mortification of that Province's oil interests, the U. P. Oil Millers now find that until the U. P. Government assist them with supplies of oilseeds at control rates and the Governments of the two provinces help them in getting the necessary commitments. The U. P. Oil Millers' Association has, therefore, begun its agitation for securing the necessary facilities.

U. P. Governor's Adviser, Sir William Ibbotson, who is in charge of the Province's Civil Supplies Department told pressmen in an interview at Allahabad that with the end of the Japanese War imports of textiles from the U. S. A. were expected.

To encourage cottage industries the U. P. Govt.'s Industries Department recently organised a competition and 87 in the latter. Several prizes have been awarded, and the designs will now be published by the Department for the benefit of those engaged in these cottage industries.

A joint meeting of the Province four Chambers of Commerce and the Employers' Association of Northern India, Sir Robert Menzies presiding, decided to suggest to the U.P. Government that as soon as the proposed Development Board starts functioning in Cawnpore it should make arrangements for preparing a Master Plan for the development and expansion of the town. The services of expert town planners, if necessary from abroad, should be obtained for carrying out this task. The Chambers of Commerce visualise that the population of Cawnpore will grow to 15 to 20 lakhs and the Master Plan should have relation to this fact.

Sind Letter

KARACHI, August 14, 1945.

THE blue-print of Sind's post-war economic development published towards the end of last month can now be reviewed in detail. The entire plan embodies about 121 different schemes under 14 different schemes under 14 different heads, and is estimated to cost in all Rs. 45.5 crores—Rs. 31.1 crores non-recurring and Rs. 14.4 crores recurring. Some of the schemes are only tentative and are yet to receive the final sanction of Government. The plan as a whole is also to be discussed by the Sind Provincial Development Board, which is scheduled to meet this month. The final plan as it emerges from these discussions will be published in October next.

The schemes are to be implemented through the respective departments, the Post-War Development Department only watching how they are carried out. The schemes are classified into three divisions—special priority, all province, and particular area schemes.

It is explained that the object of the plan is to increase the happiness of the people. The improvements planned are under three heads—to improve the economic condition of the people; to provide more health facilities; and to provide more opportunities for education to the people. The development plans are either directly productive and remunerative such as irrigation projects, the two barrages in Lower and Upper Sind, the Tando Mastikhan hydro-electric plan; or not directly remunerative such as education, public health and rural uplift projects. Agricultural development schemes are half way between the above two.

Schemes which have been given high priority are: training of the staff; irrigation, waterways and drainage; roads, agriculture and forestry; education and public health and industrial and commercial development.

The plan provides for the re-settlement of demobilised servicemen both of this province and of other provinces. The main aspects of these scheme are land grant and colonisation schemes and schemes for the direct employment of ex-servicemen. The Government of India should pay the full cost of land given for the purpose.

The following are the broad outlines of the schemes under the departmental heads:

Agriculture

As many as 32 different schemes for the development and improvement of agriculture have been worked out involving a capital expenditure of Rs. 234 lakhs and a recurring expenditure of Rs. 641 lakhs. The schemes are all directed to increase the volume and quality of agricultural produce.

Industries

Conditions in Sind, it is said, do not favour heavy industries or any large scale development of cottage industries. Cheap power is not available in the province; but if the Government of India decide on dispersal of industry, some industries can be developed in Sind. There are, therefore, some small size schemes for the development of the existing cottage industries, estimated to cost Rs. 13.22 lakhs non-recurring and Rs. 13.57 lakhs recurring.

Irrigation

Two new barriages are proposed—one for Lower Sind and the other for Upper Sind. The Lower Sind barrage is estimated to irrigate about 2.5 million acres. The discharge of all canals will be 50,000 cusecs. The work on this project is expected to commence in November this year. The construction of the Upper Sind barrage will not be undertaken before the first one is completed, which means that not until 1948 will this project materialise. Machinery for the two barrages has been ordered out. The shifting of the Tando Mastikhan Falls is also included in these schemes, all of which are estimated to cost Rs. 16 crores, in addition to a recurring expenditure of Rs. 24 lakhs.

Forestry

The area under forests is now below all accepted standards of afforestation. It is therefore proposed to increase the forest area to 600,000 acres.

Roads

The scheme is estimated to cost Rs. 23 crores for construction and improvement of 11,000 miles of roads, spread over 15 years. The scheme aims at placing every village and town of a population of over 1,000 on a road. In the first five years, 3,800 miles will be improved or constructed at a cost of Rs. 10 crores, with a recurring expenditure of Rs. 62 lakhs. The first five-year plan will include 630 miles of provincial highways, 1,052 miles of major district roads and 1,180 miles of minor roads. There are at present no schemes for the development of road transport.

Electric Power

A high power electric generation station is to be erected on the banks of the Rohri canal with an estimated power output of 8,000 kilowatts. It is also proposed to supply this energy to Sukkur, Shikarpur, Rohri, Jacobabad, Ga hi, asin, and other towns round about. An electric grid project for the entire province, excluding Karachi, is also contemplated. An electric board is to be set up. The estimated expenditure on the scheme is Rs. 120 lakhs non-recurring and Rs. 11.35 lakhs recurring.

Fisheries

The improvement and expansion of the existing resources, improvement of methods of fishing, increased production of oysters, development of deep sea fisheries, improvement in the drying of prawns, development of a smoked fish industry, preparation of fish manure and fish meal are the main items under the head. The estimated cost is Rs. 12.76 lakhs non-recurring and Rs. 31.50 lakhs recurring.



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U.P. CIRCLE:—Delhi, New Delhi, Lucknow, Cawnpore, Meston Road (Cawnpore).

BIHAR CIRCLE:—Patna, Patna City, Jamshedpur, Sakchi, Chaibasa, Jharia, Muzaffarpur. Bhagalpur.

ASSAM CIRCLE:—Gauhati, Dhubri, Tezpur, Shillong, Nowgong.

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Managing Director.

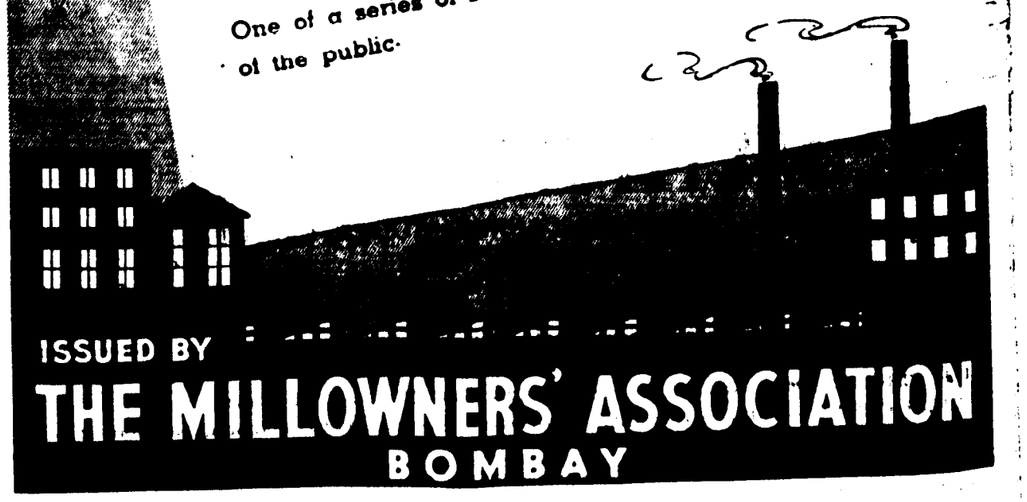
FACT No. 2

HERE and there, where the cause of the present cloth 'famine' is discussed, the point is often made that the situation would improve if India's handloom industry were supplied with adequate supplies of yarn with which to produce cloth to supplement the output of the mills.

Is it true that the handloom industry is not receiving adequate supplies of yarn? Indeed, no! More than 500 million pounds of yarn, representing about 31% of the total yarn output of the Indian Cotton Textile Industry, is now available to the handloom weavers and other users as against an average of 398 million pounds pre-war. The handloom industry can produce, with the yarn now available, about 2,500 million yards of cloth which represents an increase of a little over 30% on its pre-war average production.

These facts and figures demonstrate that India's cotton textile industry now provides more yarn for the handloom industry than before the war.

One of a series of statements of fact for the information of the public.



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THE MILLOWNERS' ASSOCIATION

BOMBAY

TRADE

International Trade and Investment

DURING the past century and for the three decades of the present, the advanced countries of the West have played the role of investors for economic development in other countries. International investment has been the pivot of the great development in trade relations between nations. During the second half of the nineteenth century especially, development of the backward nations has meant large international investments along with migrations. Large capital expenditure in the building of railways, sinking of mines, the draining of marshes, the erection of towns, etc., have been the major features. Much international lending has taken place; and the result has been of great benefit to both the lending and the borrowing countries. The annual output of foodstuffs and raw materials of the borrowing countries was increased and exported to the lending countries partly as interest on the capital borrowed and partly as exchange for the finished consumers' goods imported from the lending countries. This has been the case of British investments overseas during the nineteenth century. Her capital has been the main cause for the development of North America. But it should be noted that Britain's investments enabled the development of the industries, the products of which were required by Great Britain herself. These have been foodstuffs and raw materials. It also provided markets for the products of British manufacturing industries. Prior to the World War I Britain occupied the envied place of the foremost lending country.

But since the Great War there have been changes which have altered this position. The U. S. A. was a debtor country till before the War of 1914. She was specially in debt to the United Kingdom. The vast amounts of overseas investments gradually accumulated by the British public was utilised as a war asset. Such utilisation saw U. S. A. emerging out of the war as a creditor nation. Her nationals acquired a large proportion of the American securities previously held by foreigners. Europe's economy, shattered after the war, gave a splendid opportunity to strengthen the position of the U. S. A. in regard to the annual balance of international financial transactions. This has lately been developed to what is familarly known as as the finance capitalism of the U. S. A. Such a revotionary change facilitated vast industrialisation undertaken in that country. While this was the case with the U. S. A., Great Britain began to occupy a middle position between shattered Europe and the prosperous America. A large part of her investments abroad were sold away towards war efforts. Yet she had not inconsiderable capital claims on the outside world. Large international lendings took place in the years after the war to reconstruct Europe. That was also essential for the recreation of healthy international trade. In all these new dealings the creditor position of the U.S.A. began to be increasingly felt.

Americans began to subscribe increasingly large amounts to overseas loans. Direct investments in the neighbouring countries most notably Canada have also been prominent. There was almost a fashion for purchase of foreign bonds in the twenties. Large American capital thus fled to the European continent. Most of these loans were scrutinised by the League of Nations and the U.S.A. subscribed a very large portion of them. But there was a tendency to overborrow on the part of the debtors often for currency stabilisation, budget deficits, etc. A good part of these investments later turned out to be not productive in the sense that they could not produce an exportable surplus to make service payments. From about the middle of 1927 or so the American investor lost his taste for foreign bonds. This in turn caused exchange difficulties. European countries began to lose gold to the U.S.A. Bank rates were raised and the internal volume of credit was restricted in the European continent. Excessive accumulations of primary stocks grew and the break down came in the end of 1929. American investors were anxious to get back their investments. Defaults became common due to the anxiety of each country to cut its imports to the minimum to stabilise the exchange position. There were however fundamental differences between the American investments in the 20th century and the British investments in the 19th century, which were the real causes for the breakdown in the American investments. Lending countries could expect to receive interest payments only if the borrowing countries could market their products and thereby get into possession of foreign exchange. This could be smoothly done only if the lending countries were also prepared to import in proportion to their claims. This was overlooked by the U.S.A. British investments on the other hand served to increase the output of precisely the same goods as were needed by herself for her consumption. When America lent to Europe, especially to Germany, there was only a weak supposition that the mere increase in the productive capacity in the borrowing countries would enable repayment. But the fundamental condition that the U.S.A. should also be prepared to import was forgotten. Surely there was a great increase in the productive capacity, and the standard of living of the borrowing countries especially on the continent. But no development of the export industries was caused to the extent necessary to enable them to wipe off the debts or make the service payments. Thus not only was the U.S.A. not prepared to import sufficiently but the investments have also not all been productive. The discredit of the international investment that consequently came about led to increasing tendency towards economic nationalism.

There have also been other reasons for the depressing situation. There was the great agricultural depression, which was accentuated by the declining population in the western world and the rapid growth of technical productivity in agriculture. Consequently when prices fell they were falling steeply in regard to the primary products. Borrowers who produced in the main these primary products found it very difficult to meet their obligations. These commodities are more or less in inelastic demand so that when prices fell it could mean no increase in sales. In the past, international investment accompanied the necessary development of food producing centres. No longer is there this necessity. The prospects for international investments would in this context seem very poor.

But investment is to be viewed mainly as the activator of economy, increasing the productive power and offsetting acts of saving. Savings must be channelled into investments. Maintenance of full employment is possible only with a high rate of investment. It is essentially a question of promoting a high standard of consumption. The significant problem is that the borrowing countries should be able to help make this possible. And for this the lending countries should be prepared to import more. This will in the future mean that the lending nations should be prepared to take increasing quantities of manufactures from the borrow-

B—General

FINANCIAL STATISTICS; PROVINCIAL GOVT., BUDGETS 1945-46 (In Lakhs of Rs.)

Province	Accounts 1943-44 Revenue	Accounts 1943-44 Expenditure	Accounts 1943-44 Surplus or Deficit	Revised Estimates 1944-45 Revenue	Revised Estimates 1944-45 Expenditure	Revised Estimates 1944-45 Surplus or deficit	Budget Estimates 1945-46 Revenue	Budget Estimates 1945-46 Expenditure	Budget Estimates 1945-46 Surplus or deficit
Madras ..	29,84	29,84	—	40,37	4020	·17	41,25	40,45	·80
Bombay ..	25,21	21,50	·3,71	32,12	31,23	·89	29,09	2909	..
Bengal ..	23,72	26,75	—3,03	35,66	4701	—11,35	28,79	37,39	—8,60
U. P. ..	24,26	24,24	·2	27,53	2738	·15	27,52	27,31	·15
Punjab ..	21,23	16,84	— 55	11,99	1012	·1,87	11,31	8,97	·2.34
C. P. & Berar ..	8,56	8,55	·1	9,49	9,45	·4	948	9,46	·2
Assam ..	5,16	4,45	·71	5,81	6813	·32	5,38	5,40	—2
N. W. F. P. ..	2.55	2,35	·20	2,76	2,92	—16	2,67	2,79	—12
Orissa ..	2,56	2,54	·2	3,13	3,11	·2	2,94	3,03	—9
Sind ..	9,04	5,03	·4,01	9,43	9,40	·3	8,57	8,54	·3
Total ..	**1,63,31**	**1,53,85**	**·9,46**	**2,00,78**	**2,08,05**	**·7,27**	**1,88,17**	**1,91,74**	**3,57**

SCHEDULED BANKS

Lakhs of Rupees

	No. of Scheduled Banks*	Liabilities in India: Demand	Liabilities in India: Times	Liabilities in India: Total. 2·3	Cash in India (Notes and coin)	Balances with Reserve Bank	(5·6) at percentage of 4	Advances in India	Bills Discounted in India	(8·9) as percentage of 4
	1	2	3	4	5	6	7	8	9	10
Average of Fridays										
1938-39	55	129,98	107,85	**237,83**	6,64	15,94	9,50	115,85	4,86	50,75
1940-41	59	139,65	106,03	**245,68**	7,08	17,43	9,98	125,83	5,25	53,38
1940-41 .. .	63	163,90	104,94	**268,84**	8,37	36,42	16,66	122,13	3,84	40,86
1941-42	59	211,35	107,61	**318,96**	9,86	36,65	14,58	120,20	4,93	39,23
1942-43	61	306,29	104,21	**410,49**	12,97	55,73	16,78	95,68	2,18	23,88
1943-44	75	456,63	142,78	**599,41**	20,57	63,63	14,05	156,14	5,59	26,98
1944-45	84	584,80	194,12	**778,92**	27,31	89,25	14,96	224,22	11,16	30,22
1945-46	85	605,25	223,86	**829,11**	29,69	81,14	13,37	280,02	14,82	35,56
May	85	613,97	229,08	**843,05**	30,71	80,28	13,88	276,25	14,11	34,44
June	86	624,48	235,45	**859,88**	32,59	87,35	13,95	278,08	13,60	33,92

* Upto 1941-42 (Jay. 42) figures for Burma are also included

League of Nations Statistics: Electric Energy Generated at Public Stations

(kwts 000,000)

	1943	1944	Latest for 1945
Union of South Africa	621	651	NA
Argentina	188	NA	NA
Australia (Melborne)	77	77	64 (Jan.)
Canada total	3365	3372	3124 (Feb.)
Hydraul	3300	3290	3045 („)
therm	65	82	79 („)
Chile	58	4	54 („)
Columbra	25	VA	NA
Denmark	82	90	106 (Jan.)
U. S. A. total	18398	19221	18326 (Feb.)
Hydraul	6123	6169	5913 („)
Term	12235	13052	12113 („)
India	261	NA	NA
Ireland	36	34	42 („)
Mexices A	187	189	235 (Jan.)
Portugal	39	NA	NA
Turkey	13	13	NA

NA being and available.

INDEX NUMBERS OF WHOLESALE PRICEL IN CALCUTTA 1944

Foodgrains:—		Jan. 1945	Feb. 1945	Mar. 1945	April. 1945	May. 1945	June. 1945
(a) Cereals ..	(3)	242	240	240	238	238	238
(b(Pulses ..	(6)	281	273	269	274	267	261
Sugar ..	(5)	283	283	288	303	298	303
Tea	(3)	127	154	212	214	212	142
Other food articles ..	(9)	566	575	570	547	522	522
Oilseeds ..	(3)	282	290	315	305	304	292
Oil mustered ..	(2)	219	232	232	232	232	232
Textiles:—							
(a) Jute, raw ..	(3)	117	117	117	118	117	117
(b) Jute, manfd ..	(4)	196	196	198	200	197	198
(c) Cotton, raw ..	(2)	140	144	148	141	144	149
(d) Cotton mafd. ..	(7)	(a)	(a)	(a)	(a)	(a)	(a)
Other Textiles (wool & silk) ..	(2)	236	228	231	231	232	26 *
Hides and skins ..	(3)	110	112	112	112	112	112
Metals	(6)	301	301	301	301	301	301
Other raw and manfd. articles ..	(8)	361	342	389	318	302	302
Building materials (teak wood) ..	(1)	(a)	(a)	(a)	(a)	(a)	(a)
All Commodities	**(72)**	**299**	**299**	**306**	**296**	**293**	**287**

(a) Price quotations are not available.

Figures in brackets are weights assigned to particular articles.

YIELD FROM INDIAN RUPEE SECURITIES

NAME.	Approximate Yield. Including Redemption	Excluding Redemption.
Taxable Loans.		
3½ Per cent. Govt. Paper ..	..	3.48
3½ Per cent. Govt. Paper ..	..	3.22
3 (Per cent. Loan (1938-52)† ..	2.71	2.74
3 Per cent. Bonds (1946) ..	1.77	2.02
3 Per cent. Bonds (1940-52)† ..	2.70	2.94
3 Per cent. Loan (1951-54) † ..	2.82	2.95
3 Per cent. Loan (1953-55)† ..	2.85	2.96
3 Per cent. Victory Bonds (1957) ..	2.96	2.98
3 Per cent. 2nd Victory Loan (1959-61)	3.02	3.00
3 Per cent. Loan (1963-65) ..	3.06	3.02
3 Per cent. Loan (1966-68) ..	3.02	3.04
3 Per cent. Loan (1970-75) ..	3.15	3.00
3½ Per cent. Loan (1247-50)* ..	2.99	3.38
3½ Per cent. Loan (1954-59)* ..	2.87	3.31
4 Per cent. Loan (1969-70)* ..	2.91	8.58
4½ Per cent. Loan (1955-60)* ..	2.56	3.83
5 Per cent. Loan (1945-55)* (Income Tax Free)	1.80	4.06
3 Per cent. U.P. Bonds (1961-66) † ..	3.08	3.02
4 Per cent. Punjab Bonds (1948) ..	2.44	3.81
3 Per cent. Provincial Loan (1949) ..	2.81	2.96
3 Per cent. Provincial Loans (1952) ..	2.93	2.98
3 Per cent. Provincial Loans (1955) ..	2.99	3.00
3 Per cent. Provincial Loans (1956) ..	2.99	3.00
3 Per cent. Provincial Loans (1958) ..	3.04	3.01
3½ Per cent. Howrah Bridge Loan (1956-66) (Guar. by Govt. of Bengal)	3.08	3.28

* Yield calculated at the shortest date for Redemption.
† Yield calculated at the longest date for Redemption.

SUGAR POSITION SEASON 1944-45

(Figures in tons)

Producing Areas.	Production upto 31-7-45	Despatches during the period 25-7-45 to 31-7-45.	Progressive total of despatches upto 31-7-45	Percentage of progressive despatches to production.	Balance stock as at close of 31-7-45.
U. P. ..	5,31,967	22,755	3,61,152	67·9	1,70,815
Bihar ..	1,70,484	7,861	97,345	57·0	73,239
Bombay ..	74,933	1,013	51,856	69·2	23,077
Madras ..	49,317	1,357	34,762	70·5	14,555
Punjab ..	8,248	14	6,527	79·1	1,721
Bengal ..	11,986	—	9,446	78·8	2,540
N.W.F.P. ..	4,127	120	3,181	77·1	946
Orissa ..	2,556	98	1,835	71·8	721
Indian States ..	1,15,061	1,400	86,269	75·0	28,792
Total ..	**9,68,679**	**34,627**	**6,52,273**	**67·3**	**3,16,406**

Note.—Balance stock of 1942-43 and 1943-44 season's sugar as at close of 31-7-45 was 1,543 tons.

(2) Production returns have not been received from 4f actories.

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities		Market	Unit	This week. Rs. a. p.	Last week. Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	8 8 0	8 8 0
	Superior	„	„	8 12 0	8 12 0
	Ready	Lyallpur	„	8 9 0	9 1 0
	Red	Hapur	„	10 4 0	10 4 0
	Dara	Cawnpore	„	12 5 0	12 5 0
	..	Calcutta	„	10 7 0	10 7 0
2. *Rice	Punjab Basmati New	Amritsar	„	23 0 0	23 0 0
	Punjab Basmati Old	„	„	24 0 0	24 0 0
	Punjab Basmati Sela	„	„	22 8 0	22 8 0
	Parmal	„	„	19 0 0	19 4 0
	Sone	„	„	16 0 0	15 8 0
	Begami	„	„	14 8 0	14 0 0
	Jhone	„	„	13 8 0	13 6 0
	Common Rice†	Cawnpore	„	26 10 8	26 10 8
	Medium Grade	Calcutta	„	11 12 0	12 12 0
3. *Linseed	Ready Bold	Bombay	„	14 3 9	14 5 3
	„ Small	„	„	13 15 4	14 0 10
	„ Bold	Cawnpore	„	8 0 0	8 0 0
	„ Small	„	„	8 0 0	8 0 0
	„ „	Calcutta	„	12 0 0 to	12 0 0 to
4. *Mustard	Yellow	Cawnpore	„	13 0 0	13 0 0 to
	Black	„	„	10 0 0	10 0 0
5. *Groundnuts	Karnel (Coromandal)	Madras	„	12 3 10	12 5 2
	Karnels	Bombay	„	11 9 2	12 2 6
6. *Potatoes	Desi	Cawnpore	„	15 0 0	13 0 0
	Pahari (Haldwani)	„	„	426 0 0	416 0 0
†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	0 12 10 / 1 1 0	0 12 10 / 1 1 0
7. †Cotton (yarn)	No. 10½s.	„	per lb.	...	...
	No. 20s.	„	„	79 0 0	79 0 0
9. †Cotton (piece-goods)	Long cloth (std. quality)	„	„	74 0 0	74 0 0
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 (400 lbs.)	66 2 0	65 14 0
	Lightnings (Mills)	„		22 2 0	22 2 0
11. †Jute (bags)	B. Twills (2¼ lbs.	„	per 100 bags	29 0 0	29 0 0
12. †Jute (cloth)	Hessian cloth 8oz.	„	per 100 yds.	82 0 0	82 0 0
	Hessian cloth 10½ oz.	„	„	...	...
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 82 lbs.)	170 0 0 to	170 0 0 to
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	...	...
	Goat skins (good quality)	„		170 0 0 to	170 0 0 to
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	190 0 0	190 0 0
	Goat skins	„		1 9 0 to 1 13 0	1 9 0 to 1 13 0
16. †Shellac	T.N.	Calcutta	er md.	2 12 0 to	2 12 0 to
17. †Kerosene Oil	Superior	„	per tin of 4 gallons	3 2 0	3 2 0
18. †Coal	Selected Jharia A	„	per ton f.o.r.	71 0 0	71 0 0
19. †Cement	Indian	„	full wagon load of 18½ to 23 tons	5 1 3	5 1 3
				13 5 0	13 5 0
20. †Coffee	Plantation A	Mangalore	per cwt.	68 12 0	68 12 0
				136 0 0 to	137 0 0 to
21. †Tea	Indian market	Calcutta	per lb.	137 0 0	137 0 0
22. †Sugar	First Crystals	Cawnpore	per md. (ex-factory)	15 2 0	15 3 0
				16 1 6 to	16 1 6 to
				16 12 6	16 12 6
23. $Oils—Linseed	Ready	Bombay	per quarter	...	12 7 0
Castor	„	„	„	...	10 12 0
Copra	„	„	„	...	10 6 0
Groundnut	„	„	„	...	10 4 0

†Marketing Adviser's Report (weekly), August 4, 1945.
‡The Times of India, August 7, 1945.

* Indian Trade Journal, August 2, 1945.

COTTON STATISTICS
A.—CURRENT PRICES

	BOMBAY (Rs. per candy of 784 lbs.) Aug. 9, 1945	Aug. 2, 1945	NEW YORK (Cents per lb.)	Aug. 9, 1945	Aug. 2, 1945
Futures:			Futures:		
			Oct. 1945	22.86	22.86
Sept. 1945	430	431	Dec. 1945	22.88	22.90
			Jan. 1946	22.86	22.87
Spot:			Mar. 1946	22.85	22.86
			May 1946	22.83	22.86
Jarrila F.G.	413	414	Spot	23.25	23.30

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

	Week ending July 28 1945	Week ending July 21 1945	This season 1944-45	Last season 1943-44
Receipts at Bombay	16,723	25,335	19,89,137	17,74,391
Receipts at Karachi	15,168	16,740	10,84,785	9,12,179
Total bales ...	33,891	36,075	30,73,922	26,86,520
Exports from Bombay ...	5,657	65	1,53,120	1,67,691
Exports from Karachi ...	9,000	5,000	9,04,000	8,17,500
Total bales ...	14,657	5,065	10,57,120	9,85,191

SEA-BORNE TRADE OF INDIA 1944-45

	Import	Indian export	Total Export (including exports of foreign merchandise)
April	12,58,52,513	16,22,66,694	16,99,16,335
May	17,05,55,814	15,97,35,755	16,24,74,789
June	14,21,23,471	18,93,66,732	19,22,28,081
July	19,26,29,640	21,36,98,284	21,92,62,234
August	17,26,36,855	18,21,41,861	18,68,00,933
September	13,36,89,123	18,52,76,965	21,27,50,258
October	16,86,09,225	18,26,07,551	21,29,39,980
November	18,58,77,644	17,09,98,279	17,85,42,713
December	16,12,77,226	18,55,73,766	20,73,21,526
January	18,19,17,369	18,06,79,988	19,46,58,380
February	17,84,47,808	15,90,52,146	18,35,50,212
March	..	..	..

GOLD AND SILVER PRICES (at Bombay)

	GOLD (Rs. per fine tola) Spot	Forward	Sovereign		SILVER (Rs. per 100 fine tolas) Spot	Forward
Aug. 8, '45*	78 10 0	78 8 0	53 12 0		38 10 0	37 10 0
,, 10, '45	76 13 0	..	..		133 6 0	..
,, 11, '45	78 6 0	78 4 0	..		132 6 0	132 6 0
,, 13, '45	78 0 0	72 8 0	..		133 0 0	132 10 0
,, 14, '45	70 14 0	69 4 0	..		128 8 0	127 0 0
,, 15, '45	67 4 0	66 4 0	46 0 0		118 8 0	118 0 0

* Opening

D—Prices

INDIAN STOCKS AND SHARES

	14-8-45 Rs. a. p.	7-8-45 Rs. a. p.
GOVT SECURITIES:		
3¼% (1948-52) (98)	..	..
3% (1945) (100)	..	..
3% (1952-54) (98½)	101 6 0	101 6 0
3% (1960-68)	98 8 0	98 7 0
3½% G.P. Notes	101 14 0	102 6 0
4% (1960-70)	..	..
4½% (1955-60)	117 2 0	117 2 0
5% (1945-50)	100 13 0	100 14 0
Calcutta		
3% Loan (1945-52)	..	..
3% Vic. (1957)	100 4 0	...
3% Loan (1953-55)	101 0 0	...
3½% G.P. Notes	..	..
4½% (1955-60)	..	117 3 0
5% Loan (1955-60)	..	..
TEXTILES: Bombay		
Ahmedabad	396 4 0	413 12 0
Bom. Dyeing (250)	1,958 8 0	1,910 0 0
Central (10)	366 8 0	380 8 0
Century (100)	900 0 0	900 0 0
Colaba (10)	219 0 0	222 8 0
Ind. Bleaching (10)	168 0 0	187 0 0
Kohinoor (100)	591 8 0	608 0 0
Phoenix	650 0 0	651 4 0
Sholapur (1,000)	7,800 0 0	7,800 0 0
Simplex	290 0 0	305 8 0
Swadeshi (100) £	533 8 0	552 0 0
Vishnu (50)	492 8 0	490 0 0
Finlay (100)	..	..
Swan (100)	..	..
Morarji (100)	..	..
New Great (100)	..	..
Apollo	..	..
Sassoon Ordy	..	..
Sassoon Defd.	..	..
Poddar	...	...
Calcutta		
Calcutta	...	...
Ben. Nav. (10)	...	...
Cawn. Tex. (2-1/2)	13 0 0	...
Dunbar (100)	...	...
Kesoram	..	19 0 0
Elgin Mills (10)	66 8 0	..
Muir Mills (50)	..	..
N. Victoria (2-1/2)	8 1 0	8 0 0
Basant	..	...
Madras		
B. & C. Ord (100)	342 0 0	350 0 0
Bang. Wool (100)	495 0 0	497 0 0
Pankaja (100)	...	272 8 0
Cambodia (10)	28 3 0	..
Coim. Spg. (50)	..	..
Sitaram Spg. (50)	..	..
Vasantha (100)	..	..
Madura (15)	72 0 0	75 12 0
Lakshmi Old (50)	170 0 0	..
Sharda (100)		..
Lahore		
Ajudhia	..	6 15 6
Cawn. Tex. (2-1/2)	..	..
N. Vic. Ord. (2-1/2)	..	7 15 0
N. Vic. Pref.	8 0 0	..
Reza Tex. (10)	71 4 0	74 12 0
JUTE: Calcutta		
Alliance (100)	..	758 0 0
Anglo-India (100)	533 0 0	544 0 0
Barnagore	283 0 0	291 0 0
Birla (10)	..	..
India	776 0 0	785 0 0
Champdany (100)	284 0 0	288 0 0
Ganges (300)	663 0 0	674 0 0
Bally (100)	426 0 0	439 0 0
Budge Budge (100)	598 0 0	605 0 0
Cheviot (100)	380 0 0	..
Howrah (10)	96 0 0	97 2 0
Kamarhatty (100)	804 0 0	816 0 0
Kankinarrah	681 0 0	693 0 0
National (10)	36 8 0	36 11 0
Orient (100)	317 0 0	..
Presidency (5)	14 7 0	14 12 0
Nuddea (50)	141 8 0	...

	14-8-45 Rs. a. p.	7-8-45 Rs. a. p.
TATA SHARES: Bombay		
Chemical (10)	...	...
Oil	...	...
Power (1,000)	1,875 0 0	1,885 0 0
Hydro (100)	...	203 8 0
Steel Ord. (75)	403 8 0	410 0 0
Steel Pref. I (150)	226 4 0	220 4 0
Steel Pref. II (100)	166 12 0	168 12 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com.	..	..
Braithwaite (10)	14 4 0	14 12 0
National Iron (10)	..	..
Steel Cor. Ord. (10)	34 4 0	34 5 0
Steel Corpn. Pref. (10)	..	..
Jessops Ord. (10)	..	27 2 0
Kumardhubi (10)	11 8 0	11 14 0
Bhartia Elec. (10)	..	..
Ind. Iron	41 5 0	42 8 0
COAL: Calcutta		
Amalgamated (10)	55 12 0	56 6 0
S. Karanpura	37 14 0	..
Bengal (100)	..	773 0 0
Bhalgora	24 6 0	23 1 0
Burrakur (10)	45 10 0	46 8 0
East India (£)	46 4 0	47 8 0
N. Damuda (1/2)	..	17 4 0
Equitable	72 7 0	72 4 0
Standard (10)	46 11 0	..
Ghusak and Musha	17 6 0	..
Kuardi	..	20 6 0
New Beerbhoom	46 10 0	47 4 0
Raneegunge	64 8 0	65 0 0
Dhemo Main	31 2 0	32 3 0
SUGAR: Calcutta		
Buland	..	..
Bairampur (10)	..	..
Samastipur	21 10 0	22 8 0
Belsund (7-1/2)	16 8 0	..
Carew (10)	31 0 0	30 10 0
Murree Brewery (5)	..	..
New Savan (10)	..	..
Ram Cane Ord	23 2 0	22 4 0
Lahore		
Pun. Sugar (100)	..	..
Gokulnagar Ord	..	..
Murree Brewery (5)	..	..
Jagjit	..	..
Jaswant	..	..
Madras		
Mysore (10)	59 12 0	59 12 0
Deccan (10)	31 4 0	31 4 0
Deccan (25)	75 8 0	75 8 0
Travn. Sugar (7)	16 12 0	..
South India (10)	..	..
PLANTINGS: Madras		
Cochin Malabar (3)	18 3 0	19 5 0
Chembra Peaks (2)	9 11 0	10 2 0
Woodlands (10)	..	12 10 0
Thirumbadi (1)	4 2 0	..
Travan. Rubber	..	..
TEA: Calcutta		
Bishnauth (10)	..	..
Cen. Cachar (100)	..	..
Tezpore (10)	..	..
Eastern Cachar	..	..
East India	..	18 1 0
BANKS & INS.: Bombay		
Central (5)	..	85 8 0
Imperial F.P. (500)	2,2100 0 0	2,220 0 0
Imperial P.P. (125)	563 12 0	565 0 0
Reserve (100)	139 8 0	140 12 0
India (50)	...	191 0 0
New Ind. In. (15)	80 0 0	81 12 0
Lahore		
United Com. (50)	78 2 0	70 8 0
Hind. Com. (50)	..	..
Pun. Na. P.P. (50)	..	..
Pun. Na. F.P. (100)	233 0 0	235 0 0
Bharat Bank Pref	..	...
New Bank A	...	...
New Bank B	...	...

	14-8-45 Rs. a. p.	7-8-45 Rs. a. p.
New Bank of La. B	...	...
Oriental	..	...
MISC.: Bombay		
Ajmer	15 1 0	15 1 0
Assct. Cement	208 0 0	208 12 0
Bom. Sub. (100)	211 14 0	211 14 0
B.I.C.	..	..
Alcock	412 8 0	421 4 0
Belapur Sugar (150)	213 8 0	219 0 0
Bom. Bur. (50)	..	531 4 0
Bom. Bur. N. (50)	191 4 0	193 12 0
Bom. Steam (250)	610 0 0	610 0 0
Bom. Tram	145 4 0	145 8 0
Bombay Petrol	6 0 3	5 14 9
Scindia Steam	36 11 0	37 4 0
Shivarajpur (50)	50 0 0	53 0 0
And. Val. (1,000)	1,840 0 0	1,832 8 0
Indian Iron (10)	40 11 0	42 7 0
Indian Copper (2s)	3 4 0	3 5 0
Prem. Con. L. (30)	199 0 0	204 8 0
Burma Corpn.	8 11 0	5 1 0
Calcutta		
Bengal Paper (25)	..	..
I.P.P. (100)	228 0 0	236 0 0
Shree Gopal (10)	18 10 0	...
Star (10)	..	..
Titaghur	31 12 0	32 4 0
Ind. Cop. (2s)	..	3 7 0
Cons. Tin	4 4 0	3 14 0
Burma Corpn.	6 5 0	5 13 0
As. Ben. Com. Ord.	..	19 14 0
Aluminium Corpn.	17 0 0	16 8 0
Rohtas Industries	16 14 0	..
Br. Bur. Petroleum	8 4 0	6 3 0
Midna Zamindari	193 0 0	...
Ben. Navigation	..	...
Dalmia	17 6 0	...
Lahore		
Indian Iron	40 0 0	42 7 0
Dharangdhara	..	495 0 0
Rampur Distillery	15 4 0	..
National Saltpetre	..	..
North India Oil	..	..
Shree Gopal (10)	..	...
Star (10)	..	...
Kaycee Glass	..	105 0 0
Kaycee Industries	8 5 0	...
Jagjit Distillery	7 6 0	...
Hind Motors	...	...
Delhi		
Rampur Maize	42 0 0	45 8 0
Rampur Dist	16 14 0	16 8 0
Un. Com. (50)	78 0 0	79 8 0
Dharangdhra (xd)	465 0 0	490 0 0
Bharat Bank Ord	..	103 8 0
Gwalior Brewery	17 4 0	19 8 0
Raza. Tex. (10)	68 8 0	75 0 0
Cawn. Tex. (2-1/2)	13 0 0	13 4 0
Hind. Com. Ba. (50)	54 0 0	58 0 0
Delhi Flour	13 0 0	16 0 0
Amrit Ordy	..	4 4 0
Amrit Pref. I	..	5 0 0
Amrit Pref. II	..	..
Delhi Cloth Mill	..	126 0 0
Buland Sugar	..	40 8 0
Raza Sugar	..	..
Cen. Dist	16 8 0	16 8 0
Hyderabad		
Hy. Bank (C.S. 50)	..	53 0 0
Azamjahi (C.S. 100)	..	667 0 0
Hy. Spn. and Wg (B.G. 1,000)	..	..
Osmanshahi (B.G. 100)	..	313 8 0
Nizam Sugar Ord. (C.S. 25)	...	47 4 0
Che. & Fer. (O.S. (25) (50)	...	47 4 0
Hy. Con. O.S. (100)	..	354 0 0
Hy. Iron & Steel (O.S.) (10)	..	9 0 0
Singareni (B.F.)	...	19 8 0

Hyderabad quotations for 3-8-45.
Lahore quotations are for 13-8-45.

COMMODITY MARKET

MADRAS, August 11, 1945.

Tanned Hides

The bonus price scheme announced by the British Ministry of Supply (Leather Control) was the subject of keen discussion by the trade during the week. A meeting of shippers, both European and Indian, tanners and merchants was held yesterday at the premises of the Southern India Skin and Hide Merchants' Association to consider the scheme. It was decided at the meeting, after a prolonged discussion, that the sliding scale increase in prices was not conducive to the best interests of the trade and suggested an immediate increase of as. 7 per lb. over the schedule of prices announced in May last. It was also suggested that the increase be given as from August 1, 1945. Amongst the reasons advanced for the increased prices, were the extra charges incurred in discharging raw hides cargo at the outports, exorbitant rates of freight on both steamer and railway, abnormal increase in the cost of tanning materials and costs of labour and the deterioration of raw hides caused by the delay in the transit. This view has been communicated to the British Ministry of Supply in London and also their representatives in Madras. The mere demand for an increase in prices without any assurance of supplies does not seem to find favour with the Ministry and particularly at this time when the war is drawing to a close and the consequent closing of the war demand. However, they seem to be willing to consider any modifications in the scheme, as for example applying the bonus increase to the particular month in which stocks are supplied. There has been a discussion amongst the shippers and tanners as to how much of the increase in prices, if and when it is granted, should be passed on to the tanners. During the week, there have been fair sales to the Ministry. Arrivals from tanneries were also fair and stocks of hides in the local market have been estimated at about 2,000 bales. Punjab buyers, who have been active during the week and seemed to be awaiting further developments. Arrivals of raw hides from the markets in Bengal have been fair and up to expectations consistent with the transport situation in the country.

Groundnuts

The British Ministry of food bought a very large volume of stock in the groundnuts market during the week. The total purchases amounted to 60,000 tons, nearly half of this being for export from the East Coast, at £35-5-0. It is stated that there is only a small balance left in the supplementary quota obtained by the Ministry. Exporters were unwilling to raise their limits and were buying around Rs. 78 though there were small purchases during mid-week up to Rs. 79-8. The crop from Pollachi is expected to come on the market early next month. It is stated that vanaspati factories have purchased large quantities in this centre at slightly higher rates with the result that exporters have been able to buy only small quantities. Crop reports received from various centres indicate a good winter crop. The oil market has been sticky around Rs. 164. There was no demand from Calcutta and no facilities for export. Internal demand was indifferent. There was very good demand for cake but with restricted crushing in the past few weeks, supply was poor.

Bullion

Quotations in the bullion market declined sharply following the surrender of Japan. There was a large volume of speculative business during the week and towards the close, there was selling pressure. The quotation for gold declined from Rs. 79-1 to Rs. 73-8, sovereigns from Rs. 54 to Rs. 52 and silver from Rs. 138-8 to Rs. 134. The closing was weak and uncertain.

HAPUR, August 8, 1945.

Grains And Pulses

Prices of all grains and pulses except of wheat and gram showed firm tendency on good trade demand. Wheat arrivals from rural areas were almost nil and at present scarcity of wheat is being felt here. The maximum quantity of wheat being sold by approved shops is worth Re. 1 per individual per day. The quantity of wheat worth Re. 1 (at the rate available these days) is quite insufficient for large families. It is reported that a number of petty consumers went to nearby villages and made purchases of wheat for their domestic requirements at rates higher than controlled ones.

The Government have decided to issue permits in favour of traders for exports of 163,500 maunds of old Arhar or its pulses from Meerut Division to the following areas: hycl

Mysore 16,000 mds., Madras 16,000 mds., Bengal 27,500 mds., Bombay 55,000 mds., Delhi 33,000 mds. and Punjab 16,000 mds.

Canadian Grain Movement Slackens

As has already been noted, the movement of wheat has proceeded as rapidly as transportation and port capacity will permit. Up to a fortnight ago, it is stated, Canada has exported some 288,000,000 bushels of wheat and wheat flour and, judging from this it is probable that the year-end stocks will be in the region of 275,000,000 bushels, which compares with 356,000,000 bushels on July 31 a year ago. That there are signs that the movement is slackening is conveyed by recent advices which indicate that there is now a serious shortage of grain developing especially at Montreal. This is said due to the lack of Lake vessels and freight cars from the Great Lakes to Montreal. It is further learned that the Canadian Shipping Board has announced that there will only be an immediate change of priority if there is any emergency need for grain in Europe.

In Canada, according to the latest official reports, grain crops in the Prairie Provinces have been greatly improved during the past week and the impending drought in several areas has been checked. Most of the crops, however, were ten days late and the immediate need is more sunshine. High temperatures have recently been recorded in the United States and the harvesting of Winter Wheat is extending under favourable circumstances. Private computations of the probable harvest have taken a more optimistic turn in consequence and, according to Messrs. James E. Bennett, the aggregate of both Winter and Spring Wheat will reach a record of 1,117,000,000 bushels. Their estimate a month ago was 1,069,287,000 bushels and the official computation at that time 1,084,000,000 while the finally harvested return last year was 1,078,647,000 bushels. From this it can be assumed that available stocks are due for a substantial increase, despite large scale exports and the domestic use.

Guwar

Market displayed an upward trend on alround buying enthusiasm prompted by unfavourable dry weather and speculators' bullish ideas, Prices touched new high levels.

The following are the latest quotations and stock figures of various local commodities against those of last week in brackets:—

Wheat: Rs. 10-4 (Rs. 10-4) Stock 35 Khattis (52 Khattis) ram: Rs. 8-14 Peas: Khatti Old Rs. 7 (Rs. 6-9) Stock 95 Khattis (99 Khattis) Arhar: Khatti Old Rs. 7-3 (Rs. 6-12) Stock 85 Khattis (86 Khattis) Gur: Rs. 700-6 (Rs. 100-6 (Rs. 10-4 Guwar: Magh Rs. 7-4-6 (Rs. 7-3-3).



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Sir Ardeshir's Abortive Mission

AT an important Press Conference, held on Wednesday last, Sir Ardeshir Dalal, Planning and Development member, Government of India, gave a lucid account of his abortive mission to the United Kingdom and to the United States. He was unable to convince organized British vested interests regarding the desirability of an immediate repeal of the commercial safeguards provided for them in the India Act of 1935. He was unable to persuade H.M.G. to agree to some form of price control that would enable Indian industrialists to place orders for capital goods. He was unable to secure any special priority for supply of capital goods to India. He was unable to make any headway in the United States, partly because the Empire Dollar Pool is outside his jurisdiction, but mainly because Big Business there has serious doubts regarding not only the stability but also the bona fides of the Government, he had the honour to represent. The only thing in which the Honourable Member succeeded was the admission of our students to certain technical institutions. But even in this respect, the success was only partial, for admission of foreigners to factories in the United States has been rendered almost impossible by war-time regulations; and it is this training in factories, which is real technical training of some positive, practical use in the industrialisation of this country. Training in so-called technical institutions is more or less academic, of which we have had too much. And we have had too little of the real thing—practical training in workshops. Sir Ardeshir tried his best but was unable to secure us these real facilities, obviously on account of circumstances beyond his control.

But of platitudes and promises, Sir Ardeshir was a recipient in a rather too generous measure. Business men—and officials, too, probably—assured him of the enormity of their goodwill towards this country and their rather touching sympathy towards our industrial ambitions. Quite unfortunately Sir Ardeshir was unable to capitalize their goodwill and their sympathy—once again on account of circumstances beyond his control. They assured him that they would consider the question of commercial safeguards at the time of the final constitutional settlement. At present, while they were anxious to promote Indian industrialization, they were unable to forego the safeguards that prevented it. Had Sir Ardeshir's political position been stronger, he could have pricked the bubble of their rather too flimsy logic. He could have told them that they were interested in the postponement—if not the prevention—of any final constitutional settlement on account of these very safeguards, which accord them a practically sovereign status in the determination of Indian economic policy. But under the present circumstances, Sir Ardeshir had to be content with a promise of re-

consideration at the time of the final political bargain, when the British industrialists can play their cards to their best advantage—political freedom at the price of economic concessions.

In his important confabulations with H.M.G., too, all that Sir Ardeshir could get was a few promises of sympathy and help, whenever we needed them. He was assured that if any cases of exorbitant charges were brought to the notice of H. M. G., it would take action. But it would be difficult under present circumstances to fix any limit of exorbitancy, and then H. M. G., has no particular reputation as an impartial arbiter between Indian and British interests. But undaunted, Sir Ardeshir had the courage to raise the question of special priority. H. M. G., flatly refused, but assured the Hon'ble Member that if India experienced any actual difficulties, they would take suitable action. Obviously, Sir Ardeshir was unable to convince them that even our present position is sufficiently desperate for immediate suitable action. It would be interesting to know, if Sir Ardeshir told H.M.G., that it was responsible for the high depreciation of our capital equipment during war-time, in fact Allied war-demands have made it practically worthless except as scrap; and it is, therefore, their duty to re-equip us forthwith. We are sure, Sir Ardeshir would have said it and would certainly have been heard, had he gone as the representative of a national government, (for which we understand, the Congress had tipped him during the Simla parleys).

It must be frankly confessed that Sir Ardeshir's mission proved abortive in actual results, for no fault of his own, but for obvious political limitations. Sir Ardeshir need not feel depressed, for even as things have happened, his mission is from the purely exploratory point of view, quite a high success. He has made valuable contacts with people who matter in the economic and official life in the United Kingdom, the United States and Canada. His experience will be of great use to a national government, now that a second Wavell Plan is in the offing. At present his ability, experience and public spirit are of no use to a government, whose economic adviser is an arch-anti-planner and whose finance member is a confirmed deflationist a government without a sovereign status and what is worse, a government, which does not know even its own mind. With such a government, it will not take long before we are all swept away—along with Sir Ardesnir's plans for our economic development in the rapid current of deflation. Sir Ardeshir complains that our industrialists have not given him any estimates of their demand for capital goods. This complaint is strange, coming as it does from so able an economist as Sir Ardeshir. Demand means demand at a price. Is the price of capital goods known? In spite of this, the industrialists are prepared to take risks and place orders provided the Government of India eliminated one important risk—the risk of investments being swamped away by deflation. The industrialists can make a fairly satisfactory estimate of their demand only in relation to a given structure of prices and costs that the Government is prepared and able to maintain. Given the present uncertain political and economic policy their demand just now may be for all we know, nearly nil. Conversely, at the limit, it would be infinite. Hence demand for investment goods is precisely a function, in the present context, of the Government's economic policy. Sir Ardeshir would, therefore, be well advised to persuade the Government of India to frame for immediate execution a thorough-going economic policy, aimed at preventing the onset of the threatened deflation.

Maintaining Public Expenditure

THE sudden end of the war raises serious problems for the re-adjustment of our war economy to peace footing. The maintenance of full employment is now recognized as one of the categorical imperatives for any civilized government; indeed with law and order it may rank as one of the essential and primary tasks of any government. As the Australian White Paper on Full Employment published on 30th May 1945 said "in peace time the responsibility of the government is to provide the general frame-work of a full employment economy within which the operations of individuals and businesses can be carried on". The Government's wartime financial and economic policy was disastrous in its consequences to our economic well-being and development. Nevertheless, the inflationary economy was a going or rather a spiralling concern. Those who knew the rate of money expenditure which has been going on in recent years cannot but be impressed with the formidable task which faces the Government now in preventing our inflationary economy from a disastrous recoil on account of the sudden cessation of expenditure. In fact the budget for the year 1945-46 the total of public expenditure including in it the Central Government expenditure, Provincial Government expenditure and the recoverable expenditure on behalf of the Allied Governments, was scheduled to run at the rate of nearly Rs. 1200 crores. The following table gives the rate of public expenditure in India during 1938-39 and the following war years:

PUBLIC EXPENDITURE.

(Rupees crores)

	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45 Revised	1945-46 Budget
1. Central Government Expenditure ..	85.15	94.57	114.18	147.26	289.05	441.84	512.65	517.63
2. Recoverable War Expenditure ..	—	4.00	53.00	194.00	325.48	377.87	439.53	488.80
3. Provincial Government Expenditure ..	85.76	89.22	95.18	103.48	118.18	153.85	208.05	191.74
	170.91	187.79	262.36	444.74	732.71	973.56	1,160.23	1 198.17

It will be seen that in the last financial year, that is 1944-45, the expenditure by the Central Government was running at the rate of Rs. 512 crores. Provincial Government expenditure which has been more inelastic than the Central Government expenditure was at the same time running at the rate of Rs. 208 crores or nearly 2½ times in money terms, of the pre-war rate. To this we have to add the curious financial procedure which has been known as the recoverable war expenditure. This was the non-budgeted expenditure incurred on behalf of the Allied powers and financed in the last analysis by means of naked inflation. Rs. 1,200 crores per annum is the rate of public expenditure which is altogether of a different dimension from what we have been used to in our country. Part of this expenditure has necessarily been purely inflationary and has exhausted its course in keeping the price spiral in motion. Not all of this expenditure will diminish immediately with the cessation of war. The expenditure which will be immediately affected is firstly, the Central Government defence expenditure and secondly, the so-called recoverable war expenditure. Of course, the recoverable war expenditure will practically vanish and in so far as the Government of India will be purchasing their stores from the British industries or making repayments in respect of aid received in lease-lend through the British Government, we shall so far as the effect on our economy is concerned, be making negative war-expenditure. On the other hand, the Central Government's direct defence expenditure will drop from its present level. It is unlikely that we shall go back to our pre-war standard of expenditure of Rs. 50 crores even after allowing for the rise in general price level. But it is reasonable to assume that the Central Government's defence expenditure which was Rs. 395 crores in 1943-44, Rs. 456 crores in 1944-45 and budgeted at Rs. 412 crores in 1945-46 will immediately drop to about half the level. As a result of the Hydari Mission a considerable part of the supply will be procured from Britain. It therefore means that not all this defence expenditure of nearly Rs 200 crores per annum would be helping to keep up the war time buoyancy of our economy. If we add Central Government defence expenditure to our recoverable war expenditure we find that the total war expenditure in India which was only Rs. 53 crores in 1939-40 ran at the rate of Rs. 129 crores in 1940-41 and Rs. 297 crores in 1941-42; and then as the war steadily mounted up in crescendo the expenditure shot up to Rs. 592 crores in 1942-43, Rs. 773 crores in 1943-44 and nearly Rs. 900 crores in 1944-45. The rate of expenditure scheduled for 1945-46 has also been at the rate of Rs. 900 crores.

All these figures will give us a quantitative idea of the magnitude of effort which will be necessary if we are to prevent a sudden collapse of our war-bloated economy. Of course it does not mean that the Government has to step in with a public works policy to fill a gap of as much as Rs. 900 crores. Firstly, of course, the defence expenditure as we have already averred will continue at the rate of probably about Rs. 200 crores per annum. To the extent that this expenditure will be for purchases from Great Britain it would help nothing to maintain the stability of our economy. On the contrary, as we have recently pointed out there would be certain factors against the immediate onset of deflation. Briefly, those factors are the pent-up demand for consumption and reconstruction which has been piling up through the war years. The following might be listed: (1) small savings likely to be used on consumers' goods; (2) pent-up demand for durable consumers' goods; (3) postponed demands for housing and building of every kind; (4) replacement demands for plant and machinery, from private industry; (5) replacement requirements of the commercial departments of Government; and (6) post-war funds of the various provincial governments. In an earlier issue we tried to make an estimate of the force of these various factors which may be operative on the morrow of victory. Our tentative conclusions were that from all these sources we may reasonably expect a latent demand to the extent of about Rs. 150 or Rs. 200 crores per annum for two or three years at the end of the war. Small savings campaign in India has not been a conspicuous success. Nevertheless, the injection of inflationary money on such a large scale throughout the war could not fail to leave widespread hoards of financial resources throughout the economy. These constitute potential purchasing power which would be exercised as soon as the stringencies of war-time supply are removed. We estimated that the pent-up demand for durable consumers' goods may amount to, having regard to the higher price level, as much as an annual outlay by the consumers of Rs. 50 crores. In the ordinary course a building boom may give another annual outlay of Rs. 20 crores. The factor represented by plant replacement by private industry is subject to a a number of uncertainties. But E.P.T. and Income tax refundable amounts come up to nearly Rs. 150 crores in addition to the reserves which business has accumulated. The depreciation and reserve fund of the railways and other commercial departments would also make a like amount.

All this means that we can with some certainty depend on an autonomous outlay of nearly Rs. 150 or or Rs. 200 crores per annum for 2 or 3 years after the end of the war. But a considerable part of this will be spent on imported goods and will to that extent not directly contribute to the maintenance of employment in this country. As our recent rate of war expenditure has been at the rate of nearly Rs. 900 crores per annum, it is clear that we cannot depend on such autonomous outlay alone for the maintenance of the stability of our economy and that the Government will have to step in with a very large public expenditure policy if we are to avoid a sudden collapse of our price structure. Allowing a post-war defence expenditure at the rate of Rs. 200 crores per annum and a latent expenditure of about the same amount being exercised during the first two or three years, there is still a large gap left to be filled by the Government's public expenditure policy. It has to be recognized that our war economy has been fundamentally geared to a voluminous inflationary injection. It has been calculated that our "total money supply", that is to say including note circulation, demand deposits of banks, deposits of Reserve Bank and notes held by the Scheduled banks increased from Rs. 346 crores in August 1939 to Rs. 542 crores in September 1941 and then steadily to Rs. 2050 crores in March 1945. It is possible that the price structure at the end of such an inflationary period can be prevented from collapsing only if the rate of inflationary injection is not allowed to stop suddenly but to fall in a steady and orderly manner.

Quantities cited above would warrant the suggestion that an adequate public expenditure policy which the Government may have to embark upon in the interest of an orderly stepping down of our price structure, may not be of a dimension less than say Rs. 300 crores per annum. What are the prosppects of such a public expenditure policy being energetically pursued by the Government of India? Frankly it is admitted that the Government has been taken quite unawares by the sudden ending of the war and their programmes are still in a rudimentary stage. We have been at the same time told that chances of our procuring capital goods from abroad in the next two years on any substantial scale are really remote. Consequently, it

will be futile to expect that the Government can put through its long term programmes in the immediate future. For the next one or two years, therefore, the Government must in the main preoccupy itself with an energetic public expenditure programme rather than actual execution of long term plan. So far not much is known about what programme the Government has on hand or the scale of expenditure of which they contemplate. Since for the next one or two years we must assume continuance of stringency in supply of foreign exchange as well as in procurement of capital goods from abroad, the Government's programme must be envisaged on lines which require comparatively less in imported capital goods and comparatively more in home produced material and labour. The Government is known to have on hand some resettlement and road programmes. Such road programmes are good not only in the sense that they are calculated to give sufficient employment after demobilisation but also because they require comparatively less in terms of imports of materials and equipment. The following is an interesting break-up of normal transport investment.

BREAK-UP OF TRANSPORT INVESTMENT

		Material			Equipment		
	Total Cost	Wages	Home Produced	Imported	Home Produced	Imported	Miscellaneous
Railways	100	45	33	·3	1.5	1.5	3
Roads	100	57	24		4.5	4.5	10.5

Advantages of a roads-and-railway programme as a public works programme are clear. Nevertheless we must postulate that in addition to these two criteria for public expenditure policy, namely comparatively less dependence on imported equipment and greater employment giving capacity, public expenditure programmes must at the same time and as far as possible be directly relevant to mass standard of living. With these in view we suggested in our last issue that the Government should immediately undertake a housing programme on a really ambitious scale. So far as is known now the Government's housing programme consists more in expanding of some office accommodations and building quarters for their own employees. A really national plan on the other hand, specially if it is to satisfy the criterion of even quantitative adequacy, must be conceived on a really mass scale. The Government should undertake a number of public works programmes and among these a programme for mass labour housing both urban and rural must be given a proper primacy. It has been estimated for the jute industry that if the labourers in the industry have to be properly housed it will entail an expenditure of nearly six times the paid-up capital of the industry. During the war we have been made only too conscious of the extremely reprehensible condition of our housing situation; but war-time urbanisation and increased industrial activity has only served to bring to a focus our deplorable normal housing standard. Labour housing will become an important desideratum and bottleneck as soon as our developmental programmes begin. And labour housing can be provided on an adequate scale either by the Government or by a separate subsidised agency. Meanwhile if only the Government now undertakes a public works programme of at least say, Rs. 300 crores per annum in which rural and urban labour housing will occuy an important place that we can hope for an orderly stepping down of our inflated price structure and controlled reconversion of our war economy to peace footing without a disruptive deflationary interlude. Such a public expenditure policy must be initiated and put through right now while our more ambitious and long term programmes take their own time to mature, for after suffering four years the ravages of a most disastrous inflation the people will be in no mood to be thrust into another equally disastrous deflation.

The Future of Controls

NOW that the war is over, the question naturally arises: what is to become of the various controls? Are they to be scrapped, or are they to be retained? And, if the latter, for what purpose and for how long? It is rather surprising that the Government have not yet seen fit to issue a statement of their general intentions in this regard. True, there has not been time enough to examine in detail all the complex issues involved, but even then it should have been possible for the Government, surely, to clarify in broad outline what their attitude would be to the controls in general, so that the business community and the public as well may know where they stand.

Indeed, the Government's silence becomes all the more disquieting against the background of what are known to be the views and intentions of high Government officers, and their departments. Food control and rationing, we are told, will have to continue for a number of years more, possibly three, because shortages are still there. We cannot do without price control and H.P.P. measures, it is argued, because for some period to come imports may not be moving in freely, while local production may also take time to get into stride. The perpetuation of capital control, of course, is sought to be justified on the high level of anti-inflation policy, while for import and export controls, and for the various other fetters, which have burdened the national economy during the last six years, bureaucratic ingenuity can always be depended upon to find plausible excuses.

The country, therefore, faces today a situation in which there is a real and serious danger of harmful and inefficient controls being continued for longer than is warranted by economic considerations alone. In the process of setting up and administering the various controls, a vast bureaucracy has come into being. Entirely new departments, such as Supply, Food, Industries and Civil Supplies, have been created, while the old departments such as Finance, Commerce, Labour and War Transport have expanded beyond recognition. It is in the nature of all authority to be convinced of its own validity, and to attempt to perpetuate itself. The various departments of the Government of India are no exception to this rule. Already, observers in the capital are inclined to credit a report to the effect that the Supply Member is fighting hard to retain as much of his department as is possible. Sir Ramaswamy is by no means a lone warrior in the field; he is only more vocal, perhaps, than Srivastava or Haque. Ordinarily, we are not interested in the activities of this individual in the bureaucracy or that, but we are concerned here to point out that there is not only the danger of the national budget, already overstrained by the war, being burdened with expenditure on useless and superfluous bureaucratic establishments, but also the still graver possibility of the national economy continuing to be crippled by injurious controls merely for the sake of finding justification for the perpetuation of war departments.

It is true, of course, that attempts have been and are being made to find economic arguments for the continuance of controls. Some of these arguments do make an imposing appearance at first sight, but they lose much of their substance when examined carefully. Let us take the main arguments in favour of the continuance of control—the anti-inflation argument. The case, here, is that there is a good deal of bottled-up purchasing power in the hands of the people and that there is also considerable back-log demand. As it is likely that the physical shortage of of goods is likely to continue into the immediate post-war period, the premature abrogation of controls may lead to an inflationary situation. It is needless to repeat the arguments that controvert this view. On a number of occasions in the past we have explained why, in our opinion, a slump is a more likely post-war possibility in this country than an inflation. Only, we have to add that the rapid reconstruction measures, which the U. S. A. and U. K. have taken in the first few days after the war, go to reinforce the presumption that the allied war expenditure in India may dry up even sooner than expected, and that the physical shortage of goods may be remedied earlier than what was at one time thought possible.

The second argument for controls is that they will at any rate become necessary when the country embarks on large-scale planning, and we may, therefore, as well retain them. And the attempt is made to illustrate the point by citing the case of the U. K., where the concensus of opinion is reported to be in favour of the retention of controls during the periods of transition and reconstruction. But in such a statement of the case, the serious mistake is made, of omitting to take notice of the fundamental difference between controls as have been operated in this country and controls obtaining in other countries, where the national economies have been geared to the most efficient exploitation of the total national resources. In this country, controls have functioned only to facilitate the meeting of certain war requirements, mainly by diverting existing resources from civilian to war production. In so far as there has been any slight increase in the volume of production facilities, the expansion has been an incidental result, and has often taken place in spite of the controls. These controls, obviously, will be quite out of place in an expansionist economy, and some of them may prove to be serious hindrances to development.

Further, there is a large body of responsible opinion, which has held that even under war conditions the present system of controls has failed to function efficiently. Thus, an important resolution, passed at the last annual meeting of the Federation of Indian Chambers of Commerce and Industry held in March, 1945, stated, "The Federation is gravely concerned at the working of the numerous controls imposed by the Central and Provincial Governments, under the Defence of India Act and Ordinances, from time to time, relating to import and export of commodities, procurement, purchase, distribution, transport and movement of commodities from place to place, as these controls have resulted in bribery and corruption on an increasing scale and have not only dislocated the smooth and efficient working of the normal channels of trade but have also failed to produce the desired results." The resolution, therefore, went on to urge upon the Government "to review the administration of all controls, revise and rationalize them so as to encourage industrial and agricultural expansion and facilitate smooth and quick distribution through normal trade channels."

The justice and urgency of this demand have gained in emphasis since the war is over and we are strongly of opinion that the Government, in co-operation with the business community, should immediately undertake a scientific scrutiny of all controls, with a view to eliminating the superfluous among them, and deciding what modifications are necessary in the case of those selected for retention.

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NOTICE is hereby given that the Second Ordinary General Meeting of the Shareholders of J. K. Investment Trust Ltd., will be held on Saturday, the 8th September, 1945, at 4 p.m. at the Registered Office of the Company at Kamla Tower, Cawnpore, to transact the following business:—

(1) To receive and adopt the Directors' Report and the audited Accounts of the Company for the year ended 30th June, 1945.

(2) To declare a dividend.

(3) To elect Directors in place of Lala Lakshmipat Singhania and Lala Parshottamdas Singhania who retire in pursuance of Article 98 of the Articles of Association of the Company, but being eligible, offer themselves for re-election.

(4) To appoint Auditors and fix their remuneration.

(5) To transact any other competent business that may be brought forward.

The Share Transfer Books and the Registers of the Members of the Company will be closed from 27th August, 1945 to 8th September, 1945, both days inclusive.

By order of the Board,
R. K. GUPTA,
Secretary.

Kamla Tower,
CAWNPORE.
The 11th August, 1945.

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The Week's Notes

FUTURE OF FOOD RATIONING

Food rationing, it is reported, is expected to be withdrawn in certain areas by the beginning of 1946, and will disappear by the end of 1947. There are at present over 250 towns throughout the country in which rationing is working. The withdrawal will begin with smaller towns, and gradually be extended to the bigger cities. Calcutta may probably be the last of these big cities. The Food Department have not yet made an authoritative announcement but it is about time that they do so. But, even in the absence of an official statement, there is ground for presuming that the Food Department themselves would be inclined to retain rationing and food control for as long a time as possible. The motives can be easily guessed; for one thing, the continuance of war-time measures alone can afford a pretext for the continuance of the Department, at any rate in its present size. And this is likely to be a very important consideration with the head and other high officers of the Department. The public, however, cannot be blind to the possibility that the maintenance of controls, once the economic justification for them have ceased to exist, is fraught with grave dangers for the national economy. The very existence of rationing in the country would, for instance, tend to make the Government indifferent to the need for securing imports. The rice areas of South-East Asia will shortly be freed from Japanese control, and their supplies will once again move into world markets. It is imperative that the Government should act at once to secure a high priority for this country for supplies needed to make up our shortages. Quite obviously, they will be less inclined to do so if their attitude to rationing and food control is that they may comfortably continue for two or three years. Controls are at best necessary evils, and they become mere atrocities once the emergency, which justified them has ceased to exist. We would urge that the correct approach for the Food Department would be, firstly, to leave it to the provinces, who are more aware of local conditions, to wind up rationing as early as possible, and secondly to do everything in their power to facilitate the restoration of normal trade channels. There is no love lost between rationing and the public, and the latter would certainly like to see the end of rationing much earlier than the end of 1947.

FUTURE OF WAR-TIME TAXES

An officially inspired 'unofficial forecast' put out by the A.P.I. enunciates a theory regarding the future of war-time taxes, which is not only innocent of economic sense, but which would, put into practice, bring about grave deflation. The Government of India, it is said, will begin to consider the removal of war-time taxes only when factors such as the general price level or the rate of dividends show a tendency to drop back to normality. It is difficult to see, after the violent changes of the last six years in prices and incomes, what 'normality' is; apparently Government seem to think that the pre-war situation represents normality and would wait on events to get back to it. If that were so, that would only mean disaster. The tax policy has not to depend on price and income trends, as if they were independent variables, but has itself to be used as the instrument of maintaining the desirable levels of prices and employment, in combination with other weapons. It is true that some decline in prices is both desirable and inevitable and that many of the war-time taxes will begin to yield less and less revenue. The E.P.T., for example, is a purely war tax bound to vanish. Even other taxes like the income tax might, if nothing is done to maintain incomes, take a trend of declining yield. But it would be dangerous and fallacious for Government to imagine that a decline in employment and national income which alone can bring about the decline of these taxes is a desirable result or that the business community will be so keen on having these taxes reduced that they will not mind paying as its price hard deflation. If Government mean business, they should undertake a scientific survey of the tax structure with a view to affording to private enterprise such incentives as will induce it to fill the gap to be caused by the fall in public expenditure and maintain employment and national income. Taxes, then, will not have to be abolished, but yield more. A growing national income is the only firm foundation of a strong tax system; a tax system which brings in less and less yield does not necessarily leave the rest of the income in private pockets, but, under the circumstances in India as visualised by the Government, destroys it.

SCALE OF PUBLIC EXPENDITURE

The war-time scales of employment, incomes and prices have been supported by public expenditure on a huge scale and its cumulative expansionary repercussions on private incomes and expenditures. Figures of total public expenditure in the last six years should give some idea of the gap to be filled now in the transition period. Excluding the current financial year for which figures are not available, the aggregate receipts of the Government of India in 1939-45 came to Rs. 1,113 crores and aggregate expenditure to Rs. 1,598 crores, including defence which was Rs. 1,198 crores. To this Rs. 1,198 crores must be added the sum of Rs. 150 crores on Defence capital outlay; and H.M.G.'s contribution of Rs. 1,374 crores, bringing it in all to Rs. 3,122 crores. Besides, the borrowings of the Government to the end of 1945 amounted to Rs. 833 crores. All this outlay by Government led to further outlay in the form of private investment and consumption. Do the Government realize the scale of the deflation which threatens us and the formidable job private enterprise is called upon to do? If they do, their planning, tax, capital issue and other policies must be very different.

U.S. SURPLUSES IN INDIA

In sharp contrast to the Government of India's wobbling in the policy of disposal of surpluses is the precision and definiteness of U.S.A. statement of intentions and priorities. First, an inventory of surplus materials will be taken. Secondly, U.S. Army and Navy in any part of the world will meet their needs out of these surpluses. Next, any U.S. Government agency may have a priority to buy them. Fourthly, non-profit, religious and charitable organizations like the Red Cross will have the priority. Fifthly, the original U.S. manufacturer can repurchase his own earlier sales so as to avoid competition with his own goods. Sixth come foreign Governments when they buy for relief and rehabilitation purposes. The seventh priority is given to the Government or individual of the Government in which the surplus goods are situated. It is probable that the first four prior claimants may not absorb a great part of the surpluses. In the case of the fifth, the American manufacturer is unlikely to repurchase his own goods located in countries of the sterling area, especially India, because his Indian market is already badly damaged by the Empire Dollar pool. It is interesting to note that the U.S. Government do not discriminate between the Government and individual in the country where the surplus is located. No doubt, no local Government can let a foreign Government sell its articles in its own markets without control or co-ordination. That would be dangerous. And the Government of India are said to be prevailing upon the American authorities not to offer their surplus goods for sale in India immediately,

for they are planning to absorb their own surpluses as far as possible in their reconstruction operations and would like to dovetail the American element into their own. In principle, this looks all right. But in actual effect, there is danger, unless the Government of India decide and act promptly, that they would only succeed in preventing private parties getting some kinds of equipment and capital goods badly needed for productive effort. Are the Government's own post-war planning and purchase programmes so far advanced as to enable them to state with any definiteness what goods they will be requiring and in what quantities? Hardly, in our opinion. Let the Government of India take the public into confidence and reveal what their surpluses are. In the name of not damping the market and of absorbing the goods in reconstruction programme, the Government can hamper production by withholding from private enterprise plants and materials not only their own, but America's as well, not to mention the incentive to official corruption of which unbounded possibilities are opened up in these disposals. Excepting for certain types of consumer goods which might hamper existing industries, all plants and raw materials must be open for early disposal with considerable help to peace production.

NO MORE EXTRAVAGANCE, PLEASE

The public is well aware with what means and with what results the Government have been fighting inflation in recent years. We are afraid that, under the guise of fighting deflation *now*, the Government will resort to means as wasteful, with results as disappointing. It is reported that the Government propose to add a third block to the Imperial Secretariat at a cost of Rs. 7 crores in order to provide permanent accommodation for offices at present situated in temporary hutments. This is rather surprising in view of the fact that a large number of expensive public buildings, many of them of a permanent or at least of a semi-permanent character, have sprung up during the war and have now outlived the purposes for which they were originally designed. The problem, therefore, is not to put up more buildings at a great expense to the public, but rather to see in what way or how far war-time structures can be adapted to serve the Government and other requirements. Even apart from the consideration just stated, the propopsal for a Rs. 7 crore building raises far-reaching issues? Are we to take this piece of extravagance as an indication that the war-time habit of loose spending has become chronic in our administrators? If the Government think that the tax-payer will continue to allow himself to be taxed out of hearth and home to pay for wasteful expenditure, they are very much mistaken. Only the other day, Seth Kasturbhai Lalbhai urged that "it is most imperative that the administrative expenses of the Government should be curtailed substantially." It is true, of course, that the country can and should raise thousands of crores to finance a planned programme of economic development. That is a different issue altogether. But, our war-strained economy cannot—I just cannot—spare even a single rupee for wasteful extravagances, which merely add to the glory of the *Padshah* at New Delhi.

MISLEADING PROPAGANDA

A section of the British Press which is apparently the mouthpiece of Big Business in Britain has started a propaganda of misrepresentation in order to screen and side-track real issues. The *Evening Standard* recently made an assertion to the effect that British business men connected with Indian trade are anxious that there should be no discrimination against them in the future legislation. It says that Indian business men may try to secure by means of legislation, a control or elimination of British business interests. The *Daily Express* goes a step further and says that Indians, recently grown rich and powerful due to inflationary conditions and profits from war contracts, are attempting to buy out British interests. The latter allegation may be summarily brushed aside as transfers of ownership are a purely business proposition and no one will be so credulous as to believe that British interests are parting with ownership under duress. But the *Evening Standard* propaganda in effect serves to divert public attention from the real issue of commercial safeguards. These safeguards are not only indefensible but quite unparalleled in the history Britain's trade relations with the Dominions. The Round Table Conference and the Simon Commission agreed that although certain British commercial interests required to be attended to, the object could be served by means of a treaty and convention. But in passing the Government of India Act of 1935 the British Parliament went out of the way and created statutory safeguards. It is high time they were removed. The Member for Planning who frankly announced sometime ago that the immediate problem was "to consider whether it is possible to arrive at any kind of convention or agreement now, without waiting for a complete constitutional settlement, so that the industrial development of the country may not be hampered," recently returned empty-handed from the U.K. He has stated that British industrial organizations are opposed to any modification of the commercial safeguards. The desirability of placing certain restrictions on foreign enterprises in the national interests of India has been recognized even by official committees such as the Indian Fiscal Commission and the External Capital Committee. But at the same time discrimination on racial grounds has never been advocated by any responsible section of Indian opinion. In the face of the plain facts it is nothing but misleading and mischievous talk of British apprehensions of discrimination against their business interests.

INTERNATIONAL SHIPPING POOL

The International Shipping Conference which would be meeting this autumn is reported to have on its agenda a proposal for a permanent International Shipping Pool for the control and regulation of international shipping in the post-war period. The international shipping pool, as is well-known, was formed during the war in order to utilize to best advantage the shipping resources of the Allies. At the end of the war, the United States emerges with by far the largest mercantile shipping tonnage in the world while Britain's position has seriously deteriorated relatively, thanks to war-time sinkings and American buildings. Nevertheless, the danger is that the proposed shipping pool may, in the name of control and regulation, freeze the *status quo*—whether *post* or ante-bellum or some compromise of the two—in relation to the respective position of the various countries in the shipping world. Such an arrangement will permanently prevent countries placed like India from even building up a worthwhile mercantile marine of their own. In our case, the question is not merely the replenishment of our shipping tonnage which has been lost during the war but of building up almost from the ground a strong mercantile navy worthy of our resources, potential and requirements. Some sort of international shipping pool may be found necessary by other nations, if only to withstand the overwhelming strength and competitive power of the American ship-building industry which has been built up in the course of the war. But in any such arrangement, the criteria to determine the quota of the different shipping nations, must be sufficiently flexible to accommodate the ambition of young countries like India which might like to build up their own mercantile fleets as quickly as possible.

AUSTRALIA MARCHES AHEAD

In the domains of banking, trade and industry Australia recorded all-round progress during the financial year ended June 30, 1945. The total loans by trading and commonwealth Banks on overdrafts, Government Securities and Treasury Bills almost doubled between the outbreak of the war and March 1945. Financial experts assert from the latest banking figures that the period of inflationary finance has come to an end for the time being at least and if the position is stabilised it will be possible to grant early tax relief. The total exports of goods, excluding the abnormal flow of munitions, reached £ stg. 117,836,000 compared with £ stg. 117,108,000 for the preceding year. Imports totalled £ stg. 186,013,000 as against £ stg. 210,029,000 for the previous year. The Yampi Sound Ore Project involving a preliminary expenditure of £1,000,000 is expected to bring ore to the furnacing plants within the next sixteen months. Motor car manufacture and aluminium ingot production are the first new priority industries. Other industries planned for immediate expansion include bituman production, textile manufactures, carpet making, ship-building, new brown coal-fields etc. Munition factories are actually in the process of passing to civilian production. Australia had a planned schedule of re-conversion. Vast war-time expansions of machinary, plant and factory space will be fully utilized for peace-time production. The speed of re-conversion will depend mainly upon the availability of man-power through demobilization. Food production has increased tremendously and Australia looks forward to an export trade with deficit countries. Australia's four principal needs are stated to be increased secondary industry closely related to defence, increased population, development of irrigation facilities and intensive afforestation to ensure timber supply for construction and also as raw materials for industry. The state is determind to take maximum benefit out of the plant, executive organization, technical knowledge and craftsman-ship rendered available in vast quantities by the war.

AUSTRALIAN STEEL INDUSTRY

The second world war provided a new fillip to the steel industry in Australia and now in the post-war period this fact will appreciably influence the course of economic development in that country. The steel industry doubled its out put in the last 6 years. At an early stage, during the war, Australia began to export large quantities to England. When Hitler's armies over-ran Europe the Australian steel industry assisted materially in meeting England's call for that commodity, and more than 100,000 tons of steel was sent to England. Several anti-aircraft batteries were equipped with made-in Australia 3.7 A.A. guns. Due to the development of steel industry, Australia's munition-making potential increased to amazing proportion. From field guns to landing barges from the versatile Owen guns to the tanks, weapons of almost all kinds were made with Australian steel. The Broken Hill Proprietory Co. Ltd., at New castle invented a new type of armour plate steel which it was able to mass-produce at 1/6th the price of the imported article. The ship-building industry, which turned out a wide range of vessels, including destroyers as well as 8000 and 9000-ton freighters, owes its war-time achievements not in a small measure to the efforts of the steel industry. War has been an important cause of the expansion of the steel industry. But progress on such a scale would not have been possible if the Government had withheld its sympathy or if the pre-war managerial foresight had not made provisions for augmented output. Rather it can be assumed that steel industry's plan of plant development was aimed at giving peace-time sufficiency in steel, and an appreciable surplus for export. The establishment of Australian steel industry on a firm basis would influence the course of peace-time economic development in that country as well as her trade with other nations. Australia is now in a more favourable position to manufacture such things as refrigerators and washing machines. During the war Australia has turned out such complex and highly engineered products as military air crafts and wide range of equipments. Motor car manufacture is an easier task in comparison and projects for an automobile industry are being blue-printed.

MANUFACTURE OF RAYON YARN

Mr. Henry Von Kohorn, Vice-President of Messrs. Oscar Kohorn and Company Ltd. of New York, who is now making an industrial survey relating to the installation of plants producing rayon yarn to act as auxiliaries to the textile industry in this country, is quite confident that rayon plants will prove a thoroughly sound business proposition. Before the war India imported most of the rayon yarn from Japan. But with the elimination of Japan from competition in the field, there is no reason why India should not be able to build up an indigenous rayon industry. Most of the chemicals required for the industry are produced here. During the early stages of growth sulphite wood pulp can be conveniently imported from Scandinavia, Canada and the U.S.A. But later on production may be switched over to Indian cellulose. The services of American chemists, engineers and formen will be necessary in the initial stage to operate the plants, but subsequently they could be replaced by trained Indian personnel. The rayon industry has vast potentialities and India can well look forward to production of high quality yarn with Indian capital, Indian labour and Indian raw materials.

GROWTH OF FRUIT INDUSTRY IN MADRAS

The Fruit Development Adviser to the Government of India recently stated that the Madras Province has favourable natural conditions and ample scope for developing a prosperous fruit industry. He laid special emphasis on the production of quick-growing fruits and recommended that the acreage under bananas, pine apples papyas, strawberry, etc., should be increased. These trees would yield fruit within a year of plantation. Output could be substantially increased by the application of orchard cultural practices. Fruit nurseries on latest lines would ensure constant supply of good and reliable plants. Canning and fruit products factories should be integrated with orchards. Short courses in Indian languages would be essential to train and qualify necessary staff. Landholders in the province can profitably invest in this branch of commercial agriculture.

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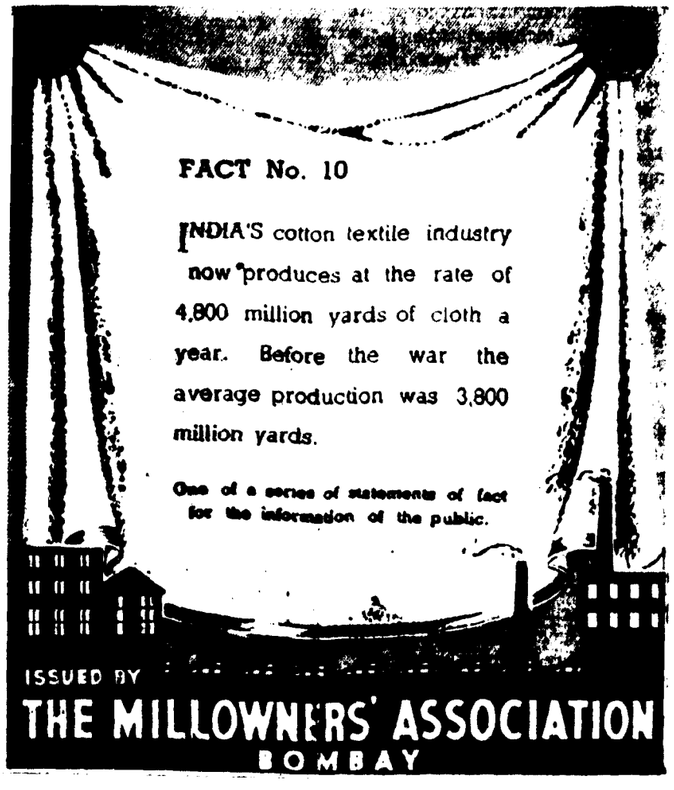
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SPECIAL ARTICLE

Industrial Enterprise in the U.S.S.R.

THE magnificent record of the Soviet military forces, more than the economic achievements of the new experiment, has now engendered a desire on all sides to understand the Soviet State. There is a greater sympathy than was the case before and less inclination to accept sweeping generalisations against the economic system which is being worked in the U. S. S. R. In a recent study published by the Institute of World Affairs for instance, an attempt has been made to study the working and the organization of the smallest constituent units of economic volition—the single industrial plant, the single collective farm. Economic activity in the U. S. S. R., as elsewhere, is dependent on the knowledge of technology and the availability of resources. And yet the economic life of the Soviet is governed and directed by conditions very dissimilar to those in the capitalist democracies of Europe and the U. S. A. These differences are institutional and the result of man-made laws. Let us make an attempt to understand.

Economic life in the U. S. S. R. is subject to central control. But this control is dual. On the one hand are the organs of industrial administration proper headed by the industrial People's Commissariats and on the other are the organs of economic planning at the top of which is the State Planning Commission, the *Gosplan*. These institctions are, in theory, co-ordinate and equal, neither subject to the other. The industrial people's commissariats are split up and differentiated according to type of industry, the aim being the simplification of the connection between the top organs of administration and the individual enterprises. And actually, where the number of enterprises is small, as is the case with the ship-building industry, the enterprises are placed under the direct supervision of their respective People's Commissariats. These commissariats have several sub-divisions, the so-called Main-Boards which are organs for controlling specific groups of enterprises, and where the number of enterprises is very large other organs are interposed between the main boards and the enterprise, namely the Trusts. There is now no specific organization for the centralized administration of all the various industries, the function being the responsibility of the Government as a whole. The Economic Council, constituted in 1937, however, acts for the Council of People's Commissars on many economic questions but since 1938-39 it has tended to yield in importance to *Gosplan* which has now come to control the fulfilment of the economic plans of the U. S. S. R. while the Commission of Soviet control now is called upon mainly to study 'the structure of the Soviet and economic organs.' Its controlling activity in the economic sphere has been reduced almost to vanishing point. The latest tendency, in fact, has been towards a subordination of the administrative or the operative organs to the planning organs and the *Gosplan*.

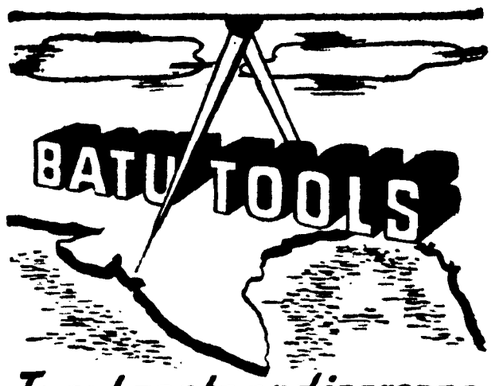
How does the individual enterprise function in this context of over-all planning and centralized control? Formally speaking, all economic plans are given from above. Working on the directives of the Central Committee of the Communist Party and the Council of the People's Commissars, in regard to the content of the economic plan which lay down in general terms the volume of production to be aimed at in a particular industry and the volume of the most important product categories, the amount of the capital investment etc., the *Gosplan* elaborates a detailed general plan and plans for the individual People's Commissariat. These plans, in turn, serve as the basis for those elaborated for the Main Boards by the People's Commissariats and so on down the hierarchy of the whole gamut of planning organs till a plan for production emerges for the individual enterprise. On the face of it, it might seem to be a very authoritarian arrangement. In point of fact it is not so. Practically all economic organs including consumers' co-operatives are given a wide opportunity of participation in the planning of the final scheme through their association in the preliminary stages of the plan's evolution. Thus, for instance, while the *Gosplan* has to work within the limits of the directives emanating from the Council of People's Commissariats, its detailed decisions are based on reports and projects worked out by individual People's Commissariats in response to many questionnaires so that although the decisions of a People's Commissirats do not bind the *Gosplan*, a good deal of the preparatory work undertaken by the former exercises its influence over the Commissariat's own future industrial plan. Planning by single plants is given a great deal of importance, Molotov having praised it as 'one of the best socialist methods of struggle for our tempo.' On the single plant level the directives that emanate from the People's Commissariats directly or, if the plant belongs to one, by a Trust cover: (1) approximate quantity of production in quantity and money value; (2) volume and kind of new capital investment; (3) amount of working capital; (4) number of workers and desired increase in labour efficiency; (5) wages fund (annual pay roll) and planned increace in average earnings; (6) planned reduction in the cost of production; and (7) planned reduction per-unit of product in the use of fuel, electric power and raw materials. Next, these directives have to be adjusted in detail to the plant's technical potential. It might be thought that the plan that thus emerges creates for every enterprise a rigid framework for the activities of the management. The plan is partly quantitative and partly qualitative. The qualitative requirements are in fact rigid but the management is allowed a wider latitude in respect of the qualitative aspect of the plan.

Nowhere, do the peculiarities of total planning reveal themselves more strikingly than in the functions and incentives of the Russian administrators of industrial enterprises. Under capitalism the profitability of enterprise spurs an entrepreneur to expand or innovate while the prospect of loss deters him from production. The most obvious feature of plant management in the U.S.S.R. is that the manager has to work within the framework of a general plan. It is not given to him to produce more or less than stipulated quantity. Soviet industry is in fact managed from top to bottom by salaried officials whose remuneration is but closely connected with profits of the plant or the group of plants that they manage. Indeed, but for the fact that by no stretch of imagination is it possible to characterise as routine the economic life of the present generation of the U.S.S.R. one might think of Russian industry as being run by 'pure managers' in Government pay. And the two chief incentives to energetic management are advancement for success and demotion and punishment for failure. Some monetary compensation in the form of bonuses is also granted in case work has been done satisfactorily. Moreover, the leaders of Soviet economy skilfully create the psychological atmosphere of 'socialist competition' and the Soviet State

has sought to produce an atmosphere of creative joy and sacrifice around economic up-building. Most plant managers are Party members and conscious, in their work, of being the builders of a new society and even the humblest worker has been made to feel that he is defending an important and dangerous position. In the tense atmosphere in which the work of industrial construction has been carried on in the U.S.S.R. every plant manager has felt he was running a 'battle section' and himself a 'commander in the production front.' And it may well be asked 'could the task of rapid industrialization and preparation for a modern war..been fulfilled without this fever of combat and self-sacrifice?'

That is not the only distinctive feature of the Soviet manager's life. Under Soviet conditions of economy, functions pertaining to management have acquired highly characteristic forms. The nature of the functions performed by the Soviet manager of an enterprise greatly differs from those that have to be performed by his counter-part under capitalistic organization. Thus, for instance, although over fulfillment of the alloted quota is encouraged and rewarded, the manager of a Soviet enterprise has no freedom to augment or reduce the total output at his discretion. The plants capacity is fixed from above and the production of a plant is therefore rather rigid as compared with the relatively flexible output of a capitalist enterprise, sensitive to minute changes in profit expectation. The Soviet manager is unable to manipulate the size of his plants or his inventories To sell parts of a plant or equipment is entirely illegal. The Soviet manager is almost entirely free from the responsibility for procurement and sale, both these functions being performed for the most part by a Main Board for procurement and another for sale. And in the face of controlled prices, he is precluded from taking any advantage from market situations current or prospective, by bargaining with sources of supplies or with customers for better prices, or by winning customers through low prices, and sources of supplies through high ones. In the face of all these limitations, the manager of an industrial enterprise becomes in essence, what may be called, a kind of 'production cost director'. His energies are directed into one channel: reduction of real unit costs of production, i.e., the amount of materials and labour going into unit of production. It is expected of a skilful manager that he would bring costs below the level of the 'planned costs' while, if they range higher, odium is sure to be incurred. It need not be emphasized here that the reduction of these unit costs need not bring about any fall in prices; for that is a question dealt with by the machinery for price fixation headed by the Economic Council.

Nor is the Soviet manager free from a continuous and many-sided supervision. First of all is the hierarchical supervision exercised by the Trusts and the rest of the superior organs of industrial administration. This has tended indeed to become so intense that often in the Soviet Press complaints have appeared from directors or managers that it has limited their powers to the extent that the plant manager often 'cannot make the most necessary little expenditure and has to ask for the permission of the People's Commissariats.' There is also the *Gosplan* which exercises its supervision through the superior administrative organs. Of the greatest importance is the 'control by the rouble.' The State Bank, through which all payments of any consequence have to be made, while 'paying out' for an enterprise looks to see that the payment is in accord with the plant's approved plan and with prescribed prices and other conditions. It has the right and the duty, moreover, to supervise the efficiency of office organizations, etc. Last, but not least, is the watchfulness and vigilance of the network of the Communist party organs which, among others, include groups of party members in an individual plant and whose business it is to castigate for lapses and praise for success. It is, of course, true that this 'complicated and pluralistic system of checking up on the activities of the plant managers is costly and bureaucratic. But it need not, therefore, be characterized as inefficient. The system was devised to ensure the fulfilment of the ultimate plans. And there can be little question, judging from the results, that it has made possible, the economists made a study of the Soviet man and gave most rapid economic development in human history. As for flexibility, the adjustment to war conditions, so ably and efficiently made, speaks for itself. It is time, economists made a study of the Soviet man and gave him a place in their system alongside, if not in supersession of, their pet, the economic man.



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THE WORLD ABROAD

Truman Orders Speedy Reconversion

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, August 20, 1945.

THE Government lost no time last week in beginning to plan the post-war course of reconversion of industry, removal of civil controls and demobilization of the military forces. Business likewise attacked immediately the multitude of problems which arose when Japan surrendered. Concerning sucessful transition to peace economy, Mr John Snyder, Director of Reconversion, stated: "The outlook is bright but it (the peace) will not be won easily or immediately. There should be no Mincing of words. The sudden termination of the major proportion of our war contracts will cause an immediate and serious dislocation in our economy." A few figures will demonstrate the soundness of Mr Snyder's argument. Reconversion of industry, for example, will involve plants that have been producing for war at the rate of forty billion dollars annually. It is estimated that total annual employment must amount to fifty to sixty million jobs which means that hundreds probably thousands of new avenues must be opened to men and women who had been fabricating weapons and materials of war. America's mililtary forces include about eleven million persons, but regardless of the country's post-war plans for the maintenance of armies and navies, it seems certain that the present forces will be demobilized to a vast extent. Meanwhile expenditures by the Federal Government may be expected to drop from the war year's level of one hundred billion dollars annually to perhaps no more than twenty five billions annually.

To meet the new circumstances in the nation's economic life President Truman characteristically adopted bold frontal attack. In an executive order designed to facilitate speedy restoration of the free enterprise system in the United States, President Truman stated that the purpose of the order was to mobilize fully "the resources of the Government in this final stage of the war emergency in order to promote swift orderly transition to peacetime economy of free independent private enterprise with full employment and maximum production in industry and agriculture and to assure general stability of prices and costs and maintenance of purchasing power which are indispensable to the shift of business enterprises from war-time to peace-time production and of individuals from war-time to peace-time employment."

The President displayed his determination to rid labour and industry of unnecessary governmental regulation, but at the same time he clearly demonstrated that the Government will retain power to combat inflationary tendencies in the economy by continuing certain price and rationing controls and by supervising certain alterations in the wage structures.

The guiding policies of all Government departments and agencies, President Truman said, would be to assist in the maximum production to meet domestic and foreign needs, to continue stabilization of the economy as authorized in the 1942 Price Control Act "to move as rapidly as possible without endangering stability of the economy towards the removal of the price, wage, production and other controls and towards the restoration of collective bargaining and the free market". To carry out these policies the Government will aid in making materials and supplies available, provide assistance in the conversion of war plants, facilitate job placement for war workers and military veterans, use all power available in controls over wages, prices, materials and facilities. President Truman ordered the Secretary of Agariculture the Federal Loan Administrator and the Director of Economic Stabilization to take authorized steps to support prices and to prevent "any collapse of values or discouragement of full and effective use of productive resources." The President assigned to the War Production Board the task of moving "as rapidly as feasible without endangering orderly reconversion and stabilization of the economy to free business from its controls."

Continuing he said, that during the transition the War Production Board "shall use all of its authorized powers to expand production of materials which are in short supply, to limit manufacture of products for which materials or facilities are insufficient, to control accumulation of inventories so as to avoid speculative hoarding and unbalanced distribution which would curtail total production, to grant priority assistance to break bottlenecks which would impede reconversion process, to facilitate fulfillment of relief and other essential export programmes and to allocate scare materials or facilities necessary for production of low priced items essential to the continued success of the stabilization programme."

In brief, here are some of the major actions taken last week in line with the Government reconversion plans: Firstly, war agencies were directed to hold down the cost of living and take corrective action wherever necessary; secondly the War Production Board formulated a programme to aid the production of eighty-nine varities of low cost clothing which have been very scarce in recent months; thirdly, the Federal Works Agency suspended construction on all federally financed projects except those which were already under completion; fourthly, the office of Defence Transportation revoked wartime speed limit of thirty-five miles per hour for automobiles and gasoline rationing was terminated; fifthly, the War Production Board removed controls over copper, steel and aluminium so that they are now to be available for civilian supplies; sixthly, the National Housing Agency removed the regulation against occupancy of privately financed war housing only by war workers; seventhly, a series of actions indicated that food of all kinds would become continuously more plentiful with rationing being removed already on many varieties. It is too early yet to tell to what extent Japan's sudden exit from war caught Government and industry unprepared, but observes appeared agreed that an excellent start has been made on new economic problems.

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London Letter

Misgivings About American Policy

FROM OUR LONDON CORRESPONDENT

LONDON, Aug. 21., 1945 (By Cable)

NEWS from America that all but the most extremely necessary controls are to be removed within a very short period and that the authorities expect unemployment to number eight million next spring has been unfavourably received here. It is ,of course, recognised that pockets of unemployment must occur during the transition period but it is questioned whether the attitude of some of the American commercial leaders to the problem is the right one. Thus some of the propositions Mr. Winthrop Aldrich, President International Chamber of Commerce, advanced in his speech to the American Chamber of Commerce in London are challenged. Referring to his demand that all countries should get rid themselves not only of trade barriers and trade restrictions, but also of 'wartime controls of domestic economic life' including 'arbitrary controls exercised over investment rates and capital markets.' The London *Times* writes in a leader that it is beyond doubt or question that the economic welfare of Britain is inseparably bound up with the economic welfare of the United States. But Mr. Aldrich sometimes appeared to put the cart before the horse. "International trade," the *Times* writes "is not an end in itself but only a means of increasing the wealth of nations, each of which will justifiably be intent in the future in maintaining full employment; and it is inconceivable that, say, the internal regulation of interest rates for the purpose of stimulating building activity should be abandoned for external reasons."

The paper quotes Mr. J. L. Gibson who, in a letter published by the *Times* yesterday, has pointed out that any need for financial assistance of Britain by the United States will arise in a large measure from the arbitrary and accidental way in which financial burdens in the common war-effort came to be distributed and that there is a strong case for some readjustment recognising the principle 'equality of sacrifice' laid down by the late President Roosevelt. The *Times* follows this up by concluding that 'the indispensable requirement of the international system of trade and exchange which Britain, more than any other country, needs and desires is that over a period all participants, creditors not less than debtors, should establish a rough balance between their sales and purchases abroad. It will be the measure of American strength that the United States achieve such balance by reason of a deliberate policy of perpetual export surpluses or a sharp fall in demand due to large-scale unemployment which would of itself render multilateral trading and the Bretton Woods system quite impracticable.

This question of the American export policy has also been referred to in an article headed 'The Dollar Problem' in last week's London *Economist*. The article points out that the pre-war scarcity of dollars was caused not by overselling and under-imports but by continuous repatriation of capital from abroad and interest receipts from abroad amounting on an average to 395 million dollars a year. The complaint was not that there was no import surplus but that the import surplus was much too small than the balance of these extra items. The writer of the article shows that the largest amount lent abroad by the United States in any one year was 1310 dollars in 1928 yet there now they aim to increase the annual export surplus from two to three billion dollars to be balanced by foreign lending. Since foreign borrowers could not pay interest due to the first period years on the loans and interest would accumulate to a colossal extent over a period of years what would happen when debtors start paying interest and amortisation due? The United States would then have to provide increasing amounts of dollars for the purpose which she could do only by increasing imports accordingly. Would the political outlook of the interested parties allow such a policy? On present knowledge of the United States political conditions this is doubtful. "The old *protectionist* instincts are now most powerfully reinforced by the new doctrine of full employment. To maintain prosperity in the United States the export surplus should be as large as possible. It represents a method of 'exporting unemployment' and employment planners propose to call it to their aid to the tune of two or three billion dollars. Moreover, for full employment purposes it is precisely the export surplus not the absolute total exports that counts. If exports create employment without using up any American incomes, imports use up incomes without creating employment. It would be wrong to say that internal prosperity in the United States incompatible with balance in the international accounts on the contrary prosperity in America might be the best means of enabling other countries to earn the dollars they need. But unfortunately it is all too apparent that methods that are likely to be followed to butress employment will make a shortage of dollars worse rather than better. If an export surplus does not naturally emerge it will be artificially created under the cover of the fashionable but dangerously misleading doctrine that an export surplus covered by lending is not a source of disturbance to the international balance." The writer of the article does not want us to reach pessimistic conclusions since there is a more genuine American interest in problems of international trade than ever before he cannot but conclude the essay by writing 'But it is to be said in candour that politics are not tending that way at present. No one can say with any confidence that the problem of dollar supply will be solved. But unless it is the Bretton Woods programme will not work.'

Most of the comment on the economic policy of the new government remains in th sphere of speculations. No authoritative statement has been made except those contained in the King's speech. Those were that the Bank of England will be taken over by government and that a bill for the nationalisation of coal mines is being prepared. No details as regards these two items of Labour's economic policy are available yet it is expected that within a day or two an announcement will be made of the forthcoming relaxation of some of the controls. It is expected that many items of controls will be made more elastic particularly relating the direction of labour supply. A statement by the Chancellor of the Exchequer is also expected dealing with the monetary policy, rates of interest, etc.

Interest on treasury bills which remained at 1/2 per cent. several years previous to the war kept around 1 per cent. since the outbreak of war. Dr. Dalton's view seems to be that Treasury Bills should not pay more than 1/2 per cent. Since large amounts of Bills are held by allied Governments the latter may dislike the change but whether this argument is weighty enough with the Treasury remains to be seen.

Chungking Letter

China Under Japan

From Our Special Correspondent

HOW has China fared under Japanese domination? Economically the most advanced areas in China were under Japanese occupation. What has happened to them? People's livelihood in general, and the agrarian status in particular, have undergone a fundamental change, from bad to worse, from semi-colonial to entirely colonial. And this has been achieved through the characteristic Japanese policy, of wholesale killing and plunder, promotion of superstition and opium-smoking, land confiscation, requisitioning of grain and labour, excessive taxation, and the destruction of working animals. Thus in Heinhsien, in Western Shansi, bordering on Shensi, over one per cent. of the population of the entire district were killed in the spring of 1942. In the autumn of 1941 in the 23 districts of northern borders of Shansi and Hopei, 150,000 houses were burnt to the ground. In Pingshan, one of these districts, nearly 60,000 houses were burnt to the ground, over 50,000 *mow** of crops destroyed, more than 6,000 people killed, and nearly 20,000 captured and sent away for coolie work. In the district of Wuhsiang, South-east Shansi, 10,688 people were killed by the Japanese in the spring of 1942. Again, in one single village, Hantseng, in the district of Shoyang, located on the Chental Railway, the original population of more than 800 people was reduced to 64 because of the Japanese occupation in August, 1940. In another village, Peitatsung, in the district of Tinghsien, in Hopei, the Japanese killed 800 people in one day by poisoning them.

Confiscation and commandeering of agricultural land was extensively practised. In six small districts of Shansi, the Japanese commandeered 15,000 *mow* for building purposes without compensation. The Japanese troops on the Hopei plain dug from two to four parallel ditches along 1,700 *li* of railway and 6,700 *li* of highway. Each of these ditches was on the average 20 feet wide and 10 feet deep. One estimate put it that in North China the Japanese built more than seven thousand and several hundred blockhouses, and along the two sides of the railways and highways, ditches to a total length of 11,860 kilometres. In the province of Hopei alone, the Japanese invaders built half a million kilometres of highways. And thus nearly 5 per cent. of the cultivated land of the five provinces in North China (Hopei, Shansi, Chahar, Shantrng and Honan) was confiscated by the Japanese. In the middle part of Hopei alone, about 900,000 *mow* were lost to the Chinese peasants because of the building of new granaries and new aerodromes as well as the enforced settlement of Korean peasants. It has been the standing policy of the Japanese to encourage Japanese migration to Korea and to drive the Korean peasants to Manchuria and North China. The Japanese did not stop at taking away the land from the people. They also robbed grain and other agricultural products in the occupied areas. The requisition of foodstuffs for the Japanese and puppet troops was crushing. In many places in North China, villages of over fifty families had to send 150 to 200 *piculs*‡ of wheat and kaoliang to the Japanese barracks upon request. Villages of over 100 families had to send in 20 piculs of beans in addition. Furthermore, the widely distributed agents of Japanese firms, both in north and in south, compelled the peasants to sell to them grain, cotton, hemp, ramie, tobacco and sugar cane at a fixed low market rate. In many places 60 per cent. of the grain produced went into Japanese hands. In a small rural trading centre in the district of Hsiangwo, in Shansi, the Japanese took away 4,500 *catties*§ of wool, 350 sheets of hide, 149,600 *catties* of ramie and all kinds of metal during the summer months of 1941. In many places land tax was collected from deserted and uncultivated fields. According to the plan of the Japanese military authorities, the local people must feed the invaders. They planned that in South China 70 per cent. of the food supply for the Japanese had to be taken from the Chinese, in North China 80 per cent., and in Central China 100 per cent.

The Japanese ration system in occupied areas was just a pretence under which grain and other foodstuffs were to be robbed from the people. They gave the people flour mixed with powder made from bark and wheat straw. Whereas the necessary consumption of salt is over two *catties* per person per month on the average, the Japanese allowed only three *catties* per month for a whole family of five, under the rationing system. In North China, where in some places the winter is bitterly cold, the Japanese rationed the consumption of stove coal and charcoal. Whereas the minimum need of each family is about 1,500 *catties* per month, the Japanese limited the stove coal consumption to less than 400 catties.

Through the puppet regimes in China the Japanese set up many agricultural co-operatives. But the function of these co-operatives was diametrically against the interests of the members. The local population was encouraged to bring the grain to these pseudo-co-operatives and exchange it for Japanese manufactured. goods at a great discount Thus the Japanese were able to absorb a large amount of grain and raw materials and to distribute a large amount of Japanese goods at the same time. The people who assisted the organization of these pseudo-co-operatives were the big landlords and well-established members of the gentry. They were virtually the Japanese agents of an economic policy detrimental to the livelihood of the people. Such co-operatives were certainly not to be found in Jaan itself. It was a clever, predatory system camouflaged under an innocuous name, and serving the interests of the conquerors.

From many villages of the occupied region the Japanese combed out able-bodied young men to work as coolies in Manchuria, inner Mongolia and other places of China. According to the official reports of the Japanese puppets, during the first half of 1942, no less than 203,937 were sent in groups to Manchuria and inner Mangolia to be coolies, and no loss than 44,362 were sent away individually. In the one month of June, 1942, some 17,906 were sent away in groups from North China, and 49,212 individually. Thus during the first seven months of 1942 no less than 700,000 peasants were reduced to coolies. During 1943, about 900,000 young men from the rural places of North China were sent by the Japanese to do coolie work in Manchuria. By 1944, the total number exceeded several millions. And with this black record Japan claimed to be the champion of Asia.

*One *mow* is about 1|7th of an acre.

One *li* is about one-third of a mile.

One catty is about one pound and four ounces.

One picul is about 140 pounds; gaoliang is a gind of millet.

A DELHI DIARY

THE sudden announcement that Lord Wavell will shortly be leaving for the United Kingdom for constitutional discussions with H.M.G. has created a considerable amount of excitement among political circles here. This, coupled with the announcement that general elections will be held sometime during the next cold weather, has mystified the people as to what really H.M.G.'s intentions are. Is a second Wavell Plan in the offing? It is considered highly improbable that H.M.G. will agree to any interim arrangement. In their opinion, the general elections will be of a plebiscitical character on the issue of Pakistan; and they can immediately, therefore, proceed to forge out a permanent settlement. H.M.G. has called Lord Wavell to ascertain from him the present stock of Mr Jinnah in the country after his vetoing of the Wavell Plan; and how he would fare at the next elections. The concensus of opinion, therefore, is that there will be no Wavell Plan II, no interim arrangements at the centre or in the provinces. H.M.G. will mark time till the elections and in the meanwhile will pursue this or that political policy, aimed at encouraging or discouraging particular political parties according to as it suits the ends they have in view.

While political leaders in India were pleading that Subhas Bose's "Indian National Army" should be accorded a lenient treatment in view of the circumstances in which it was formed, the Tokyo Radio gave out that Subhas Bose died in a Tokyo hospital following a plane crash. Earlier, a message said that Bose was seeking refuge in Russia but soon the *Red Star* came out and squarely denounced him as an old Japanese agent. But dead or alive, Bose has already become almost a legendary figure and we need not canonise him or weave a mythology round him by a further controversy. Meanwhile, the treatment to be meted out to his National Army remains a live issue. That army might have been no more than a pawn, but the position accorded by the United Nations to the Indian Government and the army raised by it ,is hardly more encouraging. The Indian army had fought bravely in Africa, Italy and the continent. But when the war in Europe ended, all Indian troops were quickly brought over to India and not allowed to participate in the occupation of the countries liberated from the Germans. Similarly, in the Far East the Government of India has been excluded from the privilege of being a signatory, along with the other members of the United Nations, to the peace to be signed with Japan. Nor will the Indian army be represented in the Allied forces which will be detailed to occupy Japan. This is hardly calculated to raise the status of the Government of India or indeed the much-praised volunteer Indian army as against Bose's "puppet" army. Will the Government of India be content with the subsidiary role assigned to it by the victorious powers or press for a recognition of its full status in the array of the United Nations?

A couple of intriguing reports are doing the rounds. The principal oil companies, so says one of these reports, have offered to the Government to arrange for substantial supplies of kerosene. This essential commodity is very much in short supply, and consequently a great deal of hardship has been caused to the people all over the country, especially to the poor. And so one would think that the Government would have jumped at the offer of the oil companies, but strange to relate, the Government are alleged to have exhibited a reluctance to pursue the matter. What their reasons may be is something which is a little bit of a mystery yet, but there is no doubt that the public would greatly like to be taken into confidence. Meanwhile, a sort of informal rationing of kerosene is to be introduced in the city from September! Houses not provided with electricity are allowed 3|4 a bottle per month if the number of living rooms is one, and twice that quantity if the number is more than one. Apparently, the peace, which has come so suddenly with the explosion of atom bombs over Hiroshima and Nagasaki, would take a long time to make its effects felt on the hard-driven civilian economy of this country.

The other rumour I have mentioned also relates to rationing, this time cloth rationing. The city is having its first taste of textile rationing, and not liking it over much. Now it is rumoured that a well-known local mill has huge stocks on its hands, and that it would take months to dispose them off through the rationing system. The mill, it seems, has therefore, approached the authorities for permission to be allowed to sell freely to customers. It remains to be seen how far they will be successful, but taking one thing with another, it is not improbable that the rationing itself may be scrapped much sooner than what many are disposed to expect at present.

Business circles are agitated over what is reported to be a flagrant case of undue partiality to a non-Indian concern, which has got caught while on the wrong side of the law. The firm, it seems, has been found charging more than the controlled price in one of its transactions, and was about to be hauled over the coals. But people got busy, wires were pulled, a great deal of questionable activity ensued and ultimately it was agreed to hush up the unsavoury affair. The story, however, is not likely to end there, not by a long chalk, and it is very likely that the matter may be taken up at a high level.

Not many in India know in how great a degree the Indian industrialists have won the confidence of businessmen in the U.S.A. during their recent sojourn. It can now be authoritatively revealed, on the evidence of an eminent spokesman who has just returned, that although the Indian industrialists had no authority to ask for dollar loans on behalf of the Government and did not want them themselves, many important United States business men made offers of loans to them purely on the guarantee of their personal credit. These, of course, were not wanted, because Indian industrialists do not lack resources of their own, but only experience an obstacle in converting them into dollars. What is even more interesting, the American financiers were not only not keen on any guarantee from H.M.G. on their dollar loans to India, but were positively opposed to it. Surely, India's credit in U.S.A. does not at all need to be buttressed by Britain. An equally reliable report, but very disturbing, is that Britain is not going to dissolve the Empire Dollar Pool for any thing like three to five years and that the Government of India has been told so. This is so serious a matter that the Government will soon be called upon to take the public into confidence and speak out the truth. Sir Ardeshir Dalal's assurance at his will soon issue a Press communique on the question remains yet to be implemented.

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MONEY MARKET

Bullion Prices Crash; P recipitous Fall In Stock Exchange

BOMBAY, August 20, 1945.

MONEY market ruled easy, the inter-bank call-rate quoting at 1|4 per cent. Three months and six months deposits were quoted at 1|2 per cent. and 3|4 per cent. respectively.

Applications for four crores of rupees Government of India three months Treasury Bills amounted to Rs. 3.20 crores as against Rs. 3.14 crores the previous week and Rs. 2.92 crores a fortnight ago. Because the authorities accepted the entire offer last time at 6as. 3ps. per cent. per annum, banks quoted this time a higher rate of interest averaging 8as. But the authorities accepted only tenders submitted at Rs. 99-14-3 rejecting the lower tenders. The total amount accepted was 1,70,00,000 as against Rs. 3.-4 crores last week. To impress upon the banks their policy of keeping the Treasury Bill rate at less than half a per cent. the Reserve Bank reduced their tender limit for next week to Rs. 2 crores. The bills maturing during the next week also amount to Rs. 2 crores. The authorities are justified in reducing the tender limit and also in declining to pay a higher rate of interest, for their ways and means position is very strong owing to large accumulation of funds. Under these circumstances, borrowing of Treasury Bills at high rates is absolutely unnecessary.

Reserve Bank

The statement of affairs of the Reserve Bank for the week ended 10th August '45 discloses a rise of Rs. 6.18 crores in notes in circulation when compared with the position during the previous week. With this rise the total notes in circulation stand at Rs 1,138.88 crores. But the total notes issued have gone down by 43 lakhs as the notes in the Banking Department have declined by 6.62 crores from 20.41 crores a week ago to 13.79 crores. The week's fall of 43.82 lakhs in the total notes issued has been covered by a reduction of 44.82 lakhs in rupee coins. Sterling securities and rupee securities remain unaltered at Rs. 16.32 crores and 57.84 crores respectively. In the Banking Department, Central Government deposits show a decline of Rs. 91.49 lakhs. Deposits of other governments have also gone down by Rs. 1.56 crores. Balances of scheduled banks have advanced by 90.92 lakhs and of others by 16.43 lakhs. Bills have fallen by 63.59 lakhs while other liabilities have gone up by 1.27 crores. On the Assets side cash position has declined from 20.58 crores to 13.92 crores. Balances held abroad show a further rise of 5.42 crores while investments are up by 22 lakhs.

The consolidated statement of the position of the scheduled banks for the week ending 10th August shows an increase of 75 lakhs in demand liabilities from 629.31 crores to 630.06 crores. As the war is now over, it is interesting to compare the present position with that on Ist September, 1939, which shows an increase of 496,70 crores. The time liabilities are increased by 1.92 crores. Banlances with the Reserve Bank show an increase of 3,68 crores while advances show a fall of 6.22 crores. Bills discounted also have registered a fall of 29 lakhs.

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Gilt-edged

In the gilt-edged market, only 3-1|2 per cent. Paper was active throughout the week under review. As against the previous closing of Rs. 101-4-0, market opened steady on Monday at Rs. 101-7 and in sympathy with the share market closed at Rs. 101-11-0 after gaining 4 as. The news of the Japanese surrender on Wednesday did not affect the 3-1|2 per cent. paper very much which changed hands at Rs. 101-7-0. The dated loans were not appreciably affected and ruled quietly steady. 3 per cent. 1966-68 Funding Loan was quoted at Rs. 98-5; the 3 per cent. 1963-65 at Rs. 99-2-0. In the medium dated loans, 3 per cent. 1949-52 was quoted at Rs. 101-12.

Bullion Market

Violent fluctuations were witnessed in the Bullion market. On receipt of news of the Japanese acceptance of Potsdam declaration, both gold and silver sections crashed; the former saw a fall of Rs. 12 to Rs. 13 and the latter a fall of Rs. 21 to Rs. 22, all within a few hours. On Wednesday the 8th August, the eve of Russia's entry into the war, silver was quoted from Rs. 137-14 to Rs. 138-8. On Wednesday the 15th instant when the official announcement of Japanese surrender was made, there was a crash and the prices dropped down to Rs. 116, but closed at Rs. 116-8. This was due to panicky selling by speculators who had heavy holdings for liquidation. On Saturday the 11th instant, when Japan offered to accept the Potsdam declaration, silver prices came down to Rs. 132-4-0, but a Bull Syndicate which has been operating in the market for several weeks tried to maintain this level by giving its entire support inspite of the downward tendency of the market. On Tuesday, the 14th instant, when the Swiss Radio reported that a coded message had been received from the Japanese Emperor in reply to the terms given by the Allied Nations, silver prices gave way and touched Rs. 126-8. On Wednesday when Japanese surrender was officially confirmed, prices slumped down further to Rs. 116-8 due to panicky selling by the bulls who wanted to save their house from utter destruction. Market remained closed on Thursday and Friday, being the V-J holidays. On Saturday silver opened at Rs. 123-4 due to bear covering and upcountry advices and closed at Rs. 121-12.

The floating stocks are estimated at 2,000 bars, a portion of which is in the form of rupee coins out of currency. The daily average offtake continues to remain at 100 bars. Ready silver commanded a premium of Re. 1 over forward.

The same state of affairs of wide fluctuations in

the prices prevailed in the gold section too. After remaining steady during the earlier part of the week, prices of gold witnessed a collapse. Market opened firm on Monday at round about Rs. 72. After touching Rs. 74 it closed at Rs. 72.8 On Wednesday gold again opened at Rs. 73 partly on account of the announcement of the Recerve Bank suspending gold sales for the week but when the official confirmation of the Japanese surrender came through in the afternoon there was a regular panic in the market, and in sympathy with silver, prices came down to Rs. 66-4. After the holidays, gold opened at Rs. 69-2 on Saturday but closed at Rs. 67-12.

There is a regular scarcity of gold in the Bombay market. The Bank has suspended sales while the stocks are also at the lowest ebb. The demand from upcountry has been on the increase. Spot gold of American or Durban origin command a premium of nearly a rupee. The daily average offtake is estimated at 30,000 tolas and the total stocks are reported to be 30,000 tolas. Arrivals from upcountry during the week under review amounted to 10|15,000 tolas. On Monday last the Reserve Bank sold only 18,000 tolas at Rs. 72-4-0. No information is available at this stage whether the Bank would resume sales at the low level of prices.

Stock Exchange

During the week under review the share market worked only for three days. As reported last week, on Monday the share market got over the nervousness witnessed on Saturday the 11th instant, on rumours of Japanese offer to accept the Potsdam declaration. On Tuesday prices were on the upgrade and steadied up to almost their previous week's closing rates. On Wednesday, however, reactions set in. The precipitous falls in the prices of gold and silver had a sympathetic fall in the share market much more than on the news of the termination of hostilities in the Far East. Tata Deferreds which opened at Rs. 2,155 on Monday touched Rs. 2,215 on Tuesday. On Wednesday in sympathy with the bullion market, prices came down and recorded the lowest level of Rs. 2,162-8. On Saturday Steels were unofficially quoted at Rs. 2,180. Ordinaries likewise witnessed up and down movements and closed at Rs. 403-8 on Saturday.

In the Textile Section, Dyeings remained steady ranging between Rs. 1,955 and Rs. 1,960. When the Allied victory was announced, in sympathy with other scrips prices declined to Rs. 1,926-4, the lowest witnessed during the week, but closed steady at Rs. 1,945. Other textile scrips suffered drops in the prices. Kohinoors lost Rs. 9 at one stage. Opening on Monday at Rs. 585 they touched Rs. 576 on Wednesday but closed at Rs. 580. Swadeshis dropped Rs. 14 but closed at Rs. 531.

Narrow fluctuations were witnessed in the electric and bank and insurance sections.

In the miscellaneous section, Associated Cements firmed up to Rs. 210; Scindias were maintained at Rs. 36-7.

Fall In Bullion Will Continue

CALCUTTA, August 20, 1945.

EVEN last week there were wide fluctuations in prices on the reports that the Japs might surrender any moment. The first news regarding the possibility of the end of the war brought about a fall in prices but in official trading the fall in prices for leading counters was completely regained. Markets have remained closed since Thursday in celebration of the victory over Japan and the period under review is thus a very short one. Contrary to expectations the announcement regarding the Japanese willingness to accept the Allied terms brought about a rise in prices in the Calcutta market and a rise of one to two points was recorded for the leading counters. As investors were not inclined to dispose of their holdings bulls tried to push up prices. On Wednesday, however, the rise in prices was not maintained. The slump in the Bombay bullion market brought about selling and some of the gains were shed. Ordinarily, the debacle in the bullion market would have pushed down share market prices more violently. In the last three days in unofficial trading prices have been fluctuating in narrow limits the undertone of the market being weak with the further reports that silver prices have been marked further lower.

It appears that the downward trend in bullion prices would continue unchecked for sometime and that the bull syndicate would try to dispose of its stocks as far as possible. There has been a feeble rally but the gains have not been maintained. The local stock market seems to be of the view that to the extent selling of shares would be necessary to pay off losses in bullion prices in the stock markets might be depressed but on a general view it is held that investors have nothing to fear and that with the prospect of earnings being maintained at satisfactory levels and the expectations of a lower yield there may not be any appreciable decline in prices. The reports regarding the maintenance of the dividends by the Tata Iron and Steel Company Limited have also prevented a substantial decline in prices in the Bombay market.

Relief from taxation might be appreciable and as the important companies have been prevented from paying big dividends by the levy of the E.P.T. and compulsory deposits the lower incidence of taxation might compensate to a great extent any loss in earnings. Also the improved financial position of many of the companies might enable the pursuance of a more liberal policy in respect of dividends.

It is generally accepted that the jute industry is assured of good prospects provided it could maintain production at high levels while the coal industry would have to meet a larger demand from Indian industries and export on a large-scale to the Far Eastern markets. The state of the sugar industry in the Netherlands would possibly determine the future of the sugar industry but with an expanding internal market there is need for an increase in sugar output. The steel industry will remain busy for sometime.

The developments in the markets for the next two or three weeks will prove to be interesting. Suffice it to say that the general theory in regard to the stabilization of prices around the present levels for gilt-edged and shares has been generally accepted while the adjustment in the bullion market to the new conditions will take place.

Indian Irons are unofficially quoted Rs. 40-8, Steel Corporations Rs. 33-8, Burrakurs Rs. 45-4 and South Karanpura Rs. 37-8.

The accounts of the Steel Corporation of Bengal Limited for the year ended December, 1944, were published during the week. The Chairman of the Company in a statement to the shareholders is rather enthusiastic regarding the future of the company. There has been a large addition to the capacity of the company in recent years and it is expected that during the current year additional units will come into operation. Even during last year there was an increase in production and this is reflected in the higher level of profit for 1944. The net profit was Rs. 1-12 crores against Rs. 1-07 crores for 1943. The amount set aside for taxation is Rs. 44 lakhs against Rs. 42 lakhs while the provision for depreciation is unchanged at Rs. 35 lakhs. The dividends have been already paid, the two interim dividends making fourteen annas per share the same as for the previous year. All buildings, plant and machinery have been maintained in good condition and the substantial additions reflect the extent to which the corporation's extension programme is being pushed ahead. To help finance the capital extension programme it has been necessary to draw against the cash credit facilities created for this purpose. The amount so drawn was Rs. 31,41,987. The extension in an advanced State of completion and is hoped that practical working will commence at an early date.

The raw jute market has been uninteresting and business passing is very restricted. The reports regarding the damage to the standing crop had a slightly steadying effect but the shortage of coal supplies led only to small buying by mills. Even with the damage to the crop it is feared that there will be a large surplus unless mill consumption increased materially. It is unlikely that exports on private account to countries on the Continent will be resumed at an early date as only during this week it was reported that the U.N. R.R.A. purchased 50,000 bales of jute on behalf of Greece, Czechoslovakia and other countries. In the loose jute section Indian Jat Middles and Bottoms quoted Rs. 15-4 and Rs. 12-4 per maund.

In the jute manufactures market the bazar was inclined to sell freely for the forward positions and a small discount was available. Mills, however, were reserved especially as the ready position was getting difficult owing to the lower level of production on account of poor coal supplies. Production in July dropped to 81,561 tons from 88,300 tons in the previous month. Of the total weight of manufactured goods produced in July 14,942 tons was on military account an increase of 3,845 tons. The increase in output on military account was perhaps due to the orders for B twills and other varieties placed last month. The increase in sacking output was responsible for the lower production of hessian and resulted in the decline in stocks of light fabrics. Goods produced on civil account amounted to 66,619 tons against 77,203 tons, a decrease of 10,584 tons. The decline was completely on civil account.

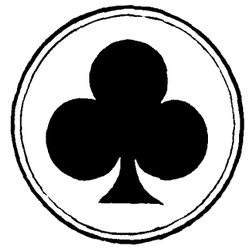
APPLICATIONS
FOR
TEXTILE
MACHINERY

In order to permit equal consideration being given to all applications, persons interested in the expansion of existing Textile mills or in the erection of new mills should submit their applications, in the form prescribed by the Chief Controller of Imports for Registration of Post War imports of Capital Goods, to the Textile Commissioner not later than 30th September, 1945. Applications that have already been made to the Chief Controller of Imports or the Textile Commissioner will also be considered after 30th September, 1945 along with the applications that may be received by the Textile Commissioner up to that date. Persons who have already applied therefore need not apply again.

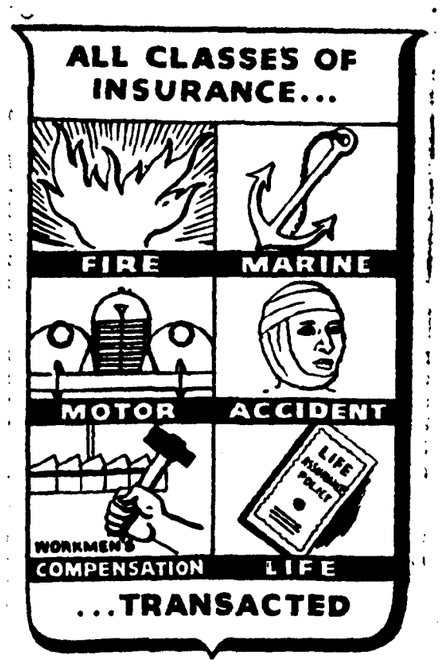
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Look For This Mark



THE ARVIND MILLS LTD., AHMEDABAD.



The GENERAL ASSURANCE SOCIETY Ltd

THE BUSINESS WORLD

THE PUBLIC PLACEMENT FACILITIES

IN every country affected by the present war, the problem of placement facilities has been assuming a greater significance in view of the various schemes of organization of resettlement in the post-war world. A topical importance attaches to the problem of placement in order to resettle the ex-servicemen and demobilized civilian personnel, and thus to obviate the danger of dislocation of the national economy which is very closely associated with the end of war. Its general significance in any national economy, however, irrespective of peace or war time cannot be ignored. If the aim of any national economy is to utilize the available natural and human resources with a view to raising the standard of living of the people, it naturally follows that the duty of a National Government is to see that the necessary facilities are provided for its men and women in finding suitable jobs which will make the best and full use of their ability and intelligence.

The problem of public placement has since long got a strong industrial bias. While state efforts in many countries were directed towards placing industrial workers in contact with placement facilities, the organization of public placement facilities for men and women qualified to undertake responsible work in the professions and elsewhere was for a very long time neglected and therefore, tended to lag behind the provision of similar facilities for industrial workers. This popsition was to a considerable extent improved in a number of countries owing to the pressure of war needs.

The principle of placement has made its moderate beginning very recently in India, as one of the measures of post-war resettlement in the form of Employment Exchanges, of which a net-work is to be set up in the entire country in order to facilitate the employment of demobilized personnel. But this, as in other countries, suffers from that above-mentioned industrial bias, in so far as it takes into consideration the problem of industrial employment. Moreover, it appears that it is mainly concerned with the appointment of lower staff and does not substantially take up the problem of higher appointments of men and women with technical, professional or business qualifications. The problem of higher appointments, though its quantitative dimensions compare unfavourably with those of lower appointments, is entitled to deserve at least equal attention. In Great Britain, the arrangements regarding public placement facilities for higher appointments had already taken place during war time. Recently a Committee apponited by the Minister of Labour to enquire into the whole question has suggested that specialized arrangements for dealing with higher appointments should be continued even after the war.

In our country though the scheme of Employment Exchanges has been put into operation very recently, it is desirable that we should have at least the outlines for an organization for public placement facilities regarding higher appointments on a similar model as in Great Britain instead of treating them as a minor part of the scheme of employment exchange as is envisaged at present. A separate scheme as distinguished from that of Employment Exchanges is necessary for two reasons: First, the employment exchange area is too small as a rule, to deal adequately with the smaller numbers falling into the higher appointment categories. Second, the system and methods of work of these two agencies are bound to differ because, the qualifications required for the higher range are harder to assess and for this specialized attention and staff are required. It is however, essential that it should co-operate closely with the employment exchanges and other allied branches. This co-opperation can only be attained by placing both these bodies under the same general supervision. With regard to the relation of this body with the employment exchange, it may be said that in order that applicants should not be confused and be put at a disadvantage, vacancies which might be allocated to either type of office should be circulated to both and secondly, applicants suitable for such vacancies should be registered with whichever office they prefer, or if they wish, with both bodies. The line of demarcation between these two bodies should be so drawn as to ensure that the right type of applicants and vacancies should be directed to the new body for higher appointments and that employers and applicants alike can clearly understand the distinction between the two. Any classification based on remuneration or on particular occupation would be unsatisfactory. In this connection, the Committee in Great Britain, referred to above, have found the most practicable line as between the foreman and the clerk level.

Similar to the scheme of employment exchanges, this organization also will have to be decentralized. But it would be uneconomical and difficult to provide adequate technical staff for local offices. Here in such cases the central organization should work. Its work should largely be of organizing the transfer of employed persons to important professional and technical work and to interview and place on priority, work-students completing their higher training. Presently there would be a considerable number of technical men, working under conditions of under-employment, and there are many who have recently proceeded to foreign countries for technical education. The work of the central office will be to properly cannalize the flow of these technical and skilled personnel, and secure their maximum use and in this respect it should be helped by advisory committees on different subjects wherever necessary. The work of the local office should be carried on similar lines, though it will necessarily be confined to local limits. Obviously it will exclude the occupational groups covered by the operation of the central office. In Great Britain, there are special arrangements for filling certain kinds of vacancies. In filling very important posts, particulars of the vacancies are sent to the London office which then takes whatever steps it thinks fit to fill them. In placing engineers, for instance, the practice is that vacancies for professional engineers are filled centrally and that vacancies for lower grade engineers are dealt with locally. In all cases, where due to the scarcity of qualified men, the market assumes the character of a national market, the Central Register (as the Central Office in Great Britain is called) is the proper agency which deals with them. We should have a similar placement organization in this country. Its role not only in providing an efficient public placement facility but also as a competent agency providing valuable vocational guidence on individual merits, can hardly be over-estimated. It should prove a timely corrective to our present partial committees and commissions which deplorably suffer from human frailities and individual limitations; and that an efficient corrective too.

NOTES

INDO-CANADIAN TRADE IN 1944

Considerable expansion has taken place in Indo-Canadian Trade during the present war and the greatest has been during 1944. The total of this trade for 1944 was valued at $202,672,000 as compared with $151,666,000 and $189,230,000 in 1943 and 1942 respectively. Imports into Canada from British India, amounting to $27,878,000 were $10,788,000 greater than in 1943, while exports from Canada to this country valued at $174,794,000, marked an increase of $40,218,000 over the previous year. India's share in the total Canadian imports was 1.6% in 1944 which was the largest percentage recorded in war years and a considerable increase over 1943 wheen the percentage was only 1%. The share in Canada's exports was 5.1% as compared with 4.5% in the previous year 1943. India's share in Canada's domestic exports was highest in 1942, being, 7.1%. India today ranks third in Canada's foreign trade, being exceeded by the United States and the United Kingdom. The principal exports from India are tea, jute products, Indian peasant hides and leather, carpets and rugs, manganese oxide, furs which were valued at $9,4262,816, 12,722,737, 2,119,996, 1,221,047, 636,600 and $364,444 respectively in 1944. Other items of exports are chrome ore, raw cotton, lac, coir and coir products kopok, wool and tanning materials. Exports from Canada to British India comprise of iron and its product viz. motor vehicles and parts, pig-ingots blooms and billets of iron, rolling mill products, locomotives, copper and its products viz. copper ingots, bars, billets, rods, sheets, tubing and wire storage batteries, radios and wireless apparatus by names and generators, food products, and wood and paper products. Food products exported ex-India during 1944 were valued at over $4,000, on over twice as great as in 1943.

A ROAD RAIL COMPANY IN SURAT

The first of the road rail companies has been formed in Surat. A limited company with a capital of Rs. 15 lakhs of which 35% will be contributed by the Government of Bombay, 30% the railways, 25% by motor transport operators and 10% by promoters has been floated to work the road-transport scheme in the Surat district. The management of the company would, to a large extent, be in the hands of the operators and promotors. The company would buy over the buses and trucks now owned by the operators to whom shares of an equivalent value would be issued. Even those who may own no buses and trucks but who have 'B' licences would be given shares of the face value of Rs. 500. Evidently the promoters in the Surat zone are not averse to allowing the Government and the railways to have the major voice in the running of the company since between them they own about 65% of the total number of shares. In business circles, however, this has not met with such a favourable reception and although the proposals have been broached to the promoters and the operators, response has been tardy and unsatisfactory.

HIDES AND SKINS TO U.S.A.

Hide and skin importing circles in the U.S.A. are reported to be agitated over the downward trend in shipments. Pre-war imports averaged about 40 million pieces, but dwindled last year to 29 million, and yet hold out the prospect of further curtailments this year to 20 million. Agents and dealers declare that this drying-up process has been brought about solely because of the Government's purchase plan, which discourages foreign shipments. They maintain that goat skins could be eliminated from the Government's control plan, as these items are not of sufficient strategic importance. Now that the war is over, and the U.S., generally speaking, seems to be set on a speedy return to a peace economy, it would not be unduly optimistic to expect an early removal of control, or, at least, a drastic modification of existing regulations. Such a development, it is obvious, will be welcomed by shippers here, who would naturally like to resume normal commercial relations as early as possible with the U.S.A., one of our most important customers.

HINDUSTAN MOTORS

The Hindustan Motors Ltd. (Managing Agents: Birla Bros.) have just issued the first annual report and audited accounts. In his printed statement to the shareholders, Mr. B. M. Birla, the Chairman, refers to the agreement concluded with the Nuffield organization for technical assistance in regard to the assembling of the various parts of an automobile and what is more important, emphasises that Nuffields have no financial interest either directly or indirectly in the company. It appears that the company is free to secure whatever assistance it can from Canada or America. The Nuffield experts have already completed their survey and it is expected that the company will soon set about giving practical shape to the proposals. The management have called upon the unpaid liability of Rs. 5|- per share from the existing shareholders. As a result of this the paid-up capital of the company will be raised from Rs. 2.5 crores to Rs. 5 crores.

RAW FILM SUPPLIES

The Government of India's decision to relax the control over supplies fo raw films has been welcomed in the film industry. The distribution had hitherto been unsatisfactory mainly because it did not take into account the standing of the various producers in the industry. Now that control is to be relaxed, it is necessary to see that the boot is not on the other leg and that the producers are not caught on the wrong foot. More than ever, there is need for the industry to impose on itself some sort of restriction in the matter of production in its own interest, as Rai Bahadur Chunilal, President of the Indian Motion Picture Producers' Association, stressed the other day. The raw film supplies should be properly husbanded because studio space available in the country would be sufficient for the production of about 165 pictures. The relaxation is expected to result in a 50 per cent. increase in film footage in the coming year, but even this is hardly adequate considering that in pre-war days the studios used up two lakhs of film footage as compared with about 40,000 feet allowed to them during the war. And then, there are the new studios, which will most certainly be build up in a couple of years, to be taken into account. It is hoped that the increased quota of raw film would result in better quality pictures as well as technical improvements in films.

TELEGRAPHIC COMMERCIAL NEWS SERVICE

Latest market reports on stocks, shares, cotton, bullion, exchange, commodities, etc. supplied from Bombay telegraphically daily or weekly at nominal charges. For particulars, write to: INDUSTRIAL & COMMERCIAL CORPORATION, P.O. Box No. 1107, BOMBAY I.

This is an announcement and not a prospectus

A copy of this Prospectus has been filed with the Registrar of Joint Stock Companies, Delhi.

(Consent of the Central Government has been obtained to this issue under Defence of India Rules 94-A. 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.)

THE PREM NATH TRANSPORT COMPANY LIMITED

(Incorporated under the Indian Companies Act VII, 1913).

Authorized capital .. .. .. Rs. 50,00,000

Divided Into . . .

20,000 5% Tax-free Cumulative Preference Shares of Rs. 100 each.

3,00,000 Ordinary Shares of Rs. 10 each.

PRESENT ISSUE

5,000 5% Tax-free Cumulative Preference Shares of Rs. 100 each.

2,00,000 Ordinary Shares of Rs. 10 each.

25 p.c. on application, and 25 per cent. on allotment and the balance as and when called upon by the Directors provided that (1) notice of at least 21 days has been given of the call; (2) the amount of call shall not exceed 25 per cent. of the nominal value of the shares; and (3) a period of not less than 3 months has elapsed since the last call.

DIRECTORS:

1. RAI BAHADUR P. MUKERJEE, Grand Trunk Road, Post Box 40, Delhi (Chairman).
   Ex-Member, Punjab Legislative Council.
   Past Chairman, Punjab Chamber of Commerce.
   Chairman of Board of Directors of:
   P. Mukerjee & Co., Ltd.
   Sonar Bangla Bank Ltd.
   Industrial Managers Ltd.
   Bengal Lime & Mineral Distributors Ltd.
   Housing & General Finance Ltd.
   Doon Housing Ltd.
   Colliery Proprietor & Merchant, etc.
2. SARDAR BAHADUR SIR TEJA SINGH MALIK, C.I.E., 4, Bhagwan Das Road, New Delhi.
   Retired Chief Engineer, C.P.W.D., New Delhi.
   Development Minister, Patiala State.
3. HON'BLE SIR SOBHA SINGH, C.B.E., 'Baikunth,' 1, Queensway, New Delhi.
   Member, Council of State.
   Chairman, the Sterling Insurance Co., Ltd., New Delhi.
   Chairman, The India Match Co., Ltd., Delhi.
   Director of:
   The Delhi Safe Deposit Co. Ltd., New Delhi.
   The Bharat Carbon and Ribbon Manufacturing Co. Ltd., Lahore.
   The Cawnpore Tannery Ltd., Cawnpore.
   The Doon Housing Ltd., New Delhi, etc., etc.
   Mill Owner, Land-holder, & Merchant.
4. RAI BAHADUR GANGA SARN, 8 Napier Road, Lahore.
   President of Northern India Chamber of Commerce
   Director of:
   Muree Brewery Co. Ltd., Rawalpindi.
   The Kangra Valley State Co. Ltd., Lahore.
   The Ambala Electric Supply Co. Ltd., Lahore.
   The Radio Lamp Works Ltd.
   The Lahore Sialkot Kashmir Transport Ltd.
   The Punjab Goods Carriers Ltd.
   Lahore Pindi Transport Ltd.
   Forwarding Agents Ltd.
   National Saltpetre & Basic Industries Ltd.
5. K. S. MALIK, Esq., 2|A, Curzon Road, New Delhi.
   Managing Director, K. S. Malik & Co., Ltd.
   Proprietor, K. S. Malik & Sons.
   Director, various Joint Stock Companies, Merchant and Landlord.
6. C. MACEDO, Esq., 10, Alipore Road, Delhi.
   Director of:
   Dyer's Stone Lime Co., Ltd.
   Housing & General Finance Ltd.
   Doon Housing Ltd.
   India Match Co. Ltd.
7. M. N. SETH, Esq., Scindia House, New Delhi.
   Chairman, Bharat Carbon & Ribbon Manufacturing Co. Ltd., Lahore.
   Managing Director, M. N. Seth & Co. Ltd.
   Managing Director, Delhi Safe Deposit Co. Ltd., New Delhi.
   Managing Director, Sterling General Insurance Co. Ltd., New Delhi.
   Director, Radio Lamp Works Ltd., Lahore, etc.,
8. PREM NATH, Esq., 9|A, Esplanade East, Calcutta. (Ex-officio).
   Governing Director:
   The Delhi United Transport Co., Ltd., Delhi.
   Prem Nath Motors Ltd., New Delhi.
   Prem Nath & Sons Ltd., New Delhi.
   The Lal Transport Co. Ltd., New Delhi.
   The Raj Transport Co., Ltd., New Delhi.
9. S. D. SHARMA, B.Sc., LL,B,, 8, Scindia House, New Delhi (Ex-officio).
   Director of:
   Prem Nath Motors, Ltd., New Delhi.
   The Delhi United Transport Co. Ltd. New Delhi
   Prem Nath & Sons Ltd., New Delhi.

MANAGING AGENTS

Premnath & Sons Ltd., 8, Scindia House, New Delhi.

AUDITORS

S. Vaidyanath Aiyer & Co., Registered Accountants, Kashmere Gate, Delhi.

BANKERS

Lloyds Bank, Limited, New Delhi.
The Bharat Bank Ltd., New Delhi.
The Calcutta National Bank Ltd., Calcutta.

REGISTERED OFFICE

Scindia House, New Delhi.

SOLICITORS

Dutt & Sen, 6, Old Post Office Street, Calcutta.

BROKERS

Stewart & Co., 4, Lyons Range, Calcutta.

OBJECTS

The main objects of the Company is to acquire the business of public carriers and to undertake transport of passengers and goods and to execute Government transport contracts, carried on by Prem Nath Motors, the vendor firm of Calcutta. The vendor firm's assets, consisting of a fleet of 200 trucks, plant and machinery, furniture and fixtures, accessories, stores, tools, stationery, workshop equipment and office cars, have been acquired by the Company for a consideration of Rs. 14 lakhs, of which Rs. 9 lakhs will be in the form of allotment to Mr Prem Nath, Proprietor of the vendor firm or his nominee of fully paid up ordinary shares and Rs. 5 lakhs to be paid in cash as and when the funds of the Company permit. The above price of Rs. 14 lakhs has been calculated as follows:

200 Motor Vehicles with permits, spare parts and accesscries at an average price of Rs. 6,500 each	Rs.	13,00,000
Workshops, plant, tools, sheds, furniture, typewriters, staticnery, motor cars, etc.	,,	66,259
Goodwill	,,	33,741
	Rs.	14,00,000

The Directors are of the opinion that the price of Rs. 6,500 per truck including a complement of spares, accessories, and Government permits to ply the vehicles, is exceedingly favourable to the Company.

The audited Balance Sheet and Profit and Loss Account for the first year's trading of the vendor company are annexed to the Prospectus and Memorandum of Association, copies of which may be obtained on application to the Company's Bankers, Brokers or Solicitors. The Profit and Loss Account after full allowance for preliminary expenses and depreciation shows a nett profit of Rs. 2,63,666|7|2.

Mr Prem Nath, the Proprietor of the vendor firm, has been successfuly carrying on an extensive transport business from Calcutta and his valuable experience and knowledge of the business has been secured to the Company by the appointment of Messrs. Prem Nath & Sons Ltd., as Managing Agents, of which company Mr Prem Nath is the Governing Director. The vender firm owns a large fleet of 200 motor vehicles and also has the use for operating hundred other vehicles maintained on behalf of the Government for operating transport service in Bihar, Bengal and Assam, ad holds several remunerative transport contracts from Government which will be assigned to the Company. The 200 motor vehicles as well as a large stock of spare parts, tools, plant and machinery have been formally transferred to the Company by the vendor firm as from 1st April, 1945. It was ascertained after due enquiry that, as on the date of this Prospectus, out of the 200 vehicles mentioned above, about 80 P.C. were in a road-worthy condition. The balance were available in the worshops of the Company undergoing repairs which are expected to be completed at an early date.

The Company simultaneously acquires from Messrs. Prem Nath Motors a number of well-equipped workshops for servicing the vehicles. The highly qualified and experienced technical staff of Messrs. Prem Nath Motors, Calcutta, have also been placed at the disposal of the Company.

By the time the present remunerative Government contracts taper off, the post-war plans for the development of roads and road transport will, it is expected, have been put into operation. As the public is aware, the ten years' plan of road development, which has been provisionally accepted, contemplates an expenditure of about four hundred crores for the expansion and improvement of the country's highway system. The development of communications naturally fosters the development of road transport and the Company will, it is believed, have ample scope for profitable enterprise in the post-war period.

The Company by virtue of its position as a large road transport operator, will co-operate with the railways in working feeder lines and other road rail services. Negotiations are now in progress for organizing transport services in important centres all over India and the Directors confidently anticipate to that in view of the valuable services rendered by Mr. Prem Nath and on account of its large fleet of vehicles (one of the largest in India), the Company will be able to secure a fair share of the extensive new business which will be available in the post-war period.

PRELIMINARY EXPENSES

The preliminary expenses including registration fee and printing charges and other incidental expenses are estimated not to exceed Rs. 15,000|- exclusive of commission and brokerage payable on sale of shares.

MANAGING AGENTS

Messrs. Prem Nath & Sons Ltd. have been appointed Managing Agents of the Company and their remuneration as provided for in the Articles of Association and in the agreement dated 15th July, 1945, between the Company of the one part and Messrs. Prem Nath & Sons Ltd. of the other part is as follows:

(1) A fixed allowance of Rs. 2,000|- per mensem irrespective of profits or deficiency of profits with increments as the Board may determine from time to time.

(2) Ten per cent. of the net profits of the Company as defined in Section 87C(3) of the Indian Companies Act, 1913, but after deducting excess profits tax or such other tax that may replace E.P.T. hereafter.

DIRECTORS' QUALIFICATION & REMUNERATION

The qualification of a Director shall be the holding of shares in the Company of the face value of not less than Rs. 20,000|- carrying the rights of voting either in his own name or in the name of the Company whose representative he may be nominated, and it shall be his duty to comply with the provision of Section 85 of the Indian Companies Act, 1913.

The Directors shall be entitled to the following remuneration:

(a) Each Director shall be paid out of the funds of the Company a sum not exceeding Rs. 250|- as the Directors may determine from time to time for every meeting of the Board of sub-committee therefore attended by him.

(b) Such travelling and other expenses for attending meeting of the Board or sub-committee or for other business of the Company as the Directors may determine.

INTEREST OF DIRECTORS

Mr Prem Nath and Mr. S. D. Sharma, two of the Directors of the Company, are Directors and Members of Messrs. Prem Nath & Sons Ltd., Managing Agents of the Company and are interested accordingly. No other Director is interested in any other way except as a Director.

MATERIAL CONTRACTS

An agreement dated 15th July, 1945, made between the Company of the one part and Messrs. Prem Nath & Sons Ltd. of the other part, whereby Messrs. Prem Nath & Sons Ltd. and their successors and assigns have been appointed Managing Agents of the Company for a period of 20 years from the date of incorporation of the Company.

Another agreement dated 15th July, 1945, entered into between the Company and Messrs. Prem Nath Motors by virtue of which Messrs. Prem Nath Motors have bound themselves to transfer the property to the Company with effect from 1-4-1945 for a consideration of Rs. 9 lakhs in fully paid-up shares of the Company and Rs. 5 lakhs in cash.

BROKERAGE, COMMISSION & PROMOTION

The Articles of Association provide for the payment of a commission not exceeding two per cent. on the shares in each case subscribed or to be subscribed or the amount equivalent to such percentage. No promotion money will be paid to anyone by the Company.

APPLICATION FOR SHARES

Forms of application for shares are obtainable from the registered office of the Company, Scindia House, New Delhi, their bankers, brokers, and solicitors, or the Company's Calcutta Office at 9|A, Esplanade East.

The list will open on August 27 and close on September 12, 1945.

FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT.

Madras Letter

MADRAS, Aug. 18, 1945.

THE Madras Government have issued a *communique* enumerating the irrigation schemes that had been undertaken in connection with the Grow More Food campaign. According to this, the total number of schemes sanctioned is 74 costing Rs. 91.55 lakhs and the extent to be brought under cultivation is 53,186 acres. Of these schemes, 63 have already been taken up for execution and the amount spent so far on the works comes to about Rs. 45.6 lakhs. Besides the above, an extent of about 85,000 acres of land has also been brought under irrigation under the scheme for the reclamation of commanded but unirrigated areas under the Cauvery Mettur Project. The Government have also recently sanctioned a scheme for extending the G. A. Canal irrigation to bring under cultivation 2,50) acres of lands which will be taken up for execution shortly. The Government also devoting attention to research in irrigation. The services of Dr. V. T. Valdyanathan of the Punjab Irrigation Research Institute and a member of the Soil Research Sub-Committee of the Government of India have been secured and has been appointed as Director of Irrigation Research.

Food Shortage

The food situation in the province has continued to be generally satisfactory. Stocks of food grains have been adequate for current needs and their flow into market centres fairly free. Stocks and pulses have also generally sufficient in all the districts. But on the production side, failure of the short term crop known as *.swarnawari* has been reported from the South Arcot District owing to the absence of rains. The short-term paddy crop on about 400 acres has been affected in this district. In a few other districts also, the outturn is expected to be below normal. The land-owner-kisan trouble has not fully subsided. Official efforts have of course averted a crises in the Tanjore District but complete amity has not been restored. Recently, the trouble has spread to Chinglepet District, where in a number of villages farm hands have gone on on strike forcing the land-owenrs to till their own soil.

Plantation Industry

At the annual meeting of the United Planters' of Southern India, Mr. F. H. Farmer, President, asked the various sections of the planting industry to devote their attention to the future development, now that war has come to an end. It would require, he said, their most careful thought to devise the best and most efficient methods of solving their problems of orderly production and marketing so that the world would not go short of their products or would they be overwhelmed by surplus production. He pleaded for using the premia paid by the South Indian planting concerns towards War Risk Insurance Scheme for the benefit of the industrial resources from which they were derived. They should have a research of the world and the funds for the same may be raised in the farm of a cess on production. He was glad to note that the estates had shown reasonable results during the period despite difficult food situation and labour shortage. But there were undoubtedly tough times ahead. It was therefore necessary for production to continue with every degree of efficiency. Mr Farmer referred particularly to the difficulty of the cardamon growers. Prices declined to levels lower than the pre-war period and were brought about by a larger crop and serious restrictions on exports. Ameliorative measures by the Government have not given any great relief. Just now, the Government of India have decided to allow the export of 900 tons of cardamoms from Bombay and Madras. Any unutilized balances of last year are also to be added to this quantity.

The methods of distributing the copper and the brass sheets that might be shortly arriving for the Madras Province and its adjoining States from the United Kingdom, France and other countries were discussed at a conference of importers of these sheets, whole-salers, retailers and vessel manufacturers.

Mr. J. D. Kapadia, Deputy Secretary, Industries and Civil Supplies Department of the Government of India, presided. This was a sequel to complaints of maldistribution on an earlier occasion from the hand-made brass-ware industry, which is a major cottage industry in the Province, supplying nearly 90 per cent. of normal demand. It was stated that Madras has been allocated 20 per cent. of the total supplies of India and that the distribution would be done by the Southern India Metal Distributors Association. This Association is to prepare a list of distribution with all the details which will have to be approved by the authorities so that the cases of complaints could be looked into and attend promptly. It is now hoped that the difference in price at which these sheets were distributed on an earlier occasion to the manufacturers of machine-made articles and hand-made articles, worked out to as much as 30 per cent. in favour of the former, would be removed and distribution made equitable.

Working Class Dwelling

The question of constructing tenements for the working classes which was taken up by the Madras Corporation some time ago has not progressed very much. In the meantime, an engineering firm had approached the Government with a scheme to build 100 model houses on approved design within six months in Madras City and asked for help in the matter of providing vacant sites etc. This had been referred to the Corporation. At a recent meeting, the Corporation considered the scheme and asked its chief executive officer to formulate a scheme within a month for the construction of 100 middle class houses. In the discussion that followed, it was revealed that the Corporation had large tracts of vacant sites and that the scheme would be a remunerative enterprise. One member suggested that they should build 1,000 houses within ve years. It has been urged that there should be proper housing standards which should take note of the Indian family system and the economic condition of the people.

Stock Exchange

The time-lag between the announcement of the Allied terms to Japan and its final acceptance helped the Stock Exchange to avoid a catastrophic fall in values. The market opened rather bullish this week but when the news of surrender of Japan was received there was an easier tendency and values were marked down by a few points. Planting shares were more on offer but the offerings were well absorbed. Textiles were seller-dominated but even here at the close buyers appeared reassured by Calcutta and Bombay reports. The gilt-edged market was very firm and 3½% Paper rose to Rs. 101-14. The dated loans were slightly easier by an anna. Bank shares were steady and unchanged. In the Planting section, Cochin Malabars declined by three annas to Rs. 18-7 e.d. Chembras, Consolidated Coffees, Midlands, Rajagiris and Periakaramalais were easier fractionally. Amongst textile shares, Cambodias declined to Rs. 28-4, Janardhanas to Rs. 118-8, Lakshmis new to Rs. 84 and Sitarams to Rs. 176. Textile shares of Mysore group were down by about two points.

Bengal Letter

CALCUTTA, August 19, 1945.

THERE has been a strong and hostile reaction to the move for the export of rice from Bengal. A statement has been made by Sir J. P. Srivastava and a Press Note has been issued by the Bengal Government, but these have not dispelled the anxiety or apprehension of the people of this province. In their Press Note the Bengal Government have pointed out that rice will be made available for export under the following heads:—(1) 15,000 tons to the Army, (2) 23,000 tons to Ceylon, (3) 15,000 tons to Mysore, (4) 14,000 tons to Cochin, (5) 9,500 tons to Bihar, (6) 20,000 tons to the United Provinces. Thus 95,000 tons of rice are made available for export. The Bengal Government have pointed out that the storage of large stocks of rice has presented serious problems so that an attempt to keep in stock rice acquired fairly long ago would result in deterioration of the stored rice. It is interesting to note in this connection the assertion of Mr. A. K. Fazlul Huq that these acquisitions should have been made during the terrible famine of 1943. Sir Jwala Prasad has also said: "We are not taking away rice from Bengal because we want to, but because we are being begged to in order to save the stuff lying in store for getting bad." The assertion that has been made that Bengal has sufficient food stocks to rank as one of the surplus provinces has been received here with considerable misgivings. Reports available from different parts of the province point to poor crop prospects for next winter. The winter crop in Bengal's main rice crop. The declaration that Bengal is a surplus province is, therefore, not justified and is viewed with suspicion. People are still haunted by the memory of the recent famine.

The Cloth Muddle

There are renewed hopes of a reasonable solution of Bengal's cloth problem as a result of the visit paid to this province by Sir Akbar Hydari, Mr. Krishnaraj Thackersey, Mr. Kasturbhai Lalbai and Mrs. Kasturbhai Lalbhai. After a personal investigation of the problem Sir Akbar Hydari declared at a Press Conference that the Central Government have agreed to place an additional stock of 10,500 bales of cloth at the disposal of the Bengal Government to give a fair and good start to cloth rationing in Calcutta area. Referring to the problem of procurement and distribution of cloth in Bengal, Sir Akbar Hydari dealt with the scheme that had been put forward sometime ago for the formation of a cloth Syndicate which was intended to handle procurement on a monopolistic basis. The scheme was a good one, but since it had been viewed with distruct by the public no attempt would be made to put it into effect. Sir Akbar outlined an alternative scheme for the formation of an association for procurement and distribution of cloth in Bengal. The association would be constituted under the D.I.R. Rules, and have a Governing Body in which some of the most respected men in Calcutta —Hindus, Muslims and Marwaris—would be represented. The Association would be set up for the purpose of controlling procurement of cloth for Bengal from the main producing centres like Bombay, Ahmedabad and the U.P. as well as for the procurement of cloth from mills in Bengal. The Association would also control internal distribution of cloth. The proposed Association would be under the control of the Bengal Government.

Bengal's Sugar Industry

Sugar production in Bengal in the season 1944-45 has been of the order of 11,986 tons as compared with 13,648 tons in 1943-44. This output represents only one-fifth of the estimated capacity of the mills of the province. On behalf of the Bengal factories the Bengal Sugar Mills Association have made certain suggestions which, if acted upon, are expected to lead to an increase of sugar production to 30,000 tons. The suggestions are as follows:— (1) Fixing the minimum price for sugarcane deliveries at the factory gate at Re. 1-2 per maund, at the rail head Re. 1|- per maund and at Ghat delivered by boat 14 annas per maund; (2) Prohibition of crushing of cane for the manufacture of Gur in Sugar Factory cane supply areas until after 15th December; (3) An embargo on the export of Gur from factory cane supply areas and the distribution in such areas by Government of ample supplies of cheap Gur; (4) Improved and more speedy transport facilities.

Milk Supply In Calcutta

A recent survey of Calcutta's milk supply clearly revealed that the available milk supply is utterly inadequate not only to meet the optimum nutritional requirements of the people, but even to meet the minimum needs of priority consumers, such as children, nursing and expectant mothers. For the solution of Calcutta's milk problem certain long-term measures are considered necessary:—

(1) Production of milk in the country-side, milk production in the city being banned.

(2) Complete control of production, processing, manufacture and distribution of milk, and milk products in order to control both the quality and quantity.

(3) Sale of milk of standard quantities.

(4) A statutory control of price of milk and milk products.

As a step towards the fulfilment of the long-term policy indicated in these recommendations the Government have sanctioned the establishment of a Central Livestock Research-Cum-Breeding Station about 35 miles away from Calcutta. Certain short-term measures are also to be put into effect by the Government.

Sind Letter

KARACHI, August 23, 1945.

THE Sind Provincial Development Board availed itself of the presence of Sir Ardeshir Dalal at Karachi on his way to Delhi from England to discuss post-war plans with him Sir Ardeshir made some valuable suggestions. He said that the provincial plans, especially in Education, Agriculture and Fisheries should be based on the pattern of the Sargent, Khareghat and Beni Prasad plans. He commented on the low priority given in Sind Government plan to Industries and said that though Sind was an Agricultural province it would be necessary to develop some industries also in the province if Sind wished to find the money needed for its plans to provide increased social amenities. It was apparent from the discussion the members of the Board had with Sir Ardeshir that neither the Government of Sind nor the Government of India were in a position to execute their plans immediately the war ended. In view of the acute shortage of agricultural labour in Sind, mechanisation of agriculture will be in the forefront of post-war development in Sind. The Government

of Sind have placed an order with Government of India last December for 50 tractors but there is no sign of the supply of these tractors. A survey of Sind's mineral resources has to be made immediately so that an industrial plan can be prepared. The Governmnet of India who have a Geological Survey Department are not in a position to undertake this survey for lack of men. Sir Ardeshir confessed that the Government of India are finding it very difficult to get geologists in order to expand the Survey Department. Sind is anxious to start two or three textile mills. She grows good cotton and has a big market for textile goods. Sir Ardeshir damped the enthusiasm of the Development Board in this matter by stating that now textile machinery may not be available for import from U.K. or U.S.A. for two or three years. The Construction of Lower Barrage is a very important post-war project. This will give an assured water supply to two and a half million acres. But the Government of Sind is not yet ready to start the construction. The machinery is not yet ordered and it is not known when the machinery will be available. Even the site for the Barrage is not yet fixed. It is going to be extremely difficult to recruit the necessary technical personnel for the project. For the Construction of the Barrage and the Road programme 160 Engineers, and 450 Overseers beside a host of mechanics, drivers, etc., will be required.

Housing Difficulties

There is very great congestion in the housing of the City's population. It has been estimated that about 3,000 families are without houses; they are at present crowding into the living quarters of friends and relations. The middle class suffer as much or perhaps more than the labour class. The Municipality has a small building programme for housing its staff. The Government has not even such a programme. Neither the Government nor the municipality is prepared to build houses for hiring out to the needy people.

Past-War Railway Development

The Sind Gujerat Railway is likely to be given high priority in post-war Railway construction. This project has been discussed threadbare for the last 20 years or more. There are allegations that vested interests have so far successfully stopped the construction of this railway. But the Railway authorities had stated that his railway would not pay. A survey made in 1935 is said to have shown the cost of construction as six and a half crores and the return only 2-1 2 per cent. There has been considerable development of the interland in the meanwhile and with the construction of the Lower Barrage there will be still further development. This Railway ought to pay now.

Fisheries

While plans galore are being discussed, one industry is being developed quietly but fast, viz. Fisheries. Sind has a coastline of only 150 miles. But its sea fisheries are very good. Then there is the fishing in the Indus and some big inland lakes. The total annual catch, inland and marine is nearly 20,000 tons and the value of this is over 1 crore rupees. The Government of Sind have created a separate Department of Industries and Dr. Ramaswamy Naidu is the Director. Deep sea fishing, fish hatcheries, manufacture of fish products and improvement in transport of fish are some of the problems that are being tackled. Attention is being paid to socio-economic conditions of the fishermen also. A co-operative society has been started at Karachi. A fishery bias is proposed to be introduced in some of the primary schools where the majority of the boys are from the class of fishermen.

Tenancy Legislation

A committee of the Sind Assembly have been cogitating for a long time on a tenancy bill. It is said that the report of the committee is now ready, but it has not yet been published. Some details of the Committee report have leaked out. The section of the committee with sympathies for the tenants seems to have succeeded in getting a majority decision for giving permanent tenancy rights to tenants who have been with the same Zamindar for over 10 years. But it is rumoured that the section of the committee who do not wish to disturb the *status quo* have been able to include in the committee report a decision to legalise certain Zamindari exactions which are at present merely customary and which tenants always try to avoid paying. Unfortunately very few realise here that no great improvement in Sind agriculture is possible unless the tenants feel security of possession and are assured that they would reap the benefits of any improvements they agree to adopt in their cultivation.

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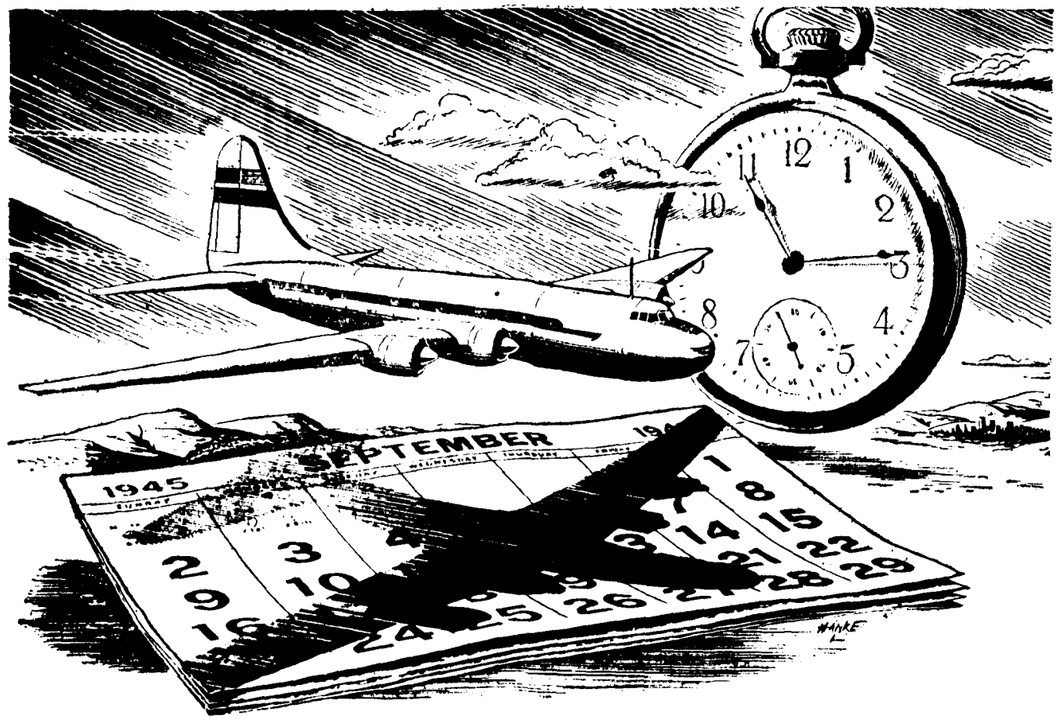
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BANKING

Exchange Bank Profits--I

THE foreign Exchange banks in India have proved positively detrimental to the growth of indigenous enterprise in the field not only of banking but also of foreign trade. The greater part of their profits is not legitimate being the result of 'exclusive opportunities or privileges, granted to them and scrupulously denied to deserving Indian institutions. That foreign nationals due to their monopoly position earn huge profits was amply demonstrated during the inquiries made by the Central Banking Inquiry Committee; and the point was proved to the hilt by Mr Manu Subedar in his Minority Report. But the magnitude of the profits earned by them in India remains known to this day. It is the allurement of profits besides the 'high politics' that swelled their number from 1 in 1853 to 20 in 1940. And it is in the fitness of things to estimate the profits earned by them out of business in India, all combined and by categories of 'A' and 'B' as well as by groups "British' and 'Non-British'. An attempt has been made for the first time to put this rather very difficult problem in a clear perspective by a thorough-going statistical analysis.

In this aspect which is the only relevant aspect the question was evaded by the Banking Inquiry Committee and 'no material was produced which would enable a total estimate of profits earned by these banks to be made.' Mr. Manu Subedar put on record the dividend rates given by them but they as such do not convey any exact idea about profits. The available, published Statistics concerning the Exchange Banks are inadequate and misleading in character 'through being lumped together.' Here by an exploratory device, described below, an attempt has been made to allocate profits earned out of business in India out of their world profits. An attempt has also been made to calculate an index of profits which could indicate the trend of profits. In arriving at the estimate of the profits earned by them out of business in India, the two important steps are: 1. Collection of the world profits of the various exchange banks operating in India in one currency, e.g., in £s. 2. Finding a ratio for splitting up the world profits into profits assignable to business in India and outside.

COLLECTION OF WORLD PRFITS

World profits of the exchange banks can be collected from their annual Balance Sheets which have been published in the official publication "Statistics Table relating to Banks in India and Burma" since 1913. Figures are available in different national currencies, viz., pound-sterling, dollar-gold and silver, etc., guilder and yen. In order to arrive at a total figure of these profits for any year it is necessary that the different currencies are converted in one currency. In the table below the figures have been converted in £ at the varying exchange rates prevailing from year to year.

Bank have also been divided into two classes. viz.. 1. "A" Banks which do a considerable part of their business in India. In this class till 1939 there were 6 banks, viz., The Chartered Bank of India, Australia and China (1853), The Eastern Bank (1909), The Mercantile Bank of India (1858), the National Bank of India (1866), Thomas Cook & Sons (bankers) (1866) and P.O. Banking Corporation (1920) which was purchased by the Chartered Bank in February 1939. Messrs. Thomas Cook & Sons are interested in touring business; and the profits earned by them have been very small and hence it has been dropped out of study without affecting the estimate.

2. The other class of banks is "B" in which those banks are listed which are merely agencies of large banking corporations doing a major portion of their business abroad. In the table below profits of all of them have been added up with the exceptions of Grindley & Co., American Express, Bank of China and Bank of Communications. There position in general and particularly in India are small; and the latter two banks are recent comers and operate only in India. Hence their exclusion does not affect the calculations. Besides the classification of "A" and "B" banks, there is another criterion to classify them viz., British and Non-British banks. All the "A" class banks with other two viz., Lloyds bank and Grindley & Co. make the British group; and the Non-British banks are comprised of the remaining "B" class banks.

TABLE No. 1.

Global Profits of the Exchange Banks (£ '000).

Year	All Exchange Banks		"A" Banks		"B" Banks		British		Bank of Non-British Origin.	
	No.	Profits	No.	Profit	No.	Profits	No.	Profits	No.	Profits
1913	9	2316	4	671	5	1645	5	718	4	1598
1914	9	2345	4	754	5	1591	5	799	4	1546
	10	2369	4	754	6	1615	5	799	5	1570
1915	10	2489	4	820	6	1669	5	820	5	1669
1916	10	2703	4	814	6	1889	5	814	5	1889
	11	3398	4	814	7	2584	5	814	6	2584
	9	2689	4	814	5	1875	5	814	4	1875
1917	9	3294	4	1037	5	2267	5	1037	4	2267
1918	9	3763	4	1129	5	2634	5	1129	4	2634
	10	4002	4	1129	6	2873	5	1129	5	2873
1919	10	4873	4	1272	6	4601	5	1272	5	4611
	11	6230	4	1272	7	4958	5	1272	6	4958
1920	11	6372	4	1582	7	4490	5	1582	6	4492
	14	8911	4	1582	10	7395	5	1582	9	7395
1921	14	9551	4	1648	10	7905	5	1648	9	7905
	16	10105	5	1721	11	8384	6	1721	10	8384
1922	16	12077	5	1756	11	10322	6	3053	10	9024

	17	12219	5	1736	12	10465	6	3253	11	9166
1923	17	12564	5	1773	12	10791	6	3295	11	9559
	18	12872	5	1773	13	11099	6	3295	12	9667
1924	18	15750	5	1805	13	13945	6	4695	12	11055
	17	15527	5	1805	12	13722	6	4695	11	10832
1925	17	14550	5	1807	12	12602	6	3299	11	11110
1926	17	14550	5	1944	12	12686	6	3265	11	11269
1927	17	19899	5	1821	12	18077	6	3294	11	16605
1928	17	18027	5	1728	12	16299	6	3205	11	14822
1929	17	18347	5	1733	12	16514	6	3228	11	15119
1930	17	15855	5	1678	12	14177	6	3960	11	11899
	15	12285	5	1678	10	10607	6	3960	9	8320
1931	15	9930	5	1401	10	8682	6	2869	9	7114
	14	9529	5	1401	9	8128	6	2869	9	6660
1932	14	7582	5	1423	9	6159	6	2540	8	5042
	15	8204	5	1423	10	6782	6	2540	9	5664
1933	15	7170	5	1472	10	5698		2652	9	4528
	16	8236	5	1472	11	6764	6	2652	10	5584
1934	16	8332	5	1537	11	6795	6	2748	10	5584
	1	8238	5	1537	10	6701	6	2748	9	5490
1935	15	8188	5	1539	10	7049	6	2751	9	5837
1936	15	9188	5	1549	10	7639	6	2744	9	6414
1937	15	9682	5	1554	10	8128	6	2752	9	6930
	16	9699	5	1554	11	8145	6	2752	10	6947
1938	16	10230	5	1435	11	8795	6	2614	10	7616
	15	9516	5	1435	10	8081	6	2614	9	6902
1939	15	10111	5	1428	10	8683	6	8531	9	7580
	12	9560	4	1310	8	8250	6	2413	6	7147
1940	12	10037	4	1369	8	8668	6	2405	7	7952
	7	7671	4	1369	3	6302	5	2405	2	5166
1941	7	6710	4	1310	3	5410	4	2288	3	4422
1942	7	8350	4	1477	3	6873	5	2471	2	5897
	6	8332	4	1477	2	6855	5	2471	1	5861
1943	6	8281	4	1492	2	6789	5	2057	1	6224

BASIS FOR ALLOCATING PROFITS EARNED IN INDIA OUT OF THE GLOBAL PROFITS

The central problem is that of laying down a formula for dividing the global profits correctly. The Exchange banks earned these profits on various items viz., in items of exchange (charge for the service of changing money from one currency into another), import of gold and silver bullion, and agency work, purchase of sterling securities by Indians, general resistence etc. We do not get comparable figures for various heads under liabilities and assets which could guide us in the allocation work. The one set available is in respect of deposits which are given in two classes (a) those outside India, (b) those in India. Unlike the deposit Banks, the exchange banks profits do not arise wholly out of deposits, yet considerable part is due to the deposits. In the absence of any other item to depend upon, deposits have been taken for splitting the profits.* Different deposit ratios have been thought desirable for allocating profits in the cases of the two classes of Banks viz., (A) and (B) since the former had a larger part of their business in India while the latter class did very little business in this country. The detailed figures of deposits in respect of 'A' and 'B' are available from 1923 only and the ratios have been worked out below. For the earlier 10 years (1913-22) we have assessed the ratio at the average of 10 years (1923-33).

TABLE No. 2

Allocating profits earned by the Exchange banks in India out of the Total Profits on basis of deposits (deposits in India : Total deposits.)

1923	51/142	17/1238
1924	49/138	22/1082
1925	51/149	20/1124
1926	51/149	20/1199
1927	49/143	20/1614
1928	50/140	21/1709
1929	46/131	21/1890
1930	46/130	22/1527
1931	44/119	23/1436
1932	48/135	25/1521
1933	45/137	25/1125
1934	46/138	26/1263
1935	50/137	26/1333
1936	34/84	41/1460
1937	34/84	40/1446
1938	28/71	39/1610
1939	31/83	43/2006
1940	36/94	49/2308
1941	48/115	59/2285
1942	81/233	36/2378
1943	88/229	52/2462

On the basis of the ratios given above which varied from year to year the following figures of profits assignable to business in India have been worked out. This estimate may be an underestimate of the absolute level of profits earned in India but it would, nevertheless, provide a fairly reliable index of the trend of profits. The indices of profits are also given in Table No. 4.

* It may be mentioned here that a very high degree of positive correlation has been observed between the deposits and profits.

TABLE No. 3.

Profits Earned in India by the Exchange Banks (£ '000)

Year	All Ex. Banks No.	All Ex. Banks Profits.	"A" Banks No.	"A" Banks Profits.	"B" Banks No.	"B" Banks Profits.	British No.	British Profits.	Non British No.	Non British Profits.
1913	9	259	4	233	5	26	5	235	4	25
1914	9	288	4	262	5	26	5	263	4	25
	10	288	4	262	6	26	5	263	4	25
1915	10	312	4	285	6	27	5	285	5	27
1916	10	315	4	285	6	30	5	285	5	30
	11	326	4	285	7	41	5	285	6	41
	9	315	4	285	5	30	5	285	4	30
1917	9	396	4	360	5	36	5	360	4	36
1918	9	434	4	392	5	42	5	392	4	42
	10	438	4	392	6	46	5	392	5	46
1919	10	516	4	442	6	74	5	442	5	74
	11	521	4	442	7	79	5	442	6	79
1920	11	621	4	549	7	72	5	549	6	72
	14	667	4	549	10	118	5	549	9	118
1921	14	698	4	572	10	126	5	572	9	126
	16	732	5	598	11	134	6	598	10	134
1922	16	772	5	608	11	164	6	630	10	142
	17	775	5	608	12	167	6	630	11	145
1923	17	785	5	637	12	148	6	937	11	128
	18	789	5	637	13	152	6	657	12	132
1924	18	925	5	641	13	284	6	670	12	255
	17	920	5	641	12	279	6	670	11	250
1925	17	843	5	619	12	224	6	646	11	197
1926	17	847	5	635	12	212	6	660	11	197
1927	17	848	5	624	12	224	6	642	11	206
1928	17	817	5	617	12	200	6	636	11	181
1929	17	792	5	608	12	184	6	625	11	167
1930	17	797	5	593	12	204	6	611	11	186
	15	746	5	593	10	153	6	611	9	135
1931	15	655	5	518	10	137	6	538	9	117
	14	648	5	518	9	130	6	538	8	110
1932	14	607	5	506	9	101	6	524	8	83
	15	617	5	506	10	111	6	524	9	93
1933	15	611	5	484	10	127	6	490	9	121
	16	634	5	484	11	150	6	490	19	144
1934	16	638	5	498	11	140	6	539	10	99
	15	635	5	498	10	137	6	539	9	96
1935	15	699	5	562	10	137	6	586	9	113
1936	15	842	5	627	10	215	6	661	9	181
1937	15	844	5	619	10	225	6	652	9	192
	16	845	5	619	11	226	6	652	10	193
1938	16	779	5	566	11	213	6	595	10	184
	15	762	5	566	10	196	6	595	9	167
1939	15	719	5	533	10	186	6	557	9	162
	12	671	4	489	8	182	5	513	7	158
1940	12	697	4	513	8	184	5	535	7	162
	7	651	4	513	3	138	4	535	3	116
1941	7	686	4	547	3	139	4	571	3	115
1942	7	617	4	513	3	104	4	529	3	88
	7	617	4	513	2	104	4	529	2	88
1943	6	716	4	573	2	143	4	585	2	131

TABLE No. 4

Index Numbers of Profits show in Table No. 3

(Base 1913 = 100)

Year	All Exchange Banks No. of Banks	All Exchange Banks Chain Index	"A" Banks No. of Banks	"A" Banks Chain Index	"B" Banks No. of Banks	"B" Banks Chain Index	Br. Banks No. of Banks	Br. Banks Chain Index	Non-Br. Banks No. of Banks	Non-Br. Banks Chain Index	Indian Joint Stock Banks Chain Index
1913	9	100.00	4	100.0	5	100.0	5	100.0	4	100.0	100.0
14	9	114.3	4	112.4	5	100.0	5	111.9	4	100.0	76.9
15	10	158.7	4	122.1	6	103.9	5	121.0	5	108.9	90.9
16	10	160.6	4	122.1	6	115.4	5	121.0	5	119.0	125.6
17	9	202.9	4	155.7	5	138.0	5	152.5	4	144.0	133.6
18	9	223.3	4	170.0	5	161.5	5	165.7	4	168.5	176.9
19	10	263.1	4	190.1	6	259.2	5	187.6	5	270.5	198.2

21	11	313.0	4	235.6	7	235.7	5	231.9	6	245.7	2	350.5
22	14	328.7	4	245.4	10	252.5	5	241.3	9	263.2	2	290.5
23	16	345.5	5	249.5	11	288.7	5	253.1	10	278.8	2	250.0
24	17	348.5	5	262.5	12	257.2	6	263.1	11	249.9	2	413.4
2[4]	18	407.2	5	265.6	13	483,7	6	268.3	12	482.5	8	413.4
25	17	374.4	5	263.3	12	359.2	6	260.0	11	373.6	9	375.8
29	17	374.4	5	270.9	12	326.7	6	265.2	11	355.3	10	357.2
27	17	374.4	5	265.6	12	336.6	6	262.4	11	390.5	10	349.9
28	17	359.0	5	263.3	12	269.6	6	259.4	11	344.1	10	364.0
29	17	354.2	5	260.3	12	267.4	6	253.8	11	316.5	10	345.8
30	17	357.5	5	254.8	12	296.4	6	248.9	11	350 8	10	321.7
31	15	315.0	5	221.9	10	266.4	6	223.5	9	305.4	10	321.7
32	14	296.1	5	217.6	9	207.5	6	218.6	8	228.8	10	260.8
33	15	293.0	5	209.3	10	236.0	6	198.3	9	297.7	10	328.9
34	16	295.9	5	215.3	11	252.5	6	217.8	10	205.6	10	328.9
35	15	328.6	5	286.0	10	252.5	6	237.6	9	243.9	11	358.6
36	15	394.8	5	320.3	10	397.2	6	268.9	9	368.8	13	387.7
37	15	394.8	5	316.8	10	416.2	6	266.3	9	390.1	13	434.6
38	16	363.4	5	288.5	11	381.9	6	242.1	10	370.5	13	422.0
39	15	340.6	5	278.7	10	362.9	6	227.5	9	359.9	13	451.5
40	12	354.6	4	284.6	8	366.6	5	236.9	7	370.8	13	..
41	7	372.8	4	305.7	3	366.7	4	252.5	3	317.3	13	..
42	7	335.7	4	280.6	3	257.3	4	230.2	3	282.6	13	..
43	6	389.0	4	319.7	2	379.5	4	255.3	2	421.7	..	..

(To be continued)

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CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. in lakhs)

	10-8-45	3-8-45	11-8-44	1-9-39	10-8-45 compared with 1-9-39
Notes held in the Banking Depot.	13,79	20,41	10,53	35,04	— 21,25
In circulation ..	1138,88	1132,70	933,66	182,13	+956,75
Total Notes ..	1152,67	1153,11	944,19	217,18	+935,49
A Gold Coin and bullion	44,41	44,41	44,41	44,41	..
Sterling Securities	1034,34	1034,33	828,33	59,50	+974,83
Total of A ..	1078,74	1078,74	872,74	103,91	+974,83
B Rupee Coin ..	16,09	16,52	13,61	14,69	+ 1,40
Rupee Securities ..	57,84	57,84	57,84	37,39	+ 20,45
Silver bullion under coinage ..	..	..	..	..	..
% of Reserve to Liabilities ..	93,586	93.551	92.433	63.149	+30.389

IMPERIAL BANK

(Rs. in Lakhs)

	10-8-45	3-8-45	11-8-44	1-9-39	3-8-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts ..	237,13	238,60	228,30	87,26	+149,87
Govt. Securities ..	142,74	143,88	131,96	51,03	+ 91,71
Other Investments ..	4,74	474	3,70	96	+ 378
Loans	16,04	17,12	12,53	7,66	+ 8,38
Cash Credit Overdraft	42,36	44,46	42,12	19,76	+ 22,60
Bills discounted ..	3,31	3,36	4,78	2,98	+ 33
Cash in hand with R. B. I. and other Banks	37,68	35,21	43,00	14,69	+ 23,00

BANK OF ENGLAND

(£ '000)

	8-8-45	1-8-45	9-8-44	30-8-39	8-8-45 compared with 30-8-39
Total Bullion ..	852	944	1,316	263,700	—262,848
Public Deposits ..	15,000	11,100	9,800	31,000	— 16,000
Other Deposits ..	256,000	277,100	234,000	129,100	+126,900
Of which Bankers Deposits ..	203,100	221,000	176,100	90,100	+113,000
Govt. Securities ..	246,600	257,000	191,300	113,000	+133,500
Other Securities ..	13,700	12,200	13,800	31,000	- 17,300
Of which Discounts and Advances ..	28,000	5,800	6,500	6,400	— 4,100
Notes and Coins ..	27,700	21,200	50,800	34,200	— 6,500
Notes in circulation	1,323,800	1,319,800	1,150,600	29,000	+1,294,800
% of Reserve to Liabilities ..	9,94	10,82	20,77	21,38	— 11,44

TREASURY BILLS SALES

(3 Months Tenure)

(Rs. in lakhs)

Date of Issue	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
1945					
May 8, " ..	5,75	4,00	0 7 11	..	1,82
" 15, " ..	5,71	2,00	0 7 5	..	2,10
" 22, " ..	5,42	2,00	0 7 0	..	2,31
" 29, " ..	7,38	2,00	0 6 0	..	2,45
June 5, " ..	8,86	2,00	0 4 11	..	4,50
" 12, " ..	..	2,00	0 4 0	..	8,11
" 19, " ..	4,11	2,00	0 4 0	..	3,31
" 26, " ..	5,80	2,00	0 3 11	..	4,69
July 3, " ..	2,26	86	0 3 11	..	1,04
" 10, " ..	2,42	42	0 4 0	..	1,11
" 17, " ..	70	58	0 4 0	..	..
" 24, " ..	57	47	0 5 1	..	1,45
" 31, " ..	2,93	1,50	0 5 11	..	..
Aug. 7, " ..	3,14	3,14	0 6 3	..	..
" 14, " ..	3,20	1,70	0 7 0	..	..

CLEARING HOUSE RETURNS

(Rs. in lakhs)

	1943-44	1944-45	May 1945	June 1945	Aug. 15 1945	Aug 10 1945
Bombay ..	24,42,31	22,36,07	1,82,59	2,02,23	26,28	1,53
Calcutta ..	17,40,12	23,51,59	1,96,85	2,16,94	..	1,70
Cawnpore ..	1,02,41	1,12,95	8,01	8,05	1,30	..
Delhi ..	1,02,41	1,29,04	10,77	10,15	1,84	..
Karachi ..	1,02,64	1,24,54	12,37	11,51	1,07	..
Lahore ..	78,82	74	7,47	8,48	3,23	..
Madras ..	2,00,02	1,27,37	20,40	21,27	..	..

NON-SCHEDULED BANKS

(Rs. in lakhs)

Date	Liabilities Demand	Liabilities Time	Liabilities Total	Cash Balances	% of Cash Balances to liabilities
31-12-1943 (530) ..	17,52	17,27	34,79	4,88	14.0
30-6-1944 (572) ..	21,06	23,37	44,43	5,29	11.9
28-7-1944 (572) ..	20,81	15,58	43,42	4,85	11.1
25-8-1944 (579) ..	22,12	23,81	45,93	5,15	11.2
29-9-1944 (579) ..	22,27	23,24	45,51	5,07	11.1
27-10-1944 (525) ..	22,18	25,78	47,96	5,30	11.1
24-11-1944 (525) ..	22,23	24,48	46,80	5,61	11.9
29-12-1944 (613) ..	24,84	28,29	53,13	6,04	11,4

Number of banks submitting their peturns within brackets.

BANKING DEPARTMENT

(Rs. in lakhs)

	10-8-45	3-8-45	11-8-44	1-9-39	10-8-45 compared with 1-9-39
Cash	13,92	20,53	10,77	35,15	— 21,23
Balances held abroad* ..	443,70	438,27	232,57	10,08	+433,68
Investments	20,60	20,38	11,12	6,81	+ 13,71
Bills discounted -					
(a) Internal and External	..	..	..	..	..
(b) Treasury Bills ..	4,03	4,03	97	1,16	+ 2,87
Loans and Advances to Government ..	..	17	..	31	— 31
Deposits— ..					
(a) All Govts. ..	360,44	363,11	126,59	14,89	+345,55
Of which G. of I. ..	311,33	343,03	113,45	14,89	+326,22
(b) Banks	86,62	85,71	104,22	26,91	+ 59,71
(c) Others	21,54	21,37	10,06	1,24	+ 36,30

*Including Cash and Short-term Securities.

SCHEDULED BANKS

(Rs. in Lakhs)

	10-8-45	3-8-45	11-8-44	1-9-39	10-8-45 compared with 1-9-39
Demand Liabilities in India ..	630,00	629,32	570,43	134,36	+496,24
Time Liabilities in India ..	247,86	245,93	185,94	102,24	+145,62
Cash in India ..	31,42	31,60	25,40	6,70	+124,72
Balances with Reserve Bank ..	88,73	85,05	102,26	25,17	+ 65,56
Advances in India ..	271,63	277,86	206,73	101,52	+170,11
Bills discounted in India ..	13,74	14,04	9,48	3,57	+ 10,14

U. S. FEDERAL RESERVE BOARD

(Million dollars)

	9-8-45	2-8-45	10-8-44	31-8-39	9-8-45 compared with 31-8-39
Resources—					
Total Reserve ..	17,978	17,981	19,107*	14,661	+3,317
Total Bills Discounted ..	353	399	53	6	+ 347
Bills bought in open market ..	..	..	..	(0,000)	—(550,000)
Total U. S. Govt. Securities ..	21,910	21,877	15,231	12,426	+19,484
Liabilities :—					
F. R. Notes in actual circulation ..	23,473	23,341	19,332	14,609	+18,864
Reserve Account ..	14,833	14,861	12,810	10,951	+ 3,882
Total Reserve to Deposits and F.R. Liabilities ..	44·5%	45·1%	55·5*%	36·9%	— 42·4%

Figures in brackets are the actual ones * Gold only.

TREASURY BILLS MATURITIES

(3 Months' Tenure)

(Rs. in lakhs)

Date of maturity	Amount	Date of maturity	Amount
June 25, " ..	4,00	Sept. 12, " ..	2,00
July 2, " ..	4,00	" 19, " ..	2,00
" 9, " ..	4,00	" 26, " ..	2,00
" 16, " ..	4,00	Octr. 3, " ..	2,00
" 23, " ..	4,00	" 10, " ..	86
" 31, " ..	4,00	" 17, " ..	42
Aug. 7, " ..	4,00	" 24, " ..	58
" 15, " ..	4,00	" 31, " ..	47
Aug. 22, 1945 ..	2,00	Nov. 7, " ..	1,50
" 29, " ..	2,00	" 14, " ..	3,14
Sept. 5, " ..	2,00	" 21, " ..	1,70

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	May 1945	May 1944	June 1945	June 1944
Amount (£ In '000) ..	105,310	91,808	—8,451	4,855	—600	6,324

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	Aug. 10, 1945	Aug. 17, 1945
Bombay on London (s.)	1-5 31/32	1-5 31/32
London on New York (Rs.)	332¼	332¼
London on Bombay (s.)	1-6	1-6
Bombay on New York (S)	4,02½—4,02¾	4,02½—4,03¼
New York on London (S)	4-03	4,03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	28th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	3%	3%
U.S.A.—New York Red. Rts.	29th Oct. 1942	1%	1½%
	27th Oct. 1942	1½%	1½%

CASH POSITION

(Rs. in lakhs)

	10-8-45	3-8-45	11-8-44	1-9-39	10-8-45 compared with 1-9-39
Reserve Bank of India	13,92	20,53	10,77	35,15	—2123
Scheduled Banks ..	120,15	116,65	127,69	31,87	+8828

B—General

ECONOMIC ADVISER'S INDEX NUMBERS OF WEEKLY WHOLESALE PRICES† OF CERTAIN ARTICLES IN INDIA

(Base: Week ending 19th August, 1939 = 100)

Commodity/Group	Nov. 1943	Dec. 1943	November 1944 4th	11th	18th	25th	Average	December 1944 2nd	9th	16th	23rd	30th	Average
1. Rice (a) ..	602	481	333	333	333	333	333	333	333	333	333	333	333
2. Wheat (a) ..	379	379	376	378	378	377	377	388	375	377	382	384	381
3. Tea (a) ..	240†	241†	155	155	155	155	155	155	155	155	155	MC	155
4. Groundnuts (a) ..	266	243	218	211	211	212	213	215	218	219	216	217	217
5. Coffee (a) ..	329*	323†	352	352	352	349	351	350	352	350	350	350	350
6. Sugar ..	149	151	167	167	167	167	167	167	167	167	167	167	167
7. Tobacco (a) ..	216	221	636	670	656	636	649	636	663	663	663*	MC	167
9. Cotton, raw (a) ..	405	426†	439	447	463	484	458	509	510	496	479	494	497
10. Jute, raw (a) ..	190	193	181	178	180	181	180	184	190	189	196	193	190
11. Linseed (a) ..	220	200	199	199	199	199	199	199	199	199	199	MC	199
12. Pig Iron (a) ..	117	117	210	204	204	204	205	205	209	214	216	211	211
13. Coal ..	226	226	117	117	117	117	117	117	117	117	117	MC	117
14. Lac (a) ..	501	507	315	315	315	315	315	315	315	315	315	MC	315
15. Wool, raw (a) ..	176	176	507	507	507	507	507	507	507	507	507	MC	507
16. Hides & Skins, raw (a) ..	125	125	241	241	241	241	241	241	241	241	241	241	241
17. Kerosene ..	178	178	132	135	135	135	134	135	135	138	141	MC	137
18. Petrol ..	166	166	175	175	175	175	175	175	175	175	175	MC	175
19. Cotton Manufactures ..	405	381	168	168	168	168	168	168	168	168	168	MC	168
20. Jute Manufactures (a) ..	232	251	285*	285*	285*	285*	285	285*	285*	285*	285*	285*	285
21. Cement ..	186	182	249	241	238	241	242	244	245	246	249	MC	246
22. Galvanised Corrugated Sheets ..	346	340	212 / 347*	212 / 346*	212 / 345*	212 / 346*	212 / 346	212 / 347*	208 / 348*	208 / 347*	208 / 348*	MC / MC	209 / 347
23. Leather (a) ..	170	171	213	216	217	217	216	218	219	220	222	222	220
Groups													
1. Agricultural Commodities (1 to 11) ..	268.6	261.0	268.6	268.5	269.2	269.5	268.9	272.4	277.4	274.3	274.5*	..	273.9
II. Raw Materials (12 to 18)	189.1	189.3											
III. Manufactured Articles (19 to 23) ..	256.9	251.9†	209.0	209.7	209.7	209.7	209.5	209.7	209.7	210.4	211.1	..	209.2
IV. Primary Commodities (1 to 18) ..	234.4†	230.3†	256.4*	255.5*	254.9*	255.7*	255.7	256.7*	256.1*	256.6*	257.8	..	256.8
V. All Commodities (1 to 23)	239.1†	234.8†	243.6	244.0	244.3	244.4	244.1	246.0	247.2	247.4	247.8	..	247.1
VI. Chief Articles of Export [commodities marked (a)]	289.3†	233.4†	246.3 / 245.7	246.3 / 245.4	246.5 / 245.1	246.8 / 244.7	246.4 / 245.2	248.3 / 246.1	249.1 / 247.6	249.4 / 248.5	250.0 / 250.0	.. / ..	249.2 / 248.0

† Revised. * Estimated. M.C. Market closed.

LEAGUE OF NATIONS STATISTICS. CASH RATION OF COMMERCIAL BANKS.

	1938 A	1938 C	1939 A	1939 C	1940 A	1940 C	1941 A	1941 C	1942 A	1942 C	1943 A	1943 C	1944 A	1944 C
Argentine (all banks) ..	48.1	16.6	53.0	20.1	48.1	18.5	41.9	18.8	44.7	20.7	51.8	25.3	52.6	26.6
Australia (9 banks) ..	29.5	11.0	29.2	11.3	28.2	11.9	27.3	12.5	46.7	25.1	59.4	33.7	63.9	41.1
Belgium ..	14.4	12.9	137	12.4	14.9	13.7	11.6	10.6	10.2	8.5	7.1	5.9	..	..
Canada (10 Chartered Banks)	35.6	10.2	32.1	102	30.5	11.1	14.9	11.4	21.1	10.4	22.9	11.1	31.0	12.9
Chile (18 banks) ..	22.6	14.7	15.1	10.7	17.1	12.7	14.9	11.4	14.3	10.6	16.7	13.1	..	..
France (6 Deposit Banks) ..	11.2	10.8	10.4	10.1	10.2	9.9	7.9	7.8	8.7	8.0	8.2	7.2	..	..
Iceland (2 Banks) ..	28.6	9.1	25.0	8.0	56.3	20.5	69.2	26.5	38.8	17.6	75.4	30.7	..	..
India (Sch. Banks) ..	15.3	8.3	18.2	10.6	34.0	21.5	19.2	12.7	19.1	14.3	23.2	17.7	22.4	17.0
Mexico (all Banks) ..	54.1	43.5	39.8	33.0	59.6	51.2	43.7	37.2	50.7	44.0	60.1	52.3	62.7	54.1
Spain (220 Banks) ..	37.7	19.4	..	..	..	..	20.6	141.	24.7	16.7	27.9	19.0	29.7	19.9
Sweden (28 Banks) ..	46.7	12.6	20.9	5.7	36.8	10.3	39.5	11.2	13.5	5.6	9.6	3.9	13.4	5.2
Turkey (11 Banks) ..	49.0	22.8	58.2	32.5	46.1	26.6	31.8	18.3	45.0	26.4	42.5	25.9	..	26.3
Union of S. Africa (5 Banks)	31.7	21.5	29.0	19.8	36.4	27.0	31.6	25.0	42.5	34.5	46.0	35.0	45.4	34.7
U.K. (London Clearing Banks)	19.3	10.8	19.6	11.2	18.3	11.6	16.9	11.0	16.1	10.7	15.6	10.5	15.7	10.4
U.S.A. (Members of the F.R.S.)	38.9	26.5	45.0	31.6	45.5	33.2	35.6	26.9	26.4	21.3	21.5	17.4	19.4	15.7

N.B.—A: Cash as percentage of demand deposits. C: Cash as percentage of total deposits.

RAILWAY STATISTICS (1st CLASS)

(A) Gross Earnings

Railways	Up to 10-7-43 (in lakhs) Rs.	Up to 10-7-44 (in lakhs) Rs.	from 1st April Up to 10-7-45 (in lakhs) Rs.	Increase (+) or decrease (−) in the current year as compared with previous year. Amount (in lakhs) Rs.	Percentage
B. & A.	4,51	6,45	9,29	+2.84	+44.0
B. N.	4,79	4,72	4,96	+ 24	+ 5.09
B. B. & C. I.	5,51	5,79	5,99	+ 20	+ 3.46
E. I.	9,42	11,29	12,14	+ 85	+ 7.53
G. I. P.	8,31	9,22	8,97	— 25	— 2.71
M. & S. M.	3,75	4,16	4,91	+ 75	+18.0
N. W.	8,85	9,43	10,22	+ 79	+ 8.38
Oudh & Tirhut	1,86	1,75	2,07	+ 32	+18.3
S. I.	2,67	3,15	3,48	+ 33	+10.5
Other Railways	24	27	28	+ 1	+ 3.70
Total	49,91	56,23	62,31	+6.08	+10.8

(B) WAGON LOADINGS

(No. of wagons in terms of 4 wheelers)

	1st April to 10th July 1944-45	1945-46	Percentage. Increase (+) or decrease (−) in 1945-46 over 1944-45.
Broad gauge	1,225,300	1,308,079	+ 6.76
Metre gauge	6,77,738	819,886	+21.0
Details of Wagons			
(i) Coal and coke for the public and for foreign railways	2,95,725	317,803	+ 7.47
(ii) Grains and pulses	180,692	182,967	+ 1.28
(iii) Oil seeds	42,878	51,086	+19.1
(iv) Cotton	30,799	34,367	+11.6
(v) Miscellaneous smalls	185,891	210,843	+13.4
(vi) Miscellaneous full wagons	1,032,273	1,180,124	+14.3
(vii) Home line stores and materials	134,810	150,777	+11.8

(C) TONNAGE LIFTED

Broad gauge	19,156,460	19,273,515	+ 0.61
Metre Gauge	5,280,929	6,072,880	+15.0

ECONOMIC ADVISER'S INDEX NUMBERS OF WHOLESALE PRICES

Wholesale Prices*: week ended 19th August, 1939 = 100 (Average of weekly figures)

	Agricultural Commodities	Raw Materials	Primary Commodities	Manufactured Articles	General Index	Chief Articles of Export
	1	2	3	4	5	6
1939-40 ..	127.5†	118.8†	124.2†	131.5†	125.6‡	130.5‡
1940-41 ..	108.6	121.5	113.4	119.8	114.8	114.1
1941-42 ..	124.2	146.9	132.5	154.5	137.0	137.3
1942-43 ..	166.2	165.9	166.0	180.4	171.0	161.7
1943-44 ..	268.7	185.0	232.5	251.7	236.5	236.4
1944-45 ..	265.4	240.5	240.5	258.3	244.2	243.9
May 1944 ..	250.6	203.1	231.0	262.5	237.4	235.9
June	256.1	204.3	234.5	259.4	239.7	239.3
July	268.5	203.8	241.2	260.7	245.3	246.7
August	268.8	201.5	240.3	262.5	245.0	246.9
September	265.3	203.2	239.2	259.0	243.3	244.5
October	262.7	208.3	240.1	255.8	243.4	242.4
November	268.9	209.5	241.1	255.7	246.5	245.2
December	273.8	210.2	247.1	256.8	249.2	248.0
January 1945 ..	275.3	211.6	248.5	257.1	250.3	249.7
February	274.5	209.0	246.9	256.7	248.8	249.1
March	273.6	208.7	246.2	253.7	247.8	249.8
April	267.9	208.5	243.1	239.6¶	242.3	246.8
May	256.3	208.7	237.8	239.0	238.1	241.8
June §	256.2	208.7	236.6	240.7	237.4	239.6

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities		Market	Unit	This week. Rs. a. p.	Last week Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	8 4 0	8 8 0
	Superior	,,	,,	8 7 6	8 9 0
	Ready	Lyallpur	,,	8 8 0	8 12 0
	Red	Hapur	,,	10 4 0	10 4 0
	Dara	Cawnpore	,,	12 5 0	12 5 0
	..	Calcutta	,,	10 7 0	10 7 0
2. *Rice	Punjab Basmati New	Amritsar	,,	23 0 0	23 0 0
	Punjab Basmati Old	,,	,,	24 0 0	24 0 0
	Punjab Basmati Sela	,,	,,	22 8 0	22 8 0
	Parmal	,,	,,	19 0 0	19 0 0
	Sone	,,	,,	16 0 0	16 0 0
	Begami	,,	,,	14 0 0	14 8 0
	Jhone	,,	,,	13 4 0	13 8 0
	Common Ricef	Cawnpore	,,	26 10 8	26 10 8
	Medium Grade	Calcutta	,,	11 12 0	11 12 0
3. *Linseed	Ready Bold	Bombay	,,	12 13 9	14 3 9
	,, Small	,,	,,	12 9 4	13 15 4
	,, Bold	Cawnpore	,,	8 0 0	8 0 0
	,, Small	,,	,,	8 0 0	8 0 0
	,, ,,	Calcutta	,,	12 0 0 to	12 0 0 to
4. *Mustard	Yellow	Cawnpore	,,	13 0 0	13 0 0
	Black	,,	,,	12 0 0	10 0 0
5. *Groundnuts	Karnel (Coromandal)	Madras	,,	10 0 0	12 3 10
	Karnels	Bombay	,,	11 12 5	11 9 2
6. *Potatoes	Deal	Cawnpore	,,	16 0 0	15 0 0
	Pahari (Haldwani)	,,	,,		
†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	430 0 0	426 0 0
7. †Cotton (yarn)	No. 10½s.	,,	per lb.	0 12 9	0 12 0
	No. 20s.	,,	,,	1 1 0	1 1 0
9. †Cotton (piece-goods)	Long cloth (std. quality)	,,	,,	79 0 0	79 0 0
		,,	,,	74 0 0	74 0 0
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (40) (400 lbs.)	66 12 0	...
	Lightnings (Mills)	,,	,,	22 2 0	22 2 0
11. †Jute (bags)	B. Twills (2¼ lbs.)	,,	per 100 bags		
12. †Jute (cloth)	Hessian cloth 8oz.	,,	per 100 yds.	29 0 0	29 0 0
	Hessian cloth 10½ oz.	,,	,,	82 0 0	82 0 0
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 82 lbs.)	...	...
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	170 0 0 to	170 0 0 to
	Goat skins (good quality)	,,		190 0 0	196 0 0
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	1 9 0 to	1 9 0 to
				1 13 0	1 13 0
	Goat skins	,,		2 12 0 to	2 12 0 to
				3 0 0	3 2 0
16. †Shellac	T.N.	Calcutta	per md.	71 0 0	71 0 0
17. †Kerosene Oil	Superior	,,	per tin of 4 gallons	4 14 9	5 1 3
18. †Coal	Selected Jharia A	,,	per ton f.o.r.	13 5 0	13 5 0
19. †Cement	Indian	,,	full wagon load of 16½ to 23 tons	68 12 0	68 12 0
20. †Coffee	Plantation A	Mangalore	per cwt.	137 0 0 to	136 0 0 to
		Calcutta	per lb.	139 0 0	137 0 0
21. †Tea	Indian market	Cawnpore	per md. (ex-factory)	0 14 10	...
22. †Sugar	First Crystals			16 1 6 to	16 1 6 to
				16 12 6	16 12 6
23. ‡Oils—Linseed	Ready	Bombay	per quarter	12 0 0	...
Castor	,,	,,	,,	10 4 0	...
Copra	,,	,,	,,	10 6 0	...
Groundnut	,,	,,	,,	9 8 0	9 8 0

†Marketing Adviser's Report (weekly), August 18, 1945.
‡The Times of India, August 20, 1945.

COTTON STATISTICS

A.—CURRENT PRICES

	BOMBAY (Rs. per candy of 784 lbs.) Aug. 16, 1945	Aug. 9, 1945	NEW YORK (Cents per lb.)	Aug. 16, 1945	Aug. 9, 1945
Futures:			Futures:		
Sept., 1945	395	430	Oct. 1945	22.79	22.86
			Dec. 1945	22.81	22.88
Spot:			Jan. 1946	22.75	22.86
			Mar. 1946	22.74	22.85
Jarrila F.G.	538	413	May 1946	22.72	22.83
			Spot	23.21	23.25

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

Week ending	Aug. 4 1945	July 28 1945	This season 1944-45	Last season 1943-44
Receipts at Bombay	12,923	16,723	2,002,260	1,785,307
Receipts at Karachi	14,428	15,168	1,099,213	920,421
Total bales ..	27,351	33,891	3,101,273	2,705,728
Exports from Bombay ..	11,645	5,657	164,765	175,446
Exports from Karachi ..	2,000	9,000	906,000	829,500
Total bales ..	13,645	14,657	1,070,765	1,004,946

* Indian Trade Journal, August 16, 1945.

SUGAR POSITION

Season 1945-45—Figures in tons

Producing Areas	Production up to 7-8-45.	Despatches during the period 1-8-45 to 7-8-45.	Progressive total of despatches up to 7-8-45.	Percentage of progressive despatches to production	Balance Stock as at close of 7-8-45.
U.P.	5,31,987	17,297	3,78,449	71.1	1,53,538
Bihar	1,70,494	6,314	1,03,559	60.7	66,935
*Bombay	75,085	1,106	52,962	70.5	22,123
*Madras	48,667	20	34,782	74.5	13,885
Punjab	8,248	100	6,627	80.3	1,621
Bengal	11,986	363	9,809	81.8	2,177
N.-W.F.P.	4,127	90	3,271	79.3	856
Orissa	2,538	77	1,912	74.8	644
*Indian States	1,15,010	1,671	87,940	76.3	27,070
TOTAL	9,68,130	27,038	6,79,351	70.2	2,88,819

Note:—Balance stock of 1942-43 and 1943-44 season's sugar as at close of 7-8-45 was 936 tons.

(2) Production returns have not been received from 4 factories. * Revised.

D—Prices

INDIAN STOCKS AND SHARES

	21-8-45 Rs. a. p.	14-8-45 Rs. a. p.
GOVT SECURITIES:		
3¾% (1948-52) (98)	..	..
3% (1945) (100)	..	..
3% (1960-65)	100 3 0	..
3% (1952-54) (98½)	..	..
3½% G.P. Notes	101 8 0	101 6 0
4% (1960-70)	..	98 0 0
4½% (1955-60)	101 8 0	101 14 0
5% (1945-50)	..	..
Calcutta		
3% Loan (1945-52)		117 2 0
3% Loan (1953-55)	100 8 0	100 4 0
3% Vic. (1957)	97 4 0	
4½% (1955-60)	101 7 0	..
5% Loan (1955-60)	100 2 0	..
TEXTILES: Bombay		
Ahmedabad	386 4 0	396 4 0
Bom. Dyeing (250)	1,946 4 0	1,958 8 0
Central (10)	363 4 0	366 8 0
Century (100)	890 0 0	900 0 0
Colaba (10)	218 0 0	219 0 0
Ind. Bleaching (10)	162 0 0	168 0 0
Kohinoor (100)	576 8 0	591 8 0
Phoenix	650 0 0	650 0 0
Sholapur (1,000)	7,800 0 0	7,800 0 0
Simplex	286 0 0	290 0 0
Swadeshi (100) £	527 0 0	533 8 0
Vishnu (50)	478 12 0	482 8 0
Finlay (100)	278 0 0	..
Swan (100)	301 0 0	..
Morarji (100)	695 0 0	..
New Great (100)	373 0 0	..
Apollo	3 14 3	..
Sassoon Ordy.	13 11 6	..
Sassoon Defd.	2 15 6	..
Poddar	350 0 0	..
Gokak	285 0 0	..
Calcutta		
Ben. Nag. (10)	..	..
Cawn. Tex. (2-1/2)	..	13 0 0
Dunbar (100)	337 0 0	..
Kesoram	..	..
Elgin Mills (10)	..	66 8 0
Muir Mills (50)	440 0 0	..
N. Victoria (2-1/2)	7 9 0	8 1 0
Basanti	13 13 0	..
Madras		
B. & C Ord. (100)		342 0 0
Bang. Wool (100)		495 0 0
Pankaja (100)		..
Cambodia (10) $		28 3 0
Coim. Spg. (50)		..
Sitaram Spg. (50)		..
Vasantha (100)		..
Madura (15)		72 0 0
Lakshmi Old (50)		170 0 0
Sharda (100)	.. ..	..
Lahore		
Ajudhia	..	..
Cawn. Tex. (2-1/2)	..	..
N. Vic. Ord. (2-1/2)	7 11 0	..
N. Vic. Pref.	..	8 0 0
Raza Tex (10)	68 4 0	71 4 0
JUTE: Calcutta		
Alliance (100)	..	..
Anglo-India (100)	531 0 0	533 0 0
Barnagore	279 0 0	283 0 0
Birla (10)	..	..
India		776 0 0
Champdany (100)	278 0 0	284 0 0
Ganges (300)		663 0 0
Bally (100)		426 0 0
Budge Budge (100)		598 0 0
Cheviot (100)	382 0 0	380 0 0
Howrah (10)	93 15 0	96 0 0
Kamarhatty (100)	797 0 0	804 0 0
Kanknarrah	674 0 0	681 0 0
National (10)	36 2 0	36 8 0
Orient (100)	307 0 0	317 0 0
Lahore quotations for 13-8-45.		

	21-8-45 Rs. a. p.	14-8-45 Rs. a. p.
Presidency (5)	14 4 0	14 7 0
Nuddea (50)	140 8 0	141 8 0
TATA SHARES: Bombay		
Chemical (10)	18 10 0	..
Oil	67 12 0	..
Power (1,000)	1,865 5 0	1,875 0 0
Hydro (100)	202 8 0	..
Steel Ord. (75)	407 8 0	403 8 0
Steel Pref. I (150)	226 4 0	226 4 0
Steel Pref. II (100)	164 12 0	166 12 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com.	..	..
Braithwaite (10)	14 7 0	14 4 0
National Iron (10)	11 6 0	..
Steel Cor. Ord. (10)	33 8 0	34 4 0
Steel Cor. Pref. (10)	..	..
Jessops Ord. (10)	25 14 0	..
Kumardhubi (10)	11 4 0	11 8 0
Bhartia Elec. (10)	..	..
Ind. Iron	39 15 0	41 5 0
COAL: Calcutta		
Amalgamated (10)		55 12 0
S. Karanpura	36 8 0	37 14 0
Bengal (100)	766 0 0	..
Bhalgora	264 0 0	246 0 0
Barrakur (10)	44 1 0	45 10 0
East India (£)		46 4 0
N. Damuda (1/2)		..
Equitable	70 8 0	72 7 0
Standard (10)		46 11 0
Ghusak and Mushia	17 2 0	17 6 0
Kuardi	..	..
New Beerbhoom	46 4 0	46 10 0
Raneegunge		64 8 0
Dhemo Main		31 2 0
SUGAR: Calcutta		
Buland	42 6 0	..
Balrampur (10)	..	..
Samastipur	20 12 0	21 10 0
Belsund (7-1/2)	..	16 8 0
Carew (10)	29 8 0	31 0 0
Murree Brewery (5)	..	..
New Savan (10)	..	..
Ram. Cane Ord.	22 5 0	23 2 0
Lahore		
Pun. Sugar (100)	..	..
Gokalnagar Ord	..	..
Murree Brewery (5)	..	..
Jagjit	..	..
Jaswant	..	..
Madras		
Mysore (10)	..	59 12 0
Deccan (10)	..	31 4 0
Deccan (25)	..	75 8 0
Travn. Sugar (7)	..	16 12 0
South India (10)	..	..
PLANTINGS: Madras		
Cochin Malabar (3)		18 3 0
Chembra Peaks (2)		9 11 0
Woodlands (10)		..
Thirumbadi (1)		4 2 0
Travan. Rubber		..
TEA: Calcutta		
Bishnauth (10)		..
Cen. Cachar (100)	329 0 0	..
Tezpore (10)	22 10 0	..
Eastern Cachar	..	..
East India	..	..
BANKS & INS.: Bombay		
Central (5)	83 0 0	..
Imperial F.P. (500)	2,192 0 0	2,210 0 0
Imperial (P.P.) (125)	562 8 0	563 12 0
Reserve (100)	138 8 0	139 8 0
India (50)	180 8 0	..
New Ind. In. (15)	79 12 0	80 0 0
Calcutta		
Reserve	136 0 0	..
United Comm.	26 8 0	..
Lahore		
United Com. (50)		78 2 0
Hind. Com. (50)		..
Pun. Na. (P.P.) (50)		..
Pun. Na F.P. (100)		233 0
Bharat Bank Pref.		..

	21-8-45 Rs. a. p.	14-8-45 Rs. a. p.
National Bank 'A'	22 2 0	..
National Bank 'B'	8 9 6	..
New Bank of La. B	..	..
Oriental	..	..
MISC.: Bombay		
Ajmer	14 14 0	15 1 0
Asset. Cement	209 4 0	208 0 0
Bom. Sub. (100)	211 4 0	211 14 0
B.I.C.	7 5 0	..
Alcock	406 4 0	412 8 0
Belapur Sugar (150)	214 0 0	213 8 0
Bom. Bur. (50)	561 4 0	..
Bom. Bur. N. (50)	202 8 0	191 4 0
Bom. Steam (250)	607 8 0	610 0 0
Bom. Tram	144 12 0	145 4 0
Bombay Petrol	5 7 0	6 0 3
Scindia Steam	38 4 0	36 11 0
Shivarajpur (50)	50 0 0	50 0 0
And. Val. (1,000)	1,830 0 0	1,840 0 0
Indian Iron (10)	40 4 0	40 11 0
Indian Copper (25)	3 7 6	3 4 0
Prem. Cons. (30)	100 0 0	100 0 0
Burma Corpn.	..	8 11 0
Calcutta		
Bengal Paper (25)	..	..
I.P.P. (100)	222 0 0	128 0 0
Shree Gopal (10)	..	18 10 0
Star (10)	15 14 0	..
Titaghur	36 12 0	31 12 0
Ind. Cop (2s.)	2 0 0	..
Cons. Tin	4 0 0	4 4 0
Burma Corpn.	6 11 0	6 5 0
As. Ben. Com. Ord.	10 12 0	..
Aluminium Corpn.	16 12 0	17 0 0
Rohtas Industries	16 7 0	16 14 0
Bir. Bur. Petroleum	..	5 4 0
Ben. Navigation	..	..
Midna. Zamindari	187 0 0	193 0 0
Dalmia	..	17 6 0
Lahore		
Indian Iron	40 7 0	40 9 0
Dharangdhara	401 0 0	..
Rampur Distillery	..	15 4 0
National Saltpetre	..	..
North India Oil	..	..
Shree Gopal (10)	..	..
Star (10)	..	..
Kaycee Glass	..	..
Kaycee Industries	..	8 5 0
Jagjit Distillery	..	7 6 0
Hind Motors	3 14 0	..
Delhi		
Rampur Maize		42 0 0
Rampur Dist		16 14 0
Un. Com. (50)		78 0 0
Dharangdhra (xd.)		465 0 0
Bharat Bank Ord.		..
Gwalior Brewery		17 4 0
Raza Tex. (10)		68 8 0
Cawn Tex. (2-1/2)		13 0 0
Hind Com. Ba (50)		54 0 0
Delhi Flour		15 0 0
Amrit Ordy		..
Amrit Pref. I	.. ..	..
Amrit Pref. II		..
Delhi Cloth Mill		..
Buland Sugar		..
Raza Sugar		..
Cen. Dist		16 8 0
Hyderabad		
Hy. Bank (U.S. 50)		..
Azamjahi (U.S. 100)		..
Hy. Spn. & Wvg. (B.G. 1,000)		..
Osmansahi (B.G. 100)		..
Nizam Sugar Ord. (C.S. 25)		..
Che. and Fer (O.S. 25) (50)		..
Hy. Con. O.S. (100)		..
Hy. Iron & Steel (O.S.) (10)		..
Singareni (B.E.)		..

COMMODITY MARKET

MADRAS, Aug. 18, 1945.

Information was received early this week that the British Ministry of Supply (Leather Control) London have turned down the request of the tanners and shippers for a flat rate increase of seven annas per lb. Following the rejection of their demand, tanners and merchants held a meeting to consider the situation. After a prolonged discussion, it was resolved that tanners must send their tanned cow hides and calf skins to their respective *mundies* who would sell to the shippers and who in their turn would sell to the Ministry. It was also resolved that the *mundies* must not sell fifths and inferior fifths in the local market. The bonus received by the shippers should be passed on to the tanners through the *mundies*. The Ministry was also requested to make payments in the month in which stocks are sold. In pursuance of these decisions, a deputation of tanners and merchants waited on the representatives in Madras of the Ministry of the Supply. Besides communicating the decisions arrived earlier, the deputationists asked for a guarantee, in view of the termination of the war, that the present price-cum-bonus system would be continued for six months from January 1, 1946. The reply by the Ministry is now awaited and on receipt of the same, the market would adjust itself to the new conditions.

Stocks of wattle bark are low in the Presidency and it is stated that unless the Government of India comes to the rescue by releasing from their reserve stocks, tanneries would suffer.

Groundnuts

The groundnuts market ruled easier following the war news and the weakness of the Bullion market. Exporters were maintaining lower limits though no largescale business seems to have been done at those rates. Since writing last week, the British Ministry of Food have purchased 15,000 tons at £. 35. Further offers at the same rate for distant positions have been rejected. It is stated that the Ministry is interested in near deliveries. Exporters wrre buying at Rs. 78 old crop and were quoting Rs. 70 for the new crop at which rate a small volume of business has been done in the Andhra Districts.

Bullion

Prices in the Bullion market suffered a sharp decline following the surrender of Japan. Gold opened higher at Rs. 74-8 on Monday this week when it was known that the Reserve Bank was unwilling to sell below Rs. 75. This was interpreted by the market that the quotation would not be allowed to decline below this level and hence there was a bullish tendency. But when the news of the surrender came, there was nervousness and sellers appeared. The market declined to Rs. 70 and next day the quotation further eased to 68. Then there was a rally with covering operations and upcountry demand. The quotation gradually improved to and closed at Rs. 69-12. Sovereigns declined from Rs. 52 to Rs. 47 and closed at Rs. 47-4. Silver declined from Rs. 134 to Rs. 120 and closed at Rs. 125-4. There was heavy selling of gold and a large volume of business passed. Silver and sovereigns saw only a small volume of business.

Piecegoods

The supply position in the Piecegoods market was good. The allotment for June including mill quotas amounted to nearly 7,000 bales of which nearly 50 per cent. have been received. The quota for July and August is low. A special quota for Deepavali has been asked for and the local textile authorities have taken up this question. In spite of large arrivals, there has been no improvement in the retail distribution. The discretion allowed to the retail dealers to sell the goods to *bona fide* buyers has not helped to any great extent. It is stated that steps are being taken to prevent tailoring establishments and ready-made garment manufacturers from making purchases in the market. Internal Transport situation in the province has been a difficult problem. Over 3,000 bales of cloth intended for the districts are lying in the City for want of transport facilities. Therefore the supply position in the districts is rather difficult.

HAPUR, Aug. 17, 1945.

Wheat markets in the U. P. have ruled steady. This due to the fact tha wheat stocks in important centres are small. The steadiness is also caused by very poor other grain (gram and bajra) supplies. But this is not likely to create any difficulty. The U.P. Government have announced that they are receiving 43,000 tons of wheat from the Punjab during the rainy season and 13,000 tons soon after. Besides this supplies may also be received out of the wheat imported from foreign countries which would be stocked in Sind and which, it is told, is being received at a price which is lower than the Sind wheat. The control rate in important centres are unchanged. In assembling centres it is 10|4.

In the Punjab the prospects of heavy wheat imports in near future have unnerved wheat stockists who are anxious to liquidate their surpluses. There the trend is definitely easier and prices have recorded some decline.

Exports and imports figures of wheat in the three big Indian ports for the year ending March 31, 1945 are as follows: Calcutta 63967, Bombay 61288 and Karachi 223880 tons as against 294063, 141833 and 239938 tons respectively during the corresponding period last year. Foreign imports totalled 96317 tons in Calcutta. Total exports to foreign countries were 1500 tons as against 30284 tons during the corresponding period last year. Imports into India the week ending 30th June were 7011 tons only.

The third all India wheat forecast report estimates India's wheat yield in 1944-45 at 10501000 tons and acerage at 35072000. The increase over the revised figures for 1943|44 is 2% in respect of yield and 4% in respect of acerage.

Weather during the week has been extremely dry and rains are badly needed for the recently sown crops.

Guwar And Bullion Futures

Silver market was quite steady till the declaration of war by Russia on Japan which set in an easier undertone accelerated by the surrender offer of Japan. Bulls were unnerved and prices fell precipitately. Silver which was quoted Rs. 138 in the beginning of the week fell to as low as Rs. 125|9. Presently it is quoted at Rs. 128|8. The small recovery towards the close was due to covering buyings. Gold is now quoted at Rs. 71|4. Guwar maha delivery suddenly fell to Rs. 6|9|6 from Rs. 7|4. The prolonged dry weather and huge maha delivery buyings on adverse crop comments had held the tone but the crash in sympathy with bullion was simultaneous. Bardana likewise fell sharply from Rs. 54|8 to Rs.51. The outlook in the futures market is very uncertain. Prospects of the early termination of war will be a stumbling block to the bulls and the tendency will continue to be downwards with small contrary reactions.

Gur market remained very steady due to the exigence of some demand for exports. Gur is quoted at Rs. 10||10 and jaggery powder at Rs. 12.



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Lease-Lend Crisis

LAST week President Truman issued a directive to the Foreign Economic Administration cancelling all outstanding lease-lend contracts. This directive threw the British Government into a state of panic. It was stated by the British Prime Minister on the floor of the Parliament that this directive was issued without consultation and prior discussion with the British Government and consequently involved the British economy in what was called a "crisis of re-adjustment." It was of course well-known that the lease-lend aid was expressly designed to help Allied war efforts and with the end of the war, the primary *raison d'etre* of the lease-lend aid had vanished. Nevertheless the fact that President Truman should take measures to end the lease-lend programme so abruptly and without showing the common courtesy of prior consultation with the British Government has caused great speculation. Mr Churchill had on an earlier occasion remarked that "the United States with the secret of the atomic bomb stands on the summit of the world." Is this abrupt ending of the lease-lend programme designed to bring home to the world that as in the military sense so in the economic world, United States with its vast economic resources symbolized through lease-lend, stands on the "summit?" Was it meant as a lever for political bargaining just when the council of foreign ministers of the big powers are about to meet in London? Was it meant as a sort of political blackmail to the British Labour Government which was just in saddle and getting set for its rather Leftist economic programme? In other words, was it meant merely as forcible expression of the supremacy or potency of dollar diplomacy? The United States Administration was of course quick to refute the suggestion that the cancellation of lease-lend was aimed as a "blow at the British Labour Party Government" or indeed that it was meant as an emphatic way of putting Britain in her proper place just on the eve of important international conferences or as a political bargaining counter, although when directly questioned, Mr Crowley slyly hinted: "They (the British) are very intelligent people. I have never found them slow on the up-take." Naturally the British Government as also others concerned will not be slow on the up-take and will put their own construction on this dramatic revocation of lease-lend programme. Howbeit, these events serve to bring to issue some of the fundamental economic problems which will beset the world now that the war has ended and the world economy would be required to switch over to peace gearings.

Fundamentally, of course, the crisis is only a crisis of readjustment and is attributable to the sudden ending of the lease-lend programme which formed the key-stone of the structure of inter-allied war effort. Britain has been a Great Power on lease-

lend. More and more she will find herself economically, and, therefore, militarily a smaller power in relation to the giants like the United States and Soviet Union. Her economic power has been rather incommensurate with her status and commitments as a Great Power. This fact has been concealed during the war years only by dint of the fact that she could draw upon American aid at the rate of about five billion dollars in 1944 supplemented by massive disinvestment of her overseas resources and accumulation of sterling debt on an unprecedented scale. For the present Lord Keynes along with other British negotiators are hurrying to Washington with a view to reaching a mutually satisfactory solution of the great problems created by the sudden end of lease-lend. President Truman has assured the British Prime Minister that the misgivings expressed by the latter "would not materialize" and the President's order will be interpreted in a way which will afford opportunity and time for the necessary readjustment. The Foreign Economic Administration has also taken early opportunity to assure all that it is alive to the problems which would be created by the sudden termination of the lease-lend programme and that it had measures in view to combat such dislocating effects which are apprehended. Firstly, the Foreign Economic Administration will discontinue new procurements except in so far as the Allied Governments are prepared to pay cash or credit which could be arranged through the Export-Import Bank for such procurement. Secondly, that Allied Governments would be given the opportunity to acquire all the items they have ordered that are now in the process of manufacture by giving to the United States the obligation of calling for equal annual payments spread over 30 years and bearing an annual interest rate of 2-3/8 per cent. Thirdly, that inventories now on the soil of Allied Governments and goods in process of delivery to them shall be made available to them on cash-credit basis. Fourthly, in order to give Allied Governments time to set up their own purchasing agencies, procurement by the F.E.A. will continue until V-J day plus 60 days. Similarly, United States shipping facilities would continue to be at the disposal of the Allied Governments until V-J day plus 30. All these of course mean that the flow of goods and services could legally continue; only the correlated obligations are to be re-negotiated and put in terms of extra lease-lend and normal commercial basis.

The problem at the root of course is that during the war Britain's international financial position has seriously deteriorated, firstly, due to the depletion of overseas resources and accumulation of obligations in respect of Britain's competitive position in earning invisible overseas income, e.g., shipping services, etc. During the war again Britain has been accepting lease-lend aid and turning over her man-power and resources to the limit and exclusively in the interest of war effort. Thus, while American normal commercial exports have been well maintained and increased during the single year of readjustment following Pearl Harbour, British exports have been steadily falling until in 1943 it was less than half in value of the 1938 figure or less than 30 per cent. in quantum. It is not always realized that this has been one of the indirect implications of the lease-lend Act which has allowed Great Britain to convert a considerably higher percentage of her man power to direct war effort than any other belligerent Government. At the same time, it means that the sudden termination of the flow of lease-lend assistance would throw the British economy completely out of gear until Britain's productive capacity has been reconverted to peace structure. Mr Attlee drew a very sombre picture of the British position. He said that exclusive of munitions, the rate of British overseas expenditure on the eve of V-J day was about £2,000 million per annum. As the rate of exports was £350 million and certain sources of income, mainly temporary, such as receipts from the United States forces in Great Britain and reimbursements from the Dominions for war expenditure which Britain has incurred on their part, were £450 million the British economy now starts with the prospect of an initial deficit of £1,200 million. As against this, of course the rate of overseas disbursement is likely to fall heavily now that the war has ended. The British commitments to render reverse lease-lend aid also of course simultaneously end with the termination of lease-lend aid. The estimate made by competent students is that the British economy will be faced with a deficit on its international accounts unless British exports can be increased by at least 50 per cent. over the pre-war level. This means, of course, that the British Government will now be forced to plan, firstly, a speed-up of the switch-over of its war economy to peace footing; secondly, to initiate immediately a vast experts drive; thirdly, to renew contacts vigorously with non-dollar suppliers to strengthen, the sterling area and rebuild the Ottawa system. Those who saw in the sudden termination of lease-lend aid a Machiavellan desire by international capitalism to force the hands of the British Labour Party in the same fashion as the Gold Standard Crisis in 1931 caused the tumbledown of the then British Labour Government, are more likely to be severely disappointed, for the inevitable result of the new pressure of the termination of lease-lend would be to force the British Labour Government, fresh with its mandate from the electorate, to chalk out a more radical programme and to institute a more comprehensive planned economy than it might have envisaged hitherto.

Inevitably this new orientation which is forced on the British economy cannot fail to affect ourselves; for our finances are in a sense mortgaged to the pound sterling. India is certainly interested in seeing that the financial and economic stability of England is restored and strengthened, for the solvency of the debtor is of vital interest to the creditor. Nevertheless, we have a right to claim that our finances should not be mixed up inextricably with other countries' finances and that Britain finding herself in straitened circumstances should not pass a part of her own burden on to India which is in no position to shoulder it after four years of suffering from the ravages of our distorted war economy. A strengthening of the sterling area would be of benefit to ourselves in so far as it does not entail tying ourselves hand and foot to it. Great Britain's dollar position has again become very difficult. But Britain should not make this an occasion and excuse for continuing to deny to us our legitimate share of dollar incomes or dollar trade. Of course, it was well known that with the end of the war lease-lend aid is bound to come to an end sooner or later. Therefore, whatever difficulty Britain may now find herself in would be merely in the nature of transitional difficulties and she should not allow this to affect the more permanent and long-term economic relationships with other countries and particularly with India. India which has been making payments under reverse lease-lend at the rate of 365 million dollars in 1944 is, of course, now automatically spared the burden of it. But she has now her old and tough problems to solve problems which are not merely those of readjustment as in the case of Great Britain but of building up from the ground, a task of stupendous dimensions. Certainly, prosperity is indivisible. But if the prosperity of Britain is essential to the prosperity of the world as a whole, the prosperity of India is no less essential to the same. In fact, if now Britain is forced to renew and strengthen her relationships with the sterling area, the prosperity of India is vital to her own prosperity. The dollar problem is not a peculiarly British problem. India has also her own dollar problem as much as if not more than any other country in the world. Consequently, whatever measures British Government may be forced to take in the new situation in which it finds itself, should not be detrimental to the permanent and long-term interests of India as well. Lease-lend and the reverse lease-lend have shown themselves as potent economic weapons in the course of the war. Lease-lend now cannot lapse into sheer vacuum and certain alternatives have to be found. It is possible that the technique of lease-lend and reverse lease-lend can be carried over to serve equally efficiently the interests of a properous and expanding international peace economy. If so, the technique has still to be worked out in full details.

The Coming Slump

IT is now a matter of common agreement among economists that deflation is inevitable unless it is prevented by positive policy; that it can and ought to be prevented; and that it is easier and better to prevent it before than after the onset of the depression. It is also now a matter of common knowledge that deflation, unlike inflation, is an unmitigated evil for all sections of the community and also for outside economies. Inflation has at least this virtue that up to a limit it does bring about, of course crudely, a state of full employment of resources; and its disastrous consequences commence only after that limit is reached. In India, not only was that limit passed, but we suffered in addition from a totally disproportionate diversion of resources to war ends. We consequently suffered from all the evils of inflation; and now this bloated economy is to be deflated in the same thoughtless and unplanned manner as it was inflated. There is yet no sign of the Government implementing the industrial policy, which it announced with a flourish in May last. It seems to be insufficiently realized in Government circles that any delay in the execution of that policy not only brings deflation nearer but makes it more difficult for Government to tackle it, when it comes on. The Government economists probably think that depression, if any, will be a brief psychological set-back for a few days or weeks, at the most; and it may be followed by a boom, characterized by price inflation, caused by pent-up demand. This reminds us of Sir Walter Layton, financial adviser to the Simon Commission, who thought, at the beginning of the Great Depression, that a big boom was coming on; and advised the Commission accordingly. Nobody questions the existence of large pent-up demand, of which a rough estimate was made in our issue of April 13. But at best this pent-up demand would serve to cushion the fall in prices at the second stage of the depression, for a large part of the pent-up demand would be released, not with the arrival of things in the market, but after a substantial fall in prices. It, therefore, constitutes not an inflationary force, but an anti-deflationary force, which will only begin to operate after deflation had commenced its downward course. Whether it would be able to check deflation is highly questionable, for at the stage it would begin to operate, the downward pressure is so great that unaided by positive policy, such anti-deflationary forces lose much of their strength in the impact.

The question is: Has the Government a positive policy? If the May announcement is one such, who is going to execute it and when? Both these are equally important questions, for the character and composition of the Government as at present constituted are powerful deflationary forces. Taken in this light, the formation of a national government at the centre would by itself act as a powerful anti-deflationary force.

If the present Government will continue to be in office, then the only relevant question is, when the Government proposes to implement its announcement of May last. At present, the Government's mind seems to be working in the direction of "wait and watch. If things take a downward course, we shall take energetic action." This policy of waiting on events is not only unenlightened but positively dangerous; for events don't wait and once they begin moving down, few governments can check them, least of all the present Government of this country.

The present intentions of the Government seem to be to shelve, for some time at any rate, its forward industrial policy. They rely on pent-up demand to do the trick for them. As for themselves, they would go slow with demobilization and retrenchment, trying to improvise make-shift arrangements for covering up patches of unemployment as they appear. They think that if besides this, they retain controls over prices, supplies, capital issues, foreign trade, keep up the savings drive and whip up the Grow More Food Campaign, they will have done their duty towards the country; at any rate, they will have done, what could be done under the circumstances. Few people in Government seem to possess even so much knowledge of Economics as to realize that these controls and savings are deflationary forces, that would only feed the fire.

It is, therefore, obvious that, for the time being, the Government proposes to mark time or at best to follow the traditional methods of meeting the deflation, when it comes. Obviously, Keynes wrote his General Theory in vain—at least for the Government of India.

In the meanwhile, deflation threatens. Fighting forces may take time to be demobilized, but army purchases will cease. The eight million men who have been doing auxiliary work for the armed forces, are without work and will soon be without their incomes. The 5 million men employed in war industries —these are Government statistics—will have now much less work to do with proportionately less income to spend. There are nearly 1 million men working the railways and Mr. Giri expects that at least 2 lakhs of them will have to go, more or less immediately. Small village workshops, making blankets, camouflage nets, pith hats, buttons, tarpaulins, tents and thousands of other small things, will now cease working. Ordnance factories will practically close down, unless politicians have another war up their sleeves as the only escape from deflation and consequent disaster.

But before another war comes to our help, we are promised a peace—at least in this country—which will be at least as disastrous economically as the war we have gone through. Psychologically, the country is getting ready for it. The expectational vista of the business community is becoming dimmer

and dimmer; and in a capitalistic society, expectations govern investment activity. The mere cessation of the war brought a crisis in the bullion and the cotton markets. The bullion crisis has been partially arrested by the stock exchange authorities; and by a fortuitous coincidence, the lease-lend crisis has come to their help. There is also a fall in the price of equities. Deposits with banks continue to increase, but the advances and bills discounted are falling. Trade demand for funds is on the decline and the volume of idle funds with banks is gathering momentum. In consumers' goods, the black market is disappearing and the hoards are coming out and being offered at so-called control rates. Apparently, deflation is eating into the margins created by inflation. The monster is not visible, but surely he is working behind the scenes and will soon make his debut as a hero, ruling the stage.

What is Government's preparedness to deal with the flood that is certainly coming? During the war, we were asked to do plenty of odds and ends, but never the whole thing, so that our country can really make all things but by parts only. We can repair ships, can also make small craft, but never the whole big thing. During the war, we repaired some 6,500 ships representing a tonnage of nearly 40 million plus defensive equipment in proportion, but we did not develop all this into a regular ship-building industry. Similarly with regard to aircraft. We had an aircraft assembly plant, turning out about 70 planes a month. The country was also making dash-board instruments, alluminium, hurricane and spitfire tanks and parts of the aeroplane, but never the whole of it. We could dismantle it. The Hindustan Aircraft Limited started as a manufacturing concern changed over from manufacture to servicing. The story in ordnance and steel factories was just the same. We could make everything, yet nothing. We were just general suppliers of anything and everything, menders, repairers of all things on earth, but the makers of none. We had no system no plan. Rather, there was a plan clear-cut and thorough to prevent the industrialization of this country in the post-war period. Post-war is post-war, we were told and it is now upon us, exposing us, as we have repeatedly said, as sordidly unprepared for it as we were for the war.

Now that it is so, can anything be salvaged from the wreck? But before anything can be done, the Government must shake off its complacency. Mere maintenance of the volume of expenditure will not do. As we have suggested, housing and heavy industries require large-scale investment. But the direction of investment depends almost entirely upon Government policy, which must, therefore, be forthwith announced. Even if we don't get foreign capital and technical assistance, our ordnance and steel factories, railway and other workshops have great possibilities. The situation is really not so desperate as to make us helpless. Then there are export markets, which we should not fail to exploit. There are several markets, vacated by Japan's disappearance as an industrial power. Then there are other markets, especially of the Eastern Group, upon which we have prior claims. We were their general suppliers during war-time. We supplied them nearly 75 p.c. of the articles they needed. The Government must organize an export drive in these markets. But all this means a rapid, large-scale, co-ordinated industrial drive in the country. It is such positive policy, which alone can prevent the threatened deflation.

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The Week's Notes

THE IMPERIAL BANK

Sir John Burder's statement to the 25th annual general meeting of the shareholders of the Imperial Bank of India at Calcutta, throws a lot of light on certain issues of public interest about which the character and history of the Bank have for long provoked criticism. Referring to the new terms of its agency agreement with the Reserve Bank, Sir John said they "are very fine and will involve a considerable loss of income," but is candid enough to admit that when the original terms were framed, the possibility of a second world war could not be thought of and that the Imperial benefited to some extent disproportionately by the abnormal rise in Government receipts and disbursements. Of course, he makes no mention of the lump sum payment the Bank receives without justification for maintaining branches, nor of the very legitimate grievance Indian joint stock banks feel about the Imperial's monopoly of agency business.

The question of Indianisation has rightly received a great deal of attention from Sir John Burder who felt called upon to explain (the way?) why progress has been so halting. In the category of officers to which alone is confined overseas recruitment, there were, in 1935, 33 Indian officers and 192 Europeans. Today there are 64 Indians and 123 Europeans. For a correct appreciation of the position, however, two factors are said to be necessary. In the first five years of the formation of the Imperial, the obligation was laid on the bank to open 100 new branches. This led loan crutial spate of recruitments in the first five years which created a 'promotion block'. In the second place, during the phase of the acute economic depression retrenchment was enforced, which aggravated the crutial 'promotion block.' In defence of his contention that this affected the Europeans as much as the Indians, Sir John cites that of 68 Europeans recruited between 1923 and 1926, 28 still remain in the junior most grades. The promise is held out that the position will radically change in the next few years and younger men will have better chances. It is also emphasized that during the past two years, the habit of appointing qualified Indian graduates as Probationary Assistants has been recommenced and that 80 such appointments have been made. All this explanation would surely have been less unconvincing, if at least an Indian had been appointed to the post of the Imperial's Managing Director in place of Sir William Lamond, to whom a handsome and well deserved tribute was paid on the occasion.

THE PARTITION OF PALESTINE

Once again, a proposal for the partition of Palestine is being canvassed in London. With the politics of partition, we are fairly familiar here, not so much with its economics, except for the Modi-Mathai memorandum. It would be interesting and instructive for us to work out the economics of the Partition and see how it works out. It is proposed to divide this very small country into a northern state for the Arabs and a southern state for the Jews. The Jordan river, which irrigates the country, will have its headwaters in the Arab sector, but the land to be irrigated will be in the Jewish sector. It is all right to talk of economic co-operation between two neighbouring states, but this assumes a spirit of co-operation between the two communities. If such a spirit were there, there would be no demand for partition. It is naturally to be expected that states born of such antagonism will adopt economic policies attempting to wreck one another. The Northern Arab State will have the key in its hands as the controller of the headwaters of the Jordan. The temptation to sabotage it or at least to threaten to sabotage it will be pretty strong and in a time of crisis, irresistible. Palestine can only develop as a single economic unit. Great engineering projects for harnessing the waters of the Jordan have been prepared in detail. These would provide irrigation and electric power over a wide area. If you divide the country between two political units with antagonistic economic policies, these schemes cannot be accomplished to the mutual impoverishment of both the communities. This lesson should not be lost upon us. The demand for Pakistan has reached its peak. It is time, its sponsors thought of its economic consequences. Incidentally, it may be mentioned, what conclusively proves the analogy, that the Arabs are afraid of the Jews on account of the latter's wealth and superior organizing ability.

THE SINO-SOVIET TREATY

After eighteen years of suspicion and fear of the Soviet Union, Generalissimo Chiang Kai-shek has once again resolved to have friendly relations with his mighty neighbour. That augurs well both for China and the structure of world security in the Far East. It has brought unprecedented strength to the National Government headed by the Marshall. It has warded off the dangers of an internecine civil war between the Central Government and the Yenan Communists; for, as was rightly feared, has the Soviet Government shown any inclination to help Yenan, the possibilities of any compromise would have been indeed finally shattered. And it may well be that it is this clear announcement of Soviet intentions which has persuaded the Chinese Communist leader, Mao Tse-Tung, to proceed to Chungking, instead of nominating representatives, incidentally a peculiarly arrogant gesture, to carry on compromise negotiations with the national government. The clauses of the treaty itself bear ample testimony to the realistic attitude on the part of both the States. It recognises the need for friendly relations and manages even to solve the tricky problem of Port Arthur which is to become a joint Chinese-Russian naval base for thirty years. Similarly, the question of the railways has been satisfactorily tackled. Thus the agreement in respect of the China-Chaugchian Railway provides that the railway shall be the property of the Chinese Government but shall be jointly administered by a single authority under the Chinese sovereignty as a purely commercial transport undertaking. There is also some indication that the Generalissimo is prepared to be generous. The promise of independence to Mongolia and the assurance held out that the racial problem of the five million Mongols will be given special consideration afford welcome instances of that tendency. The Generalissimo has managed to secure for China the friendship of the Soviet Union, perhaps, the greatest guarantee that China will be able to devote herself energetically and wholeheartedly to the reconstruction of China's shattered economic life and cover this sprawling republic into an industrially developed, well-knit powerful republic. That indeed will be the greatest advantage that the entire Far East will drive out of this pact. But there is danger that this accession of strength to the national Government may have so far strengthened the Generalissimo's hands that the much-needed social and economic reforms, without which the Chinese people will have secured very little indeed, may be post-

poned. That would indeed be a misfortune and will redound little to the Marshall's statesmanship.

TEST-TUBE BABIES IN INDIAN FARMS

The technique of artificial insemination, that is, depositing the male reproductive cell (spermatozoa) in the female reproductive tract by mechanical means instead of by the direct service of a male, developed in the West after the First World War, particularly in Russia. Recently interest in this process has been spreading in other parts of Europe and America. In India too during the past few years research in this subject has been conducted at the Animal Genetics Section of the Imperial Veterinary Research Institute, Izatnagar, and valuable results have been obtained. They indicate that under suitable conditions profitable use of artificial insemination can also be made in the country. The method is of particular importance to India where shortage of good sires of proved value is very acute indeed. The service of a bull may be extended ten to fifteen times, a ram thirty to forty times and that of a stallion eight to twelve times. Another advantage is that impregnations can be obtained in females with the semen from sires situated at a distant place by transport of semen from one place to another instead of by moving the sire, as would have been necessary otherwise. With the fast means of locomotion at our disposal these days, the usefulness of a good bull in this regard can be extended to very large areas in the country. Another use of this method is to obtain crosses between species and between breeds where mating is difficult or impossible. Also, it has established its value for curing certain forms of sterility, particularly in horses and cattle, and for preventing the spread of certain genital diseases. The percentage of successful impregnation so far obtained in the experimental animals at Izatnagar is 79 in cows, 100 in ewes and 80 in goats. If proper use is made of artificial insemination it is likely to prove of great value in promoting the animal wealth of India. There are, however, certain difficulties in the way of adopting this system, viz., (1) the conservatism of farmers and their prejudice against any new system, (2) bad sanitation and climatic conditions, (3) lack of exact knowledge regarding the normal reproductive physiological processes, such as duration of heat and the period between two successive heats which interferes with the insemination of cows at the right time. To find out to what extent the above mentioned factors are likely to limit its applicability; the Imperial Veterinary Research Institute propose to contact and organize the villages and to extend work on a regional basis. A scheme to this effect has been sanctioned by the Government of India.

RICE EXPORTS FROM BENGAL

The Bengal Government's policy in exporting rice from Bengal has evoked tremendous protest throughout the province by almost every section of the people. It has been argued that since rice prices still continue to be higher for the average Bengali consumer, the advantage of a surplus supply, if there is any, must be passed on to the common man through a reduction of the official price. Besides, it has been contended that the crop situation has been unfavourable and the possibility of an actual shortage bordering on famine conditions cannot be ruled out. It is the clear duty of the Government, under these circumstances, to build up adequate stocks in advance, to be able to tide over such an eventuality more satisfactorily than they did during the last Bengal famine. How serious this threat is may be gauged from the fact that West Bengal which produces some 35 per cent. of Bengal's total rice is in the grip of a severe drought, there having been a 37 per cent. deficiency in the monsoon in July. A survey of the crop areas, in August, has revealed that the harvest might not be more than 40 per cent. of the normal in West Bengal. Sir J. P. Srivastava, Food Member, has characterized this agitation as 'ill-informed.' There cannot be another famine. 'We shall not let it happen again.' Apart from the natural reluctance to put any great faith in the Government of India's omniscience, after the expenses of the last famine when, till almost the very end, many important officials continued to stress that there was no shortage of rice in Bengal, the question remains: why take risks at all? Even if Government of India can rush supplies from elsewhere why deplete the present stocks which will have to be replenished soon? The explanation is 'we are being begged to (take away rice) in order to save the stuff from rotting.' This is indeed an atrocious situation that even after two years of the experience of a gruesome famine, the Bengal Government has not been able to build adequate storage facilities for the necessary amount of rice to be stored into. The Bengal Government has sought to defend its policy on the ground that in the absence of a regular turn-over there is bound to arise some loss through storage. This, together with the assurance of the Hon'ble Food Member, which implies absolute confidence in the stock position, raises the very fundamental position why this rice cannot be utilized to bring the price of rice to a lower level. Mr. Fazlul Haq, former Premier, in a recent public statement says: 'If one were to calculate the cost of a bill of fare for an average Bengali household, he would find that the expenses have gone up to more than 500 per cent. of what normally it would have been.' Under these circumstances, it is the clear duty of Government to take steps to relieve the distress that must inevitably be caused by such high costs of living. And we cannot help feeling that the export policy of the Government, at a time when a prospective shortage is so seriously feared, is ill-advised and must be revised forthwith. Even if the quantities involved be small, such exports may lead to psychological panic and initiate the whole chain of events Bengal has witnessed before.

EXTENSION OF THE SHOPS ACT

In a recent annual meeting of the Shop Assistants' Association of Bengal, a demand for stricter enforcement of the provisions of the Shops and Establishments Act and its extension to all districts in the province was reiterated in a resolution. It might be recalled that in an article in this connection we had suggested that the scope of the Shops and Establishments Act should be extended throughout the province wherever they have been placed on statute books, and in the provinces where such legislation has not been passed, the Central Government should take initiative. While such extensive legislation is necessary in the present circumstances, it is also felt that intensive improvement regarding the operation of the Act should be given adequate attention. The Shops Act in Bengal is four years' old, and still no effective steps had been taken for exercising proper supervision over the operation of the Act. Now this strict supervision is almost the *sine qua non* of the success of the Shops Act, which is a useful piece of shop legislation in this country, if it is not to be so, only on paper. Pointing out that only eight inspectors had been appointed to supervise the shops in big areas like Calcutta and Howrah, the said resolution states that during this long period, many shop-owners did not keep any record at all, as required by the law and that it was often found that some shops were kept open till 11 o'clock at night. While this is the case in regard to slack supervision, there was absolutely no inspection of shops in other parts of the city. If this state of affairs continues, the Shops Act cannot be expected to serve any useful purpose, however, useful and beneficial its provisions may be. To stop this practice, a thorough inquiry into the matter should be carried on and a separate Chief Inspector with sufficient staff under him appointed. This fact of strict supervision will have to be particularly given attention to, when the extension of the existing legislation will be thought of by the Central Government or by the Provincial Government concerned.

ELECTRIC POWER FOR U.S. VILLAGE

With the establishment of the Rural Electrification Administration in 1935 electric power is being brought within easy reach of the American farmer. Nearly 43 per cent. of rural electrification has been completed by now. The Post-War Committee of the Rural Electrification Administration has prepared a comprehensive five-year plan for supply of power to rural areas. The primary objects of the plan are electric service to the whole rural population, full use of electricity on the farm and for community welfare and its use in developing subsidiary industries. With inexpensive electric power ready at hand, the American farmer can profitably engage during the off-season in subsidiary industries such as food processing; cement, glass, tile, brick and textile manufacturing; coal, phosphate and graphite mining; fur farming; cotton ginning and handling of forest products. Besides giving supplementary income to the farmer, these industries will keep processing of raw materials close to their sources. The plan is estimated to involve an outlay of 55,546,283,000 dollars.

POST-WAR UNEMPLOYMENT

The abrupt end of the war in the Pacific has taken every one unawares and smooth, orderly reconversion to peace economy is proving a baffling problem. The most worrying problem of all is that of unemployment in the immediate future. What is to happen to thousands of soldiers who will be demobilized and persons otherwise engaged in war jobs who will be discharged in the course of the next few months Are they or a majority of them to be let into the wilderness of unemployment? The big schemes of industrial development, though undoubtedly essential from the view point of a long-range solution, are not likely to take shape for many months more until capital goods and expert technical assistance become available. In the meanwhile how are these war-released persons to be accommodated? Here is a proposal from Mr D. K. Sanyal, Secretary of the Appointments Board of the Calcutta University, who can undoubtedly speak with authority on the subject. According to Mr Sanyal's estimate immediate employment must be found for nearly 3,000,000 persons. The immediate avenues of employment which he suggests are: the road transport development scheme to be completed in 10 years instead of in 20 years as recommended by the Nagpur conference; 250 million acres of land classified as cultivable waste or fallow to be brought under cultivation according to the recommendations of the Imperial Council of Agricultural Research; a 10 or 12-year housing programme on the lines proposed in Great Britain, and launching of part of Mr Sargent's educational scheme which will provide jobs for teachers. The dearth of reliable and up-to-date statistics in every field of enquiry in India is widely admitted and a contemporary suggests that statistical bureaus should be started at the centre and in the provinces as an aid to accurate planning. These sound and practical proposals deserve the most serious consideration at the hands of the Government. Already news has appeared in the Press that the Bengal Government have issued orders to heads of departments to retrench a majority of their war-time and temporary staff before the end of September. But what about their re-employment elsewhere? Does the State owe no responsibility for it? Let not short-sighted and haphazard policies of irresponsible governments launch people into hardships and privation.

THE U.N.R.R.A. CONFERENCE

The U.N.R.R.A. Conference, recently held in London and over which Sir Girja Shanker Bajpai had the distinction of presiding, has to its credit the achievement that all contributor countries had agreed to recommend to their Governments to double their contributions to the fund. According to the arrangements made in the beginning, the member countries were asked to contribute 1 per cent. of their national incomes. The present recommendation of the conference for raising the contributions from 1 per cent. to 2 per cent. of each member country's income would, if ratified, provide additional 1,800,000,000 dollars to U.N.R.R.A., which is slightly more than the estimated requirements for 1946. But so pressing is the need for extending and intensifying the relief measures that the U.N.R.R.A. can have no surplus. The conditions in Europe, as Herbert H. Lehman, Director General of the U.N.R.R.A., pointed out on the eve of the conference, are so grave that unless relief on a bigger scale is provided, the political structures on the continent are likely to be seriously strained during the coming winter. Russia, who did not formally approach the conference for relief, has made a request for 700 million dollars. She expects U.N.R.R.A. to give her relief, especially in the Ukraine and Belo-Russia. The decision to give additional help to Italy and to include Austria and Korea in the sphere of U.N.R.R.A.'s activities is a new commitment, involving 350 dollars. Relief in China, which suffered the longest years of privations, and in other countries of the Far East, has not even begun. According to the report submitted by Dr. T. P. Tsiang to the U.N.R.R.A, some months ago, the Chinese relief and rehabilitation programme requires approximately U.S. $3,439,000,000. Of the import requirements of 10,000,000 tons, which are a part of China's relief programme, U.N.R.R.A. was requested to furnish about 4,000,000 tons of supplies, valued to U.S. $945,000,000. The foreign exchange position of China during the years of rehabilitation would not be strong to enable that country to organize her currency as well as to pay for her large imports. It is unlikely that the U.N.R.R.A. would be able to set the war devasted countries on their feet fully with its fund of 3,600 million dollars, or within the time-limit envisaged namely, the end of 1946. The additional contributions from the member countries shall not solve the problem of relief. The real problem of how to convert the money into goods has yet to be solved. The war has been a limiting factor as regards the availability of supplies, the shipping space and the technical personnel. It is hoped that, war being over, more lorries and key personnel would be placed under the U.N.R.R.A. But it is questionable how much more contributions the united nations would be prepared to make for relief purposes by way of gift. Sir G. S. Bajpai has suggested in a Press interview that possibly the new United Nations Organization through the Social and Economic Council would be called upon to deal with the problem of rehabilitation.

AUSTRALIA LAUNCHES RECONVERSION

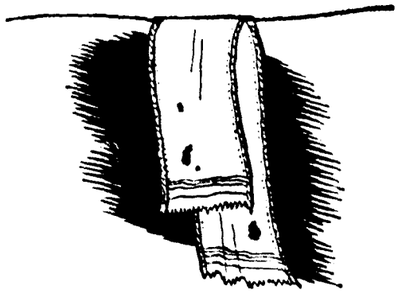
This is how Australian democracy acts with judicious discrimination in the interest of the masses. War-time controls are being removed to the greatest possible extent without jeopardizing the economic structure. The principle underlying the policy of relaxation of controls is to prevent mass unemployment and avoid heavy payment of compensation. War contracts will continue for the minimum production

and minimum time necessary for smooth conversion and transfer of labour. The Federal Government recently put into force the new banking legislation with a view to secure greater control over monetary and banking policy. Controls over stock exchange trading and the ceiling prices on ordinary shares are not likely to be shifted soon. The prohibition on starting new industries without official permission has been withdrawn. Control of capital issues has been appreciably relaxed in such a way that new capital will be invested in essential civilian production. Very soon a list of industries will be announced and the protection granted to them under the manpower regulations will be revoked. A first list of industries has been already published permitting their employers to engage labour without Government permission. Housing is Australia's top priority problem, other pressing shortages being clothing, transport and health services. All restrictions on labour regarding employment have been completely abolished. The Government is confident that it can influence labour to take up work that is nationally most important in the delicate period of transition.

INDUSTRIAL HOUSING

The Standing Labour Committee, which concluded its seventh session last Tuesday, has, it is learnt, resolved that a sub-committee should be appointed to consider the problem of housing of industrial workers in India, in its following aspects: Whether there should be a building fund for the housing of workers and the manner in which it can best be raised and in particular the manner in which the cases by those employers who have already provided housing can be dealt with; the basis on which the workers will be required to pay rent; the minimum standards required for workers' houses; the most suitable manner of administering any available fund for the housing of workers; and lastly, the facilities that are required to be granted by Central and Provincial Governments and local authorities to facilitate housing schemes for workers. The composition of the said committee will be tripartite. While any scheme of housing for our industrial labour is welcome in the present deplorable and almost abnormal condition of labour housing, one can obviously see how awfully late, the idea has dawned on the Committee! The idea at present is only in its stage of resolution and one who knows too well of the slow movement of the red-tapist Government machines, may reasonably have the idea of years that the committee's coming into being, its proposals and report and the final executions thereof, will take. While the need for providing housing for our industrial labour is ever-pressing, a well-planned scheme of housing has also one more topical significance for the present moment. Last week only, in our leading article we pointed out the necessity of maintaining public expenditure to avoid disastrous deflation after the end of war, and launching a mass labour housing scheme which satisfies two criteria of comparatively less dependence on imported equipment and greater employment giving capacity. Had the standing Labour Committee been alive to this additional significance of labour housing scheme at least one year back, their scheme would have served the purpose not only of housing the labour but also of solving to a certain extent the problem of post-war unemployment.





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SPECIAL ARTICLE

Tax Policy

WITHIN the last several months it has been reported, more than once, that Government have under contemplation the appointment of a taxation enquiry committee. The step has not been taken so far, but the need for the enquiry has long been apparent. It is now twenty years since the Todhunter Committee investigated the question and even that report was not as comprehensive and satisfactory as could be desired. In the two decades following the inquiry, the most important changes have taken place in the tax structure which warrant a comprehensive and scientific survey of the entire field which can form the basis of post-war taxation policy. In the context of the strange financial thesis of the Government that the maintenance of taxation at the highest levels is all-important, an objective investigation would be a great help in enabling them to understand what policy would best conduce to the maintenance of employment and investment. In the post-war transition which is already on us, with its imminent decline in public expenditure, clamouring to be offset by private investment and expenditure, the pet and pre-conceived tax assumptions of Government can do incalculable harm unless corrected by scientific inquiry.

Between 1925 and 1945, India's tax structure has undergone very important modifications: but between 1939 and 1945 it has been revolutionized beyond recognition. It was from 1925 onwards that the effects of the policy of discriminating protection began increasingly to be reflected in the customs yield. India had always depended on indirect taxes, but they became even more important due to protection, By 1938, with the attainment of self-sufficiency in the production of the protected articles, the revenue effects were getting exhausted, but instead other imports had become more important and the non-protective duties on them yielded a sizeable revenue. In addition, central excise duties, especially those on commodities which received tariff protection, were rapidly developing into a major head of revenue. All the while, the income tax too was yielding more and more, thanks to the income generated by industrialization. Another development to which reference must be made is the expansion of provincial taxation, especially after the advent of autonomy.

In contrast, however, to the revolutionary changes which have taken place in the six years of war, the developments of the earlier fifteen years seem almost insignificant. The most outstanding change, of course, is the enormous rise in the proportional importance of direct taxes to total tax revenue. In 1938-39, the proportion of taxes on income to total tax revenue was only 22.6 per cent., but was as high as 70 per cent. in the revised budget for 1944-45 and 62.3 per cent. in the budget for 1945-46. To what extent this has made for a more 'progressive' tax system and with what cost to productive investment, it is needless to explain. No doubt, indirect taxes were also levied and yielded high revenue. Central excises which brought in less than Rs. 10 crores in 1938-39 are now giving Rs. 49 crores, while the increased receipts from the commercial departments, particularly the railways, are all the equivalent of indirect taxes. Even the customs duties which fell from Rs. 40.50 crores in 1938-39 to Rs. 26-20 crores in 1942-43 are estimated to bring in Rs. 55 crores in 1945-46. To all this burden of indirect taxation has to be added the indirect taxation entailed in inflation. Making full allowance for all these factors, it still remains true that taxes on income have grown enormously important and have yielded more than their due.

While the war has brought about all these changes in the relative importance of different taxes, the theory of taxation itself has been profoundly modified and re-oriented, thanks to the damaging effects on real capital of confiscatory direct taxes. Before the war, it was held without question that the steeper the direct taxes and the more important they are in a tax system, the more progressive the system is. Steep income and inheritance taxes, aimed at mitigating inequalities, formed the essence of progressiveness. Today such a simple concept of progressiveness is not accepted even by ardent distributionists. On the contrary, it is recognized that in any economy in which scope is intended to be left for private enterprise and initiative, steep direct taxation eats into the capital of the enterprise, hampers technical progress and economic expansion and has therefore, to be tempered by a regard for these factors. The distributional ends of social justice have to be reconciled with the equally important end of continuous economic progress and to this end, full allowances have to be made in income taxation for the due needs of expansion, research and continuous modernization. Concreteness is sought to be given to this principle by the expedient of a differentiation between distributable profit (which is individual income) and undistributed profit which is ploughed back into business and constitutes industrial capital and by a lower rate of taxation upon the latter.

The stage has reached in India when an examination of the tax system in the light of this enlightened principle has become imperative if further hampering effects to enterprise are to be averted. The economists who advise the different departments of Government are not to go by doctrinaire principles (or prejudices) such as that tax reductions should not be granted or that the inheritance tax should be imposed, etc. They owe it to themselves and to Government to think out in what manner the income tax and super-tax rates have to be readjusted to suit the purpose in view. Similarly, even in respect of the inheritance tax, the possible repercussions on the accumulation of risk-bearing capital have to be carefully weighed against the yield and its possible good if spent by Government.

Immediately, however, certain measures need to be taken merely because the war is at an end. The most important is the abolition of the E.P.T. There was an unofficial report recently that the tax would continue for the current year. If there is any truth in the report, we would say it is against Government's own earlier commitment. Sir Jeremy Raisman in his last budget speech spoke in categorical terms:

"Any scheme for the levy of a special tax upon such increase of profits can at best be of a somewhat rough and ready nature, no matter what degree of thought and care have gone to the devising of the enactment that gives effect to it. Moreover, the datum line from which excess profits are measured must inevitably bear less and less relation to current realities as we get further and further from the pre-war years. It is, therefore, to my mind desirable that this war-time expedient should vanish with the emergency that brought it into being." We call upon Government to implement their own earlier declara-

tion. The abolition of the E.P.T. need not bring about an immediate loss of revenue, because E.P.T. being allowable as a deduction in computing profits assessable to income tax and super tax, profits assessable to income tax would be correspondingly increased.

Among other war-time levies, the surcharges on railway rates have to be withdrawn. Some of the increases in the excise duties also might go with advantage. This will not necessarily stimulate consumption, but will surely relieve the consumer. For the more important task of laying down the creteria of a rational tax structure, we would urge the appointment of a committee predominantly of non-officials, including representative of trade and industry with power to co-opt experts. It can inquire into both direct and indirect taxes, their relative burdens to the different classes of the population and make recommendations. Between now and February next, when the budget is presented, the committee can complete its labours so as to enable Government to announce their tax policy for the transition. Meanwhile, no justification can exist for not annulling the purely war-time levies such as the E.P.T. and other surcharges.

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THE WORLD ABROAD

Revocation of Controls

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, August 27, 1945 (By Cable).

KEYNES and Halifax are expected to arrive here this week to confer with American officials on the means for overcoming the economic problems created by the sudden termination of Lend-Lease aid. They come in the wake of the furor raised in Britain when President Truman announced that Lend-Lease operations were ended and invited the Allies, if they wish, to undertake negotiations for procuring by other means 3-1|2 billion dollars' worth of Lend-Lease inventories which were then in the stockpile or in the process of delivery. Indications in the British Press, as the week began, were that the lusty complaints which first greeted Mr. Truman's action were giving way to explanations that perhaps Britain had not familiarized itself sufficiently with the language of the Lend-Lease Act. The legislation under which supplies of all kinds worth more than 41 billion dollars were turned over to the Allies during the war is entitled "An act for the defence of the United States." This obviously means that the Lend-Lease Act was a war-time measure and debates in Congress as well as the statements by President Roosevelt and later by Mr. Truman clearly foresaw that when peace returned Lend-Lease would be ended.

In commenting on President Truman's action, the Foreign Economic Administrator, Mr. Leo T. Crowley, who has been in charge of Lend-Lease operations, said: "I have nothing but admiration for the President in this matter. It required courage to close off this arrangement instead of letting it drag on through some indirect device." This statement was made after newspapers here had carried streamer headlines over accounts of displeasure expressed in the Commons by Premier Attlee and Mr. Churchill, Leader of the Opposition, because of the abrupt manner in which Lend-Lease was ended. It will be recalled that Mr. Churchill in his speech had said that he could 'not believe that we have heard the last word from the United States' to which Mr Crowley's answer was 'I have seen no evidence in the world that the President is going back up on this.'

Some have sought other explanations for this sudden termination than the most obvious one that it was required by law and read into it a sign that the U.S. was notifying to the British Labour Government that it would not give her support, at least through Lend-Lease, to a Socialist experiment. The United States in any event was ready with an answer, should question be raised on the other side of the Atlantic about any tendency inherent in this termination to return to economic isolation. The fullest assurances have been given that the U.S. was willing to enter into suitable arrangements to aid countries whose economic problems would be complicated by the end of Lend-Lease aid. The difference now, as Mr. Crowley expressed it, is that such countries must either obtain credits from the Export Import Bank or pay cash. There is no desire here to cut off shipments to other countries. Mr. Crowley said that it was realized that the 'cessation of Lend-Lease shipments would cause rather serious readjustments in the economics of Allied Governments' and consequently this Government had offered a transitional programme to its Allies as follows: Firstly, the Foreign Economic Administration would discontinue all new shipments except when the Allied Government wished to make the procurement through cash payments or arrange Export Import Bank credits for such procurement; secondly, Allied Governments would be given the opportunity to acquire all the items they have ordered and are in the process of manufacture by giving to this country and obligation calling for equal annual payments over period of thirty years and bearing annual interest rate of 2-3|5 per cent. Thirdly, it was stipulated that inventories on the soil of the Allied Governments and goods in the process of delivery to them would made available on cash or credit basis; fourthly, the F.E.A. would continue procurement activities for sixty days after V-J Day in order to give the Allied Governments time to set up their own procurement agencies; fifthly, the War Shipping Administration would be advised to continue use of U.S. shipping facilities for needs of Allied Governments for thirty days after V-J Day in order to give those Governments time to schedule their own shipping facilities. Mr. Crowley said: "In the case of Allied Governments that choose to take advantage of this programme there is no reason why there should be any interruption whatever in flow of vitally needed goods."

The U.S. Government, meanwhile, continued to remove the war-time controls over the civilian economy at a rapid rate and industry was shifting speedily into the production of peace-time goods. One of the highlights was the announcement by the War Production Board that there would be no control over the output of Automobiles and that manufacturers could 'make as many cars as their capacity permits.' Prior to this revocation, output had been limited to 691 thousand passenger cars by the end of next March. One spokesman of the Industry said there would be substantial production above the original quota, some estimates placing the prospective output at more than one million cars. He also opined that with controls lifted the industry would be reaching its pre-war rate of four million automobiles by the middle of 1946. However, it was stated that the Office of Price Administration would ration the first cars produced in order to insure their distribution to essential users.

London Letter

Labour Back-benchers Growing Restive

FROM OUR LONDON CORRESPONDENT

LONDON, August 28, 1945 (By Cable).

ACCORDING to a growing volume of opinion here, the lend-lease shock is due primarily to the British official policy of drift which began in Mr. Churchill's Coalition Government, continued during the Caretaker Government, and hit the rocks in the very earliest stages of the new Labour Government. For American official statements made it clear as soon as Japan's defeat became fairly certain that the termination of lend-lease and mutual aid would come

soon after the end of the Japanese war, and Britain and other countries were offered facilities for switching their lend-lease receipts without interruption into the category of goods and services supplied by the United States under credits advanced by the Import-Export Bank. According to reports here both Belgium and the Netherlands accepted these arrangements. But in Mr. Churchill's Coalition Cabinet there was a strong if not unanimous belief that Britain did not want fresh credits until there was some sort of inter-Allied agreement regarding the huge external debt amounting to three and a half milliard sterling which Britain had accumulated partly when she was fighting alone, partly when she was in a sense acting as the spearhead of Allied attack upon the Axis and partly when she was more or less a common purchasing agent for the allied nations. Thus the British official position would appear to have been that she was unwilling to resort to the proposed credits until her general financial position *vis-a-vis* other allies had been clarified. This much seems clear, but what is not clear is why the question was not briskly taken up with Washington. The most obvious explanation, though not necessarily a correct one, is that the cabinets became over-absorbed in domestic political battle and failed to realize that the issue could not be allowed to drift indefinitely in view of the political situation in the United States.

In any case neither Government can plume itself on the successful handling of this transition measure. The American Government by the seeming abruptness and unilateral character of its move has definitely lost a large part of the goodwill which President Roosevelt had built up in this country through his invention of lend-lease and his further expansion of it into a system of allied mutual aid. On the other hand, the British Cabinet has been criticized for failing to maintain a stout war-time position and for its belated and obviously useless remonstrance, "we can take it." Just how much belt-tightening the British public will now suffer seems uncertain. With the Labour Party circles there is a strong disposition to claim that the American move has strengthened the Labour Government by rallying behind it various elements which had not been overfriendly. There is also a tendency to argue that Washington would not have dealt such a blow to the Conservative Government. But on the whole the weight of evidence suggests that Congressional pressure upon President Truman would have been pretty much the same regardless of what party was in power in Britain.

In the domestic field a most interesting development is marked by the restlessness of new Labour back-benchers under the whip of party discipline. In the first place all new Labour M.P.s were invited last week to state in writing what practicular subject they were most interested in foreign affairs, finance, local authorities, housing, etc. This they did with alacrity. But, alas! as soon as these statements were collected, the new members were told by the party whip that during the coming sessions they would be expected to confine their speeches and interventions in debate solely to the one subject in which they were specialists. The chief whip explained to them that the Government was staggering under such a load of work that debates could not be allowed to drag on indefinitely; hence they must keep silent except on their own pet subjects. According to political gossip the new members were first dismayed, then very angry. When they made inquiries as to what would happen to a member who broke this rule, they were told that the Speaker simply would not "see" him when he arose unless the subject before the House was one to which that member was accredited. It is a trivial point but it may prove to have repercussions; for the first effect has been to make at least some new members conscious of and somewhat rebellious against their own front bench. What with Mr Bevin's unpopular speech on foreign affairs and Mr. Shinwell's remark that the new Labour Government would not 'haggle' over the price which the country paid for the coal companies' assets, some of them are reported to have begun to feel that Mr. Attlee's Government is not an altogether accurate mirror of labour rank and file's own views. It is probable that when the Parliament resumes in October the new backbenchers will have organized themselves into a committee at whose meetings they can receive the much needed coaching in the intricacies of parliamentary procedure and later can debate behind closed doors such speeches or actions of ministers as attract their critical attention. It is generally believed that the front bench will make a great effort to prevent such a development. The members of Government probably would much prefer the continuance of the present system under which there are no meetings of the rank and file unless called by the Government and certainly no meetings at which ministers are not invited. It is noteworthy that the rank and file of the Conservative Party found his device highly useful for compelling first Mr. Baldwin and then Mr. Chamberlain to meet rank and file views on current issues. Britain's history over the next few critical years would almost certainly be affected by such an informal parliamentary device.

Wanted New Trade Pact with Britain

(FROM OUR CORRESPONDENT)

LONDON, Aug. 31, 1945 (By Cable).

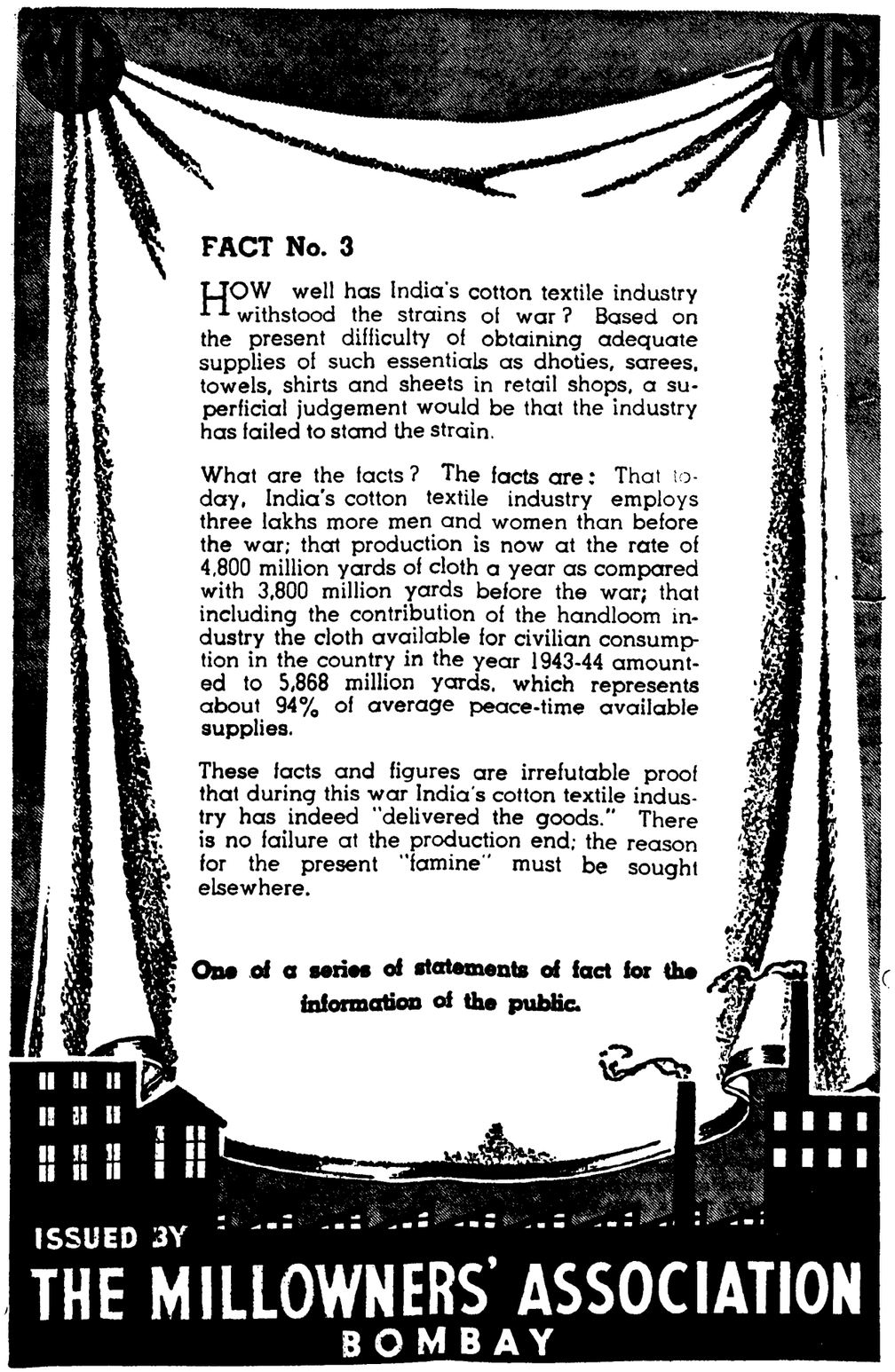
THE possibility of change in British trade policy consequent on the termination of lease-lend by America has somewhat alarmed Indian quarters here who feel that the Government of India, the Reserve Bank and other interests should give immediate consideration to the serious situation that has arisen.

It is believed that the urgent need to get imports will lead Britain to send exports to such countries as can provide either the desired imports or the exchange required for them immediately; they would only add to the accumulated sterling balances.

Now that the war is over there is need to make a new arrangement in regard to India's trade with Britain. The problem of liquidating sterling balances attention on which has so far been concentrated is not now so urgent as the immediate problem of getting current imports in return for current exports so that further accumulation of sterling may be avoided.

India should ask for immediate release from the Empire Dollar Pool. Not that she is unmindful of or unsympathetic to Britain's difficulties, but the Indian standard of living which has already fallen very low during the war, is in danger of a further decline unless measures of economic development involving import of capital equipment are immediately put through. India cannot wait for another year; her needs are most urgent and pressing.

Since there is danger of India's position not being understood in Britain, an expert delegation should be sent by the Government of India to conclude immediately an interim arrangement so that so far as future exports from India are concerned they should ensure a return in immediate imports. If this is not done, India's plan of economic development will have to be postponed for a considerable period.



A DELHI DIARY

THERE was a slight rippie in the press conference which Pandit Nehru held here this week when an American press correspondent sprang up and said, with rather more violence than cogency, that many American lives had beenlost in Burma at the hands of Subhas Bose and his army and consequently Bose must be tried as a war criminal: the American military intelligence disbelieved the Tokyo report of Bose's death and reported him as having been seen in Saigon last week. The Americans in their War of Independence took the help of the French against the British and if the American War of Independence had failed, no doubt George Washington would also have been tried and executed as a war criminal. The dropping of atom bombs on Japan was also justified in some quarters because it saved "a million American lives" although it ungallantly wiped out half a million defenceless Japanese men, women and children. The American correspondent had a little row in the Conference with an Indian correspondent who disputed the assertion that any or many Americans have ever been engaged or killed by Bose and his army. At the end of the Conference, the American correspondent clinched his argument by promising his Indian colleague a hearty blow for his pains. Obviously the Americans who normally do not think well of "interfering" in Indo-British politics, have one or two soft spots, particularly when a Japanese background can be made out. Knowing this deeplying anti-Japanese feeling in America, British propaganda in America in 1942 and following painted Mahatma Gandhi and the Congress as pro-Japanese.

Pandit Nehru's new book to be entitled 'The Discovery of India' is expected to be ready within a month. Indeed it would have been ready by now but for Panditji's continuous journeying since his release. The book would be about the size of his Autobiography and will be published in India, by January 1946, at the latest. It will also be published in the U.K. and the U.S.A. Panditji desires that its Urdu and Hindi translations should also appear at about the same time as the English edition. It will be published by a Calcutta firm. The Congress President Maulana Azad has completed his history of war time India. The book is entitled *Zamanae-Jang* and will shortly be published. It is expected its English translation will also be published. Should the latter be contemplated, Mr Asaf Ali would be the obvious choice as the Maulana's translator. Besides this, the Maulana has also finished or very nearly completed a number of other books on religion and one on the Theory of Relativity. All these are expected to be out by the beginning of the coming year.

The resignation of Sir Firoz Khan Noon has not caused any surprise. Ever since the announcement, early last week, of the Government's decision to hold central and provincial elections in the near future, it has been regarded as highly likely that some at least of the members of the Viceroy's Executive Council might resign and thus set themselves free to contest the elections on party tickets. Sir Firoz Khan Noon seems to have been the first to do so. Who else are likely to follow suit? Sir Ramaswamy Mudaliar may not be one. The Arcot Knight has more than his quota of shrewdness and he, of all people, should know that his party, the Justice Party, has no prospects of putting up a good show in the Madras provincial elections. As regards his contesting for a seat in the Central Legislature, it is true that his stock is pretty high as a consequence of his successful stage appearances at 'Frisco, but there is little doubt that if a stalwart such as Sri Muthuranga Mudaliar is put up to oppose him, the Congress will win hands down. Sir Mohamed Usman, Sir Sultan Ahmed and Sir J. P. Srivastava are hot-house fungi, who are not particularly likely to shine in the rough and free and open air of provincial elections. They believe more in nominations. Further, it is difficult to see even communal bodies, hungering after new recruits, evincing any predilection for these political orphans and foundlings of bureacracy. It is probable that Dr. Khare is negotiating for a return to the Congress, and he is said to have won the sympathies of Congress leaders. However it is too early to say what view the Working Committee will take. As it is, only Dr. Ambedkar and Sir Azizul Haque are likely to follow Sir Firoz Khan Noon's example and decide to participate in the elections on party tickets. The question, of course, does not arise in the case of Sir Ardeshir Dalal. He is neither a professional politician nor has he any particular political party affiliations. Incidentally, although many of the Executive Councillors may not choose to come out in the open, they may not hesitate to pull strings from their vantage positions in order to help this person or that party.

In the meanwhile, League circles are naturally jubilant over Sir Firoz Khan Noon's open accession to their ranks, and the Fuhrer has availed himself of the occasion to call on non-Leaguers to come over. This proclamation need not disturb anybody's sleep unduly; it is in everybody's interests that waverers make up their mind. But what is really disconcerting is the report that high officers in Government service are preparing themselves to participate actively in the elections on behalf of one party or the other. For instance, there is a talk in Supply Department circles that a certain senior officer, occupying a very responsible position and known to have League sympathies, may go on long leave so that he may lend his support and canvass votes for the League in a difficult constituency in the Punjab, which happens to be both his home district and a Unionist stronghold. If such were really the case, the position would surely become intolerable. Surely, officers in Government employ cannot play the active politician without first resigning from service.

The second meeting of the General Purposes Sub-Committee of the Consultative Committee of Economists will be held on September 3 at Bombay. The agenda for the meeting will be (1) Problems of Transition from war to peace (2) Statement on Industrial Policy. (3) Industrial Finance Corporations. A note submitted on the first subject by the economist of the Planning Department presents the rather strange thesis that the psychological depression which will come in the wake of the end of the war will be of a very short duration, say, of a few days or a few weeks and that new demand for various commodities will soon assert itself and lead to the danger of inflation. This leads this economic adviser to recommend the continuation of the savings drive! Further, he would want the Government to wait until this inflationary phase is over before it acts. In the face of the inevitable decline in public expenditure with which the economy is confronted, this advice sounds strange indeed. The Committee of economists will also be discussing industrial policy and industrial finance corporations. On the latter, the Governor of the Reserve Bank has expressed himself recently. The economists might help by drawing up a concrete scheme for the Government to act upon. Government's statement on industrial policy has come in for a lot of criticism, especially the communal part of it. The economic *brain trust* may be expected to submit the Government's statement on Industrial Policy to a searching scrutiny and to tell the public what transpires at the meeting and what its conclusions are.

ARGUS.

MONEY MARKET

Money Market Easy; Crisis in Bullion

BOMBAY, Aug. 26, 1945.

EXTREMELY easy conditions are obtaining in money market. Deposits with banks continue to increase while advances and Bills discounted are falling. Trade demand for funds is on the decline and the volume of idle funds with banks is gathering momentum. Short term money section is idle and the rates are nominal. As usual call money is quoted at 1|4 per cent. and three months and six months deposits at 1|2 per cent. and 3|4 per cent. respectively. The only feature of the money market in the week under review is the extraordinary heavy withdrawals experienced by two or three banks—two of them are of recent origin—which at one time or other were having dealings in bullion and the managing authorities of which are prominent bullion operators. The heavy fall in the price of silver during the past ten or 15 days seems to have created an impression in the minds of some that these banks must have lost heavily, but as the withdrawals which were mostly in upcountry centres, were promptly met. The nervousness soon ceased and confidence was restored. This small incident shows how justified were the authorities of the Reserve Bank in discouraging advances against bullion as early as a year ago, since when both silver and gold have been in the grip of speculators. But for this timely and foresighted intervention many banks might have passed through a crisis during the week under review.

The Government of India Treasury Bill results during the week under review disclose a broadening interest by investors. Although invitations were for only two crores of rupees offerings aggregated as much as Rs. 3.34 crores, as against Rs. 3.20 crores in the previous week when tenders invited were for Rs. 4 crores. In other words, offerings were 50 per cent. more than the invitations, whereas, in the past week, such were well below the amount invited. The total amount accepted was Rs. 2 crores, which compares with Rs. 1.70 crores in the preceding week. The average rate of accepted tenders was 7 as. per cent., which is the same as last week. The tender limit for the forthcoming week has been kept unchanged at Rs. 4 crores.

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Reserve Bank

The plethoric conditions prevailing in the money market, as mentioned above, are fully reflected in the latest weekly bank returns. The consolidated statement of the position of the Scheduled Banks for the week ended 17th August, 1945, reveals a further rise in deposits. Demand deposits which had gone up by Rs. 74.33 lakhs in the previous week, are again higher by as much as Rs. 431.85 lakhs. Time deposits also are higher by Rs. 137.87 lakhs which compares with an increase of Rs. 192 lakhs a week before. Advances and bills discounted have receded by Rs. 193.79 lakhs, as compared with a fall of Rs. 651.47 lakhs in the previous week. The cash balances of the banks, which, in the previous week, had gone up by about Rs. 350 lakhs have, recorded a further improvement of Rs. 288.61 lakhs. The total of cash balances now stand at well over Rs. 123 crores.

The returns of the Reserve Bank of India for the same week show a fractional decline of only Rs. 22,000—the smallest fall ever witnessed in recent years—in notes in circulation. Notes held in the Banking Department, however, have gone up by Rs. 8.19 lakhs, with the result that total notes issued are higher by Rs. 7.97 lakhs. Although notes in circulation have declined by only a few thousands, the total volume of money in circulation has suffered a fall of nearly Rs. 8 lakhs inasmuch as rupee coins in circulation have gone down by Rs. 7.97 lakhs. There have been no changes either in sterling securities or rupee securities held by the Issue Department. There have been no notable features in the Banking Department, except that deposits of both Central Government and the Scheduled Banks have risen by Rs. 4.06 crores and Rs. 5.49 crores, respectively. Another important feature of the week is the sharp rise of Rs. 11.16 crores in balances held abroad.

Gilt-edged

The decline in the prices of bullion and the unwarranted repercussion it had on some of the banks, as mentioned above, had some adverse effect on the gilt-edged market, notably on 3-1|2 per cent. Government Paper. There was fairly substantial selling pressure in the last named security, with the result that the value of it fell from Rs. 101-9-0 to as low as Rs. 100-6-0 in the first half of the week. In the latter half of the week, however, selling pressure ceased and keen buyers were forthcoming. Consequently, prices of Government Paper improved as rapidly as they fell, the closing quotation being Rs. 101-4. Among dated securities, while there was no appreciable fall in values, the trend was distinctly quiet except towards the close when there was some improvement.

Bullion

The heavy speculation that has been going on in the bullion market during the past several weeks resulted in a first class crisis during the week under review. Following the cessation of hostilities the bears tried to hammer the market by heavy sales, especially of silver, although they knew full well that floating stocks in the local market were scarce. This gave an opportunity for the bulls to squeeze the bears once again. On the settlement day, i.e., Tuesday, the bulls insisted on delivery and in case of default they wanted to exercise their option to cancel the contracts at

the delivery order rate fixed for the settlement by the Exchange. It is reported that the bulls gave a broad hint of this decision even a couple of days before, but, in spite of this, the bears went on selling. This led to a crisis on the settlement day. The directors of the Bullion Exchange suspended business on that day with a view to bringing about a settlement between the two sections of operators. After prolonged discussions and negotiations, the Board took a decision not only in regard to the settlement that was due on that day but also that for the following week. It was decided that, so far as the current settlement was concerned, transactions should be cut off at the minimum rate of Rs. 123-9-0 per 100 tolas and at Rs. 117 for the settlement due next week. The Board directed that no further business should be done for the week ending Tuesday, the 28th of August. It was thought that these arrangements would restore normal trading but such has yet to materialize as the bears are reported to be creating further trouble. After the decision taken by the Board, there have been heavy arrivals of silver from upcountry centres and the floating stocks which remained below 2,000 bars early in the week have since swelled up to 7000-8,000 bars. Taking advantage of this opportunity, the bears are now reported to be demanding abrogation of the agreement reached early this week and are insisting on effecting actual delivery of the metal on the settlement day. The position is rather confusing and no regular business has been reported during the last two days. In distinct contrast with silver, there have been no difficulties in settling the outstanding transactions in gold.

As for the fluctuations in values of bullion, gold experienced a marked downward trend in the first half of the week. Opening at Rs. 69-8-0 ready gold of .99 fineness rapidly dropped to touch a low of Rs. 62-10 on Wednesday. The lower level attracted considerable demand, particularly from upcountry centres. There was also a fairly substantial speculative buying, with the result that the rate once again started climbing up, the closing rate being as high as Rs. 68-6. On the last day, in particular, a strong bullish trend was in evidence on reports that consequent on the withdrawal of lend-lease facilities, there is probability of the Sterling-Dollar cross-rate declining. The discount on gold to be delivered within a week fluctuated rather widely. In the earlier part of the week, the discount stood at 14 as., narrowed down to 2 as. at one time on the same day, and widened again to 4 as. towards the close. Stocks of gold are said to be about 2,50,000 tolas. The average daily offtake is estimated at 10,000 tolas.

In the silver section, owing to the strong grip of the Bull Syndicate over the market, the downward trend witnessed last week yielded place to a strong upward trend early during the week under review. From about Rs. 117, the rate jumped up to Rs. 123-12 on the first day. Thereafter, there were no regular quotations, but it was reported that the rate moved between Rs. 115 and Rs. 120. In the forward section, there were heavy sales by the Calcutta operators, which, coupled with the manipulations of the bull syndicate in the ready section in order to squeeze the bears resulted in the premium between forward and ready widening at one time to as much as Rs. 14. After the decision of the Board as described above, ready silver was quoted between Rs. 115 and Rs. 123-8. At the time of writing, the trend of the market is firm, with ready silver quoting at Rs. 118, as against Rs. 115 early in the day. This improvement is due to calcellation of the lend-lease facilities which has led many operators to believe that there is no possibility of any silver being supplied to India on lend-lease basis. Floating stocks in the local market are estimated by a leading firm of brokers at 6,500 bars. The average daily offtake is believed to be 150 bars.

Stock Exchange

As in the past week, the week under review also was a short one for the share market, for it had only three working sessions. Exceptionally steady trend was witnessed in the first half of the week following the maintenance of the interim dividend of Rs. 25 per share by the Bombay Dyeing. This was followed by the dividend announcement of the Tata Iron and Steel Co., Ltd., which, as anticipated on more than one occasion in these columns, shows no change as compared with that for the previous year. Thus, the ordinary shareholders get Rs. 23 per share and the deferred shareholders Rs. 129-8 per share. This also imparted substantial strength to the market. Just before the close, however, the debacle in the bullion market and further precipitous drop in raw cotton engendered downward movement and the closing rates of all the leading counters were well below the week's best. In the steel section, Tata Steel Defds. improved from Rs. 2,177-8 to Rs. 2,195 and the ordinaries from Rs. 402 to Rs. 411 but just before the close they declined sharply and closed at Rs. 2,156-4 and Rs. 403 respectively. Among textile shares, Bombay Dyeings, after spurting from Rs. 1,930 to Rs. 1,957-8 closed quiet at Rs. 1,933-12. After an early setback to Rs. 571-8, Kohinoors strengthened to Rs. 579 in the first half of the week but profit-taking at the close brought down the rate to Rs. 565-8. Swadeshis fluctuated between Rs. 518 and Rs. 531, the former being the closing rate.

The possibility of public utilities being nationalized is acting as a damper to investors in Hydro-Electric and other Transport shares. Andhra Valleys were slightly easier this week at Rs. 1,822-8. Bombay Trams dropped from Rs. 145-5 to Rs. 143-12. Tata Powers lost Rs. 10 to close at Rs. 1,865, while Tata Hydros remained neglected at Rs. 202-8. In sympathy with the gilt-edged market, bank shares were quiet, with values tending to recede to still lower levels. Central Banks which stood at Rs. 84-4 last week declined to Rs. 83-4. Bank of Indias receded from Rs. 189-8 to Rs. 188-8. Imperial Bank shares had sellers at about Rs. 2,190 for fully paids and Rs. 561 for partly paids. The statement made by Sir Ardeshir Dalal at this week's Press Conference, that the Government of India would proceed with the road developing plans evoked some support to A.C.C. The closing rate at Rs. 207-8 is however 4 points below the highest recorded during the week, but this decline is in sympathy with the general trend of the market. If, as stated by Sir Ardeshir, the road development programme is going to be a reality in the not distant future it looks as though these shares should move up together.

There were no further outstanding features among miscellaneous shares. The trend of the market, at the time of writing, points to return of steadier conditions in the coming days.

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THE BUSINESS WORLD

TRADE IN 1944-45

INDIA'S trade during the year 1944-45 shows certain new developments. Since November 1943, there has been a rising trend in imports. This was reinforced during the year under review owing to the fact that the war was rapidly carried into the home of Germany. The Government of India consequently could adopt a policy of importing larger supplies of consumer goods and of essential raw materials and machinery, to ease the tight supply conditions. The total value of imports during the year was the largest since 1930-31. The improvements in the shipping and exchange position enabled a liberalisation of the terms of import licenses and increases in quotas of available goods especially from the United States and the United Kingdom.

Though exports have also shown an increase, the increased observed in them is far little in comparison with imports. This has resulted in a net reduction in our merchandise balance of trade to Rs. 26.08 crores from the highest war-time record of Rs. 90.94 in 1943-44. This development is more markedly noticeable in the second half of the year under review. Imports in the first half of the year were Rs. 93.74 crores and rose to Rs. 107.25 crores during the second half of the year comparing with Rs. 52.17 crores and Rs. 66.88 during the corresponding periods in the previous year 1943-44. On the other hand exports have maintained a more or less steady course. During the first half of the year under review exports were at Rs. 114.35 crores dropping very slightly to Rs. 112.72 crores in the second half. The same tendency is visible in the monthly averages for imports and for exports. During 1944-45 the average monthly imports have amounted to Rs. 16.75 as against Rs. 9.92 crores in 1943-44 and Rs. 9.20 crores in 1942-43. On the other hand the corresponding figures for exports of Rs. 18.92 crores, Rs. 17.50 crores and Rs. 16.23 crores respectively show steady features. The total value of trade has reached a new war-time record figure of Rs. 428.06 crores during the year as against Rs. 329.04 crores in the previous year, Rs. 305,32 crores in 1942-43, and Rs. 425.74 in 1941-42. The institution in March this year of the Open General License for the importation of several classes of consumer goods and the arrangement for larger imports of consumer goods and essential goods are expected to keep unrestrained the trends noticed during the year. This is likely to be reinforced by the changes in other countries such as the gradual conversion of a portion of the industrial capacity of the United Kingdom, United States and Canada to peace-time footing thus enabling us to import from them greater quantities of our requirements of consumer goods and more important capital goods.

Important developments have taken place also in the direction of trade. Greater trade has figured in our relations with the non-empire countries resulting in a considerable reduction of our favourable trade balances with them. While in respect of Empire countries our favourable balance of trade was slightly reduced from Rs. 71.73 crores in 1943 to Rs. 66.98 crores in 1944, our export surplus of 3.75 crores with regard to non-empire or foreign countries was turned into an import balance of Rs. 29.04 crores. There has been a 83 per cent. increase in imports from foreign countries from Rs. 58.33 crores in 1943 to Rs. 106.98 crores in 1944 while there has been a comparatively meagre increase of 26 per cent. in our merchandise exports to foreign countries from Rs. 62.08 crores to Rs. 77.94 crores. There has been more than a doubling of imports from the United States from Rs. 17.70 crores in 1943 to Rs. 39.14 crores in 1944. The largest increase has occurred in imports from Iran rising from Rs. 22.50 crores to Rs. 47.5 crores while our exports to that country improved very slightly by Rs. 1.71 crores. Our relation with Egypt has been different in that our negative balance was reduced from Rs. 12.52 crores to Rs. 9.24 in 1944 mainly due to larger exports of our merchandise to her. In terms of total value, trade with U.S.A. has increased more than three-fold, with Iran more than twelve-fold and with Egypt more than four-fold since 1938.

With respect to Empire countries imports increased by 41 per cent. from Rs. 52.51 crores in 1943 to 73.92 crores in 1944. But exports showed an increase of only 13 per cent. from Rs. 124.24 crores to Rs. 140.90 crores. The Empire's share of trade has fallen from 59 per cent in 1943 to 54 per cent. This is distributed by a fall in the percentage of imports from the Empire countries to total imports from 47.4 to 40.9 and a fall from 66.7 per cent. to 64.4 per cent. with regard to the share of exports to Empire countries. Trade balance with Empire countries declined in general but there has been increases in trade balances with respect to Ceylon and South Africa. The latter feature was mainly because the war-time rising trend of exports to these countries was maintained. Trade with Canada and Australia has also shown marked expansion among Empire countries. There has been an increase in our favourable balance of trade with Canada to 2.63 crores for 2.15 crores for while exports improved by Rs. 58 lakhs to Rs. 5.65 crores imports improved only by Rs. 10 lakhs to Rs. 3.02 crores. Imports from Australia have risen from Rs. 4.70 crores in 1943 to Rs. 8.09 crores in 1944 while exports to that country showed a decline from Rs. 14.28 crores to Rs. 13.68 crores resulting in a reduction in the balance from Rs. 9.58 crores to Rs. 5.59 crores. Regarding changes in the total values our trade with South Africa has shown a ninefold increase, with Australia more than fourfold, and with Canada more than threefold since 1938. The total value of trade with U.K. has, however, remained more or less at the same level as 1938.

COMPOSITION OF TRADE

	1938		1942		1943		1944	
	Rs. crores	Per-centage	Rs. crores	Per-centage	Rs. crores	Per-centage	Rs. crores	Per-centage
IMPORTS								
Food	20.70	13.5	10.89	9.6	7.00	6.3	16.21	9.0
Raw Materials	36.62	23.9	43.39	38.2	61.90	55.8	104.86	58.0
Manufactured Articles	93.61	61.0	57.82	50.8	40.53	36.6	57.64	31.9
EXPORTS (Including re-exports)								
Food	39.65	23.5	50.49	23.5	43.90	22.3	51.99	22.5
Raw Materials	74.70	44.3	53.42	24.9	49.46	25.1	57.19	24.7
Manufactured articles	51.34	30.5	107.74	50.1	101.39	51.5	119.33	51.5

These developments have shown the enormous increases that have occurred in imports compared with that in exports. Among the imports, the most pronounced increase has been under raw materials and food. Food imports have increased from Rs. 7.00 crores in 1943 to Rs. 16.21 crores while raw material imports

have increased from Rs. 61.90 to Rs. 104.86 crores. This has outshadowed the comparatively small increase under manufactured articles from Rs. 40.53 crores to Rs. 57.64 crores. Consequently the percentage of manufactures to total imports has declined to 31.9 per cent. from Rs. 36.6 per cent. On the other hand the steady influence with regard to exports is observed in each group of imports. The different groups of exports continue to have the same significance with regard to total exports during the last three years. Imports of manufactured articles formed 61 per cent. of total imports in 1938 compared with 31.9 per cent. now. Exports of manufactures formed about 30.5 per cent. of the total exports in 1938 but during the last three years it stands at the steady level of about 51 per cent.

The important increase in imports is under the head of cotton—raw and waste—from Rs. 11.07 crores in 1938 to Rs. 22.14 crores in 1944, as also under oils from Rs. 16.28 crores to Rs. 71.09 crores. Imports of chemicals, drugs and medicines have increased from Rs. 5.73 crores to Rs. 10.35 crores. Among exports the increase in cotton yarns and manufactures has been most pronounced increasing from a value of Rs. 8.02 crores in 1938 to Rs. 49.69 crores in 1942 but is now reduced to Rs. 40.80 crores.. There has been a progressive rise in the value of exports of jute manufactures from Rs. 26.18 crores in 1938 to Rs. 60.59 crores. Value of jute exports is, however, declining steady from Rs. 12.24 crores in 1938 to Rs. 7.37 crores in 1943 but has increased slightly to Rs. 7.95 in 1944. Exports of raw and waste cotton had also declined from Rs. 23.93 crores in 1938 to Rs. 6.29 crores in 1943 but has now slightly increased to Rs. 9.01 crores.

NOTES

THE CYCLE INDUSTRY

In the course of a recent communication to the Press, Mr. M. G. Vohra (Manager, Hind Cycles Ltd., Bombay) makes certain important points. In the pre-war period, we used to import 175,000 to 200,000 cycles per year. But, factories recently set up in the country are now in a position to turn out 100,000 cycles, and can be depended upon to meet a large part of the domestic demand in the near future, and the whole of it in due course, as it becomes possible to instal more machinery. There are, however, two important desiderata. In the first place, so long as abnormal conditions prevail, Government should render all possible priority assistance for the import of equipment and special parts. Secondly, the infant industry should be granted sufficient protection against foreign competition. The question is: will the Government meet these demands? If past experience be any guide, the prospects of their doing so are not bright. The public is aware of the utter indifference and the altogether unhelpful attitude of the Supply and the Industries and Civil Supplies Departments, when the industry approached them for priority assistance for essential imports, on many occasions during the war years. What grounds have we to hope that they will be more amenable in the future? As regards foreign competition, the Supply Department was actively indenting for cycles from abroad on the one hand, while denying production facilities to the domestic industry on the other. Only the other day, cycle manufacturers in the U.K. have proclaimed an export drive, and there is little doubt that the Government will collaborate in this offensive against an infant industry on the pretext of relieving the scarcity of consumer goods in the country. All the same, the Government cannot be unaware that the case of the cycle industry constitutes a test case for them. By their attitude towards it will their professions of industrial planning be judged. Here is an important engineering industry, which can be established on an economic basis only through large-scale production. If the Government do not want it to be crippled, then they must take measures to preserve the domestic market for the domestic industry. The cycle industry presents an eminently reasonable case for the quantitative control of imports during the initial stage of growth of a local industry. Will the Government dare to adopt such control?

INSURANCE ASSEMBLY

The fact that the Central Legislature will not be meeting this winter has placed those in charge of the Insurance Amendment Bill in a slight quandary. It appears that those concerned met in Bombay during the week to consider the action to be taken. The decision that might be taken by Government is not known, but in some circles the issue of an ordinance is not ruled out. Meantime, Government are also faced with the recommendations of the Cowasji Jehangir Committee, particularly in regard to the prevention of the cornering of insurance shares. On this point, the committee seems to have recommended that every shareholder on the register of a life office should be asked to declare the number of shares in his name or in those for whom he is a nominee. The committee feels that transfer of any holding in excess of 10 per cent. of the paid-up capital should be subject to the previous sanction of the Government. It has also urged that, in the case of a bank or an investment company, the holding should be limited to 5 per cent. Other suggestions by the committee include the proposal that insurance company should have only one kind of share.

By far the most important of the recommendations are those which relate to the restrictions to be imposed on investments of insurance companies. At present under Section 27 of the Insurance Act the companies are investing 55 per cent. of their funds in Government securities. The committee suggests restrictions on the disposal of the remaining 45 per cent. of the funds, preferably in the shape of a taboo on investment in companies whose shares have not earned any dividend in the five years preceding the purchase. An exception is, however, provided in regard to the enforcement of this provision if the full and unanimous consent of all the Directors is obtained on questions of investment of funds. While the purport of this suggestion is understood, insurance circles feel that, in view of the already very low return available on Government securities, further restrictions may conceivably reduce the earnings of insurance companies to a point at which a revision of premiums in the upward direction would become inevitable, with all its social consequences, particularly in the period after the war. The suggestion has, therefore, been advanced that the Government should allow a special rate of 4 per cent. on investments in Government securities. This is almost certain to be put out of court as an unworkable suggestion. How much of these and other desirable regulations for governing the management of insurance companies will be implemented in the shape of statutory enforcements is a matter on which no two opinions agree. All that can be stated at the present moment is that there is a large consensus of opinion in favour of restricting the overall expenditure of life offices. It is probable, therefore, that any action now taken by the authorities may be confined to that effect.

THE PREM NATH TRANSPORT COMPANY

Road transport is a priority scheme in the post-war development plans of the various provincial Governments. The floatation of this new joint stock transport company is, therefore, a time venture. The existing business of Prem Nath Motors, a firm of road operators at Calcutta, has been taken over by the new company. The assets of the vendor firm consisting of 200 motor vehicles, spare parts, accessories and workshops with plant, tools and servicing equipment and office establishment have been purchased for Rs. 14,00,000. The authorized capital of the company is Rs. 50,00,000, the present issue being limited to Rs. 25,00,000.

STEEL CORPORATION LTD.

The Directors' report of the Steel Corporation of Bengal Ltd., for the year ended 31st December, 1944, reveals not only a satisfactory position just now but also envisages a bright prospect of the company for the coming year. The company's production in 1944 was higher than in 1943, but in 1945 additional units have been put into operation as part of an expansion programme and it is, therefore, likely that the earnings will increase. If the end of the war is followed by a repeal of the E.P.T., the shareholders may even be fortunate enough to get a higher distribution for 1945. The dividend for 1944 announced in advance some time ago is maintained at the 1943 level of 8.3|4 per cent. In view of the statistical blackout on production figures, the actual progress attained is not known, but the figures relating to sales proceeds indicate progress in all directions. Thus, total sales show a rise of Rs. 54.4 lakhs over 1943 at Rs. 489.8 lakhs. Manufacturing expenses naturally were also higher and the gross profit, therefore, improved only from Rs. 137.2 lakhs to Rs. 142.65 lakhs. The provision for depreciation was kept unchanged at Rs. 35 lakhs. After the setting aside of a higher amount for taxation and for the share of profit of Indian Iron & Steel Co., the net profit for 1944 stands at Rs. 32.9 lakhs against Rs. 30.4 lakhs. That there has been an increase of just Rs. 2.5 lakhs in the net profit as against an increase of Rs. 54.5 lakhs in sales proceeds reflects the impact of war conditions. It will be interesting to see how the ratio will vary in the next year. The company's position in regard to E.P.T. remains the same as last year, with the difference that, owing to the substantial expenditure on capital expansion incurred this year, the average capital employed is higher and therefore the liability for E.P.T. will be lower to a corresponding extent. It appears that a sum of Rs. 31.5 lakhs has been advanced by the Imperial Bank of India towards the capital expansion. It May also be mentioned here that, following the conversion of the guaranteed convertible mortgage debentures to the tune of £93,150, the ordinary capital has been increased by 74,520 shares. Naturally, the amount taken up by the dividend distribution is higher. The exact position in regard to capital, debentures and reserves in the last two years may be seen at a glance from the following figures:—

	As at 31-12-1943	As at 31-12-1944
Capital	4,09,01,525	4,16,46,725
Debentures	68,18,667	87,18,654
Reserve and surpluses	68,40,913	78,27,823
Liabilities	2,00,19,132	1,61,92,346
Gross Block	5,39,45,071	6,02,85,142
Net Block	4,19,43,680	4,47,83,752

If the present rate of taxation gives place to a lighter burden and if the steel industry is enabled to cater to the civilian requirements, not to mention the probability of export demand, the shareholders of Steel Corporation may reasonably expect a higher return on their investment.

TEXTILE EXPORTS

A note of optimism has been the characteristic feature of reports regarding the prospects of Indian Cotton textiles capturing world markets. The main argument has been that India is best fitted to occupy the place of Japan. A more or less correct reading of the situation has been given by Mr. Hellmuth Martens, an official of the Export Division of the Pacific Mills in a statement to the Press. Obviously much depends on the attitude that the allies take towards the Japanese cotton industry. Japan will certainly not be allowed to regain her pre-war position. Though India has developed foreign markets during the war on account of exigencies, it is yet too early to say what those gains may amount to in the long run. There is also the fact that black marketing and profiteering have been prevalent in Indian goods in the countries of the Middle East to which India is looking for post-war markets. Added to this Lancashire has done much spade work already towards gaining the goodwill of the countries of the Middle East. But one bright feature of the situation for India is the prospect of developing larger internal markets on the basis of the schemes for raising the proverbially low purchasing power in our country. It is good that a realistic attitude is being taken and though we may not be able to retain all the custom secured during the war years the Government should see that we do not lose a large part of it in the competition that is bound to ensue.

APPLICATIONS
FOR
TEXTILE
MACHINERY

In order to permit equal consideration being given to all applications. persons interested in the expansion of existing Textile mills or in the erection of new mills should submit their applications. in the form prescribed by the Chief Controller of Imports for Registration of Post War imports of Capital Goods, to the Textile Commissioner not later than 30th September, 1945. Applications that have already been made to the Chief Controller of Imports or the Textile Commissioner will also be considered after 30th September, 1945 along with the applications that may be received by the Textile Commissioner up to that date. Persons who have already applied therefore need not apply again.

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FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT

Madras Letter

MADRAS, August 25, 1945.

THE Insurance Advisory Committee which met here a few days ago under the presidency of Sir Azizul Haque, Commerce Member, Government of India, discussed at length the Cowasjee Jehangir Committee report pertaining to certain undesirable features found in the management of certain life offices in India. The recommendations suggested by the Committee for the eradication of these evils were discussed and the conclusions reached by the Advisory Committee are to be submitted to the Government of India for giving effect to them. The restriction of the individual rights of shareholders of insurance companies came up for consideration by the Committee. The view that seems to have gained ground is that one person or a group of persons holding big blocks of shares cannot continue in undisputed control of the company. While on this question, the Committee, it is learnt, took the view that the shares of insurance companies should be only in one class which should be ordinary shares and even this would be of one denomination. There was a lengthy discussion on the question of restricting the investments of insurance companies. The Government of India have proposed several categories of investments and discussion naturally turned on the reactions on insurance companies by following such a plan of investment. Last but not the least, the limitation of expenses of insurance companies evoked a keen discussion. Mr. L. S. Vaidyanathan, Superintendent of Insurance, had drawn up a formula analogous to the one prepared by the Life Office Association which seems to have been the basis of discussion. Mr. Vaidyanathan, it is stated, quoted extensively from the New York State Legislation limiting the expenses. The United States of America passed through the same conditions, as now existing in this country, some forty years ago and in 1906 the State enacted legislation restricting the investments of life insurance companies and these laws have been amended from time to time and comprehensively in 1930. The Superintendent of Insurance was of the view that similar statutory limitation of expenses would help the healthy growth of insurance companies in India

World Tea Shortage

The annual meetings of the Tea section and of the Coffee and minor plantation products section organized in connection with the annual conference of the United Planters' Association of Southern India were held last week-end. In regard to tea, Mr. J.L.H. Williams, Chairman of the section, estimated that the present world shortage of tea would continue for a number of years to come. And with increasing consumption, he pleaded for relaxing the restrictions on the planting of new areas of tea in India and amending the Indian Tea Control Act and the International Tea Agreement. He said that South India was a big sufferer than North India where the industry was well settled and the Crown Colonies which have received a very lenient treatment. The past season for coffee differed widely depending on the location of the estates. Mr. Ivor Bull, Chairman of this section, said that the crop suffered in the Nilgiris and the Shevaroys. Labour has been particularly in short supply in Mysore due to the shortage of food grains in the planting districts. While the marketing of coffee has been carried on by the Indian Coffee Board during the war, Mr. Bull pleaded for a reversion to the old system of auctioning coffee, as soon as sufficient supplies were available, within the framework of a minimum price to safeguard the growers and a maximum price to safeguard the consumers. Referring to pepper, he said that it enjoyed a degree of prosperity which should have been for better but for the obscure methods adopted by the Government in making their export purchases. The Government of India had agreed to supply 1,000 tons of pepper to the Allied Governments at Rs. 74 per cwt. as against Rs. 54 prevailing in the markets for several months now. Mr. Bull stated that either the Government of India were making a profit to which they were not entitled or they were placing certain merchants in a privileged position at the expense of the producers.

Mudaliar at Chamber Meeting

Sir A. Ramaswamy Mudaliar speaking at the Southern India Chamber of Commerce categorically denied that the plant, equipment and machinery built up during the war period were going to be destroyed so as to allow fresh foreign imports into this country. The destruction policy was a Machiavellian policy to which the Government of India would not be a party. And after all 90 per cent. of the property belonged to the United States of America and the United Kingdom. He said that the Government of India should be the sole authority in the disposal of these goods after the Governments decide on the goods to be disposed of. They cannot allow the U.S. authority—and this obviously applied to U.K. also—to enter the Indian markets and sell these goods jeopardising the economy of the country. Sir Ramaswamy Mudaliar agreed with Mr. G. D. Birla that mass production methods of the U.S.A. were not suitable to India where labour was cheap and hence there was no need to do everything in India by automatic machinery. He instanced the examples of Kaiser shipbuilding yards, the gigantic steel plants at Fontana and the cement-making factory near 'Frisco and said that big production methods of factories like the above were not possible in India. He, however, warned the industrialists of this Province not to miss the bus and take immediate and active steps for the industrialization of the province and not lag behind other provinces.

The Stock Exchange

The week was again interrupted by holidays and the Stock Exchange was open for only two days. The volume of business during the week dwindled to very low proportions. The quotations were swayed on either side even by a small volume of orders. Business in the intermarket leaders was, however, large particularly in Tatas, Steels and Irons and quotations fluctuated widely. In the Government Securities market, 3-1/2 per cent. Paper declined sharply due to large selling and touched Rs. 100-8. Later on, there was a slight improvement to Rs. 100-12. Terminable loans were practically unchanged with a small turnover. State Loans and Madras Loans were steady. It is learnt that some Provincial Governments will be coming on the market with their loan programme very shortly. The loans, it is stated, will bear interest at three per cent. having a currency of 15 years, the issue price being determined by tenders from the underwriters. On the Stock Exchange, Bank shares were extremely firm. Indians were short of sellers. Mysores and Reserves were firm at Rs. 338 c.d. and Rs. 135-8 respectively. Indian Overseas and Bank of Hindustans were lower at Rs. 110 and Rs. 33-8 respectively. There were good buyers for industrial preference shares but sellers were few. In the textiles section, Bangalore Woollens firmed up to Rs. 500 c.d. Buckingham were done at Rs. 342 c.d. Most of the Coimbatore group of shares were lower by about five points. In the planting section, Cochin Malabars were lower at Rs. 17-12. Midland Rubbers eased fractionally to Rs. 12-6, and Pullangodes to Rs. 2-13. With the absence of buying inquiry, Vaikundams and Travancore Rubbers dropped sharply to Rs. 20-8 and Rs. 20-1 respectively. There were buyers for Periakaramalais and United Nilgiris and the quotations were steady at last levels. The Miscellaneous section was completely neglected.

Bombay Letter

BOMBAY, Aug. 25, 1945.

MR. C. C. Desai has announced that controls should go on for two to three years more. Had war-time controls been worked satisfactorily, many would have supported his stand. As it is, people are disgusted with these controls which have had the only effect of initiating a regime of corruption. There is wide demand that now at least, with the cessation of hostilities, controls should be released to the maximum possible extent. A very queer feature of controls, it may be pointed out here, is revealed by the working of controls in respect of bulbs, the retail price of which according to the importers here is now maintained only by the official rate and but for the "control" the bulbs would be available to the public cheaper. Another interesting incident may also be related here. It would be recalled that sometime ago it was decided to control the prices of foreign cotton. Egyptian cotton, however, could not be controlled and the best method that was thought possible was that with a view to stop Egyptian cotton from advancing in prices in India and in Alexandria also, the three principal buyers U.K., India and the U.S.A. should buy jointly. A Co-ordinating Committee was set up. Its express purpose was to spread its purchase from month to month and to ensure a steady flow of cotton to the mills, at the same time not to inflate Egyptian cotton prices by any bull movement in Alexandria. Recently one of the mills in Bombay wanted to resell the cotton secured from the Co-ordinating Committee through the import channels in Alexandria. The mill stated that in view of the 'utility cloth' and in view of the supplies they had secured so far, they no longer required any cotton and were prepared to bear the loss of resale themselves. Even this permission was refused. On making enquiries, it is found that the reason is not to depress prices in Alexandria. One cannot understand the logic of the "control" methods. The "control" which had been expressly provided for the purpose of stopping, now abhor the idea of depressing the price level in Alexandria. The reason behind this attitude is not difficult to seek. It is that the "control" authorities in India themselves have overbought cotton at the top rates and they are anxious to pass on same to the mills without loss to themselves. Hence this solicitude for the price-level in Alexandria.

Communication in Greater Bombay

Mr. A. S. Trollip, Chairman of the Communication Panel of the Committee on Post-war Development, Greater Bombay, outlined some suggestions that Panel would be making to Government shortly in connection with the proposed Greater Bombay scheme. Dealing with the scheme in two stages, a ten-year plan covering the area up to Borivli on the west and Ghatkoper on the east and a hundred-year plan covering the whole area upto Bassein Greek, Rotarian Trollip mentioned that in any scheme of this nature the first requisite is to formulate a Master Street Plan which will ultimately develop from the present highways and other major streets. According to him, the major weakness of the present transport system in the City is the lack of co-ordination between the different forms of transport—bus, tram, railway, water and air—with the result that there is loss of over-all efficiency. It was therefore important that the various interests must be co-ordinated and centralised under a single authority backed with effective executive powers. One of the major evils handicapping the efficient movement of traffic is Ribbon development, *i.e.* the construction of buildings and other structures along the highway. If the highways are to be kept along the movement of through traffic only, it is necessary to restrict the vicious growth of structures along the highways by immediate legislation.

Instead he advocated Group development on the principles of the Neighbourhood Unit which implies the development of an area or district as a composite and self-sufficient neighbourhood with a population large enough to need at least one elementary school.

He also suggested the segregation of various types of traffic, *viz.* the pedestrian from vehicular traffic, the slow moving vehicles from the fast moving vehicles. Necessary provision of road widths to accommodate all these types of traffic and spacious verges in the centre not only for purposes of immediate construction but for expansion to meet future needs were essential in planning for 100 years.

Haphazard growth has been responsible for the existing condition of traffic on roads and he advocated control of haphazard growth, co-ordination of various forms of traffic and transport, the segregation of industry, the creation of healthy and convenient residential areas, the protection of existing open spaces and the provision for new ones in built-up areas. For all this, legislation was necessary.

Cotton

Owing to liquidation of their 'long' position by the Bull Syndicate, I.C.C. September broke from Rs. 432 and is now nominally quoted Rs. 357, which is Rs. 7 above the floor level at which trading would cease and Government would have to come in the market to support prices. To a certain extent, the fall in the market is due to the correction of an artificial position maintained by the Bull Syndicate. These people already hold nearly 200,000 bales of ready cotton weighed over against the March and July contracts. Over and above that, they have a fairly big holding of the September contract which they have now liquidated. This has brought about panicky conditions in the market owing to the general liquidation. The nervousness is in the September position and not in the new crop position with the result that the spread between the two contracts is now considerably widened to Rs. 47.

Weather all over India has been good and the outlook of the crop is now favourable.

In the spot market, there is very little demand for ready cotton. Mills are interested only in old crops which they are buying at considerably cheap prices.

U.P. Letter

CAWNPORE, August 27, 1945.

A plea for the simplification of the Control Orders, particularly of the Cotton Cloth and Yarn Control Order, was made by Mr. John Tinker, the outgoing Chairman of the Employers' Association of Northern India, at the Association's 8th general meeting held in Cawnpore on 23rd August. Hostilities having ceased, Mr. Tinker hoped that Government would lose no time in cancelling Controls and thus permit business to resume normal channels.

In regard to numerous bills dealing with Labour-Employer relations between employers and employees,

but he has his misgivings, and added that Government having been seized of the idea that labour legislation was desirable were going too fast and too far. With the dissolution of the Central Assembly the proposed labour legislation has been dropped for the time being, and the bills will have to be re-introduced.

Industrial food rationing has been a success in Cawnpore judging from the turnover. There are over 100 mills grain shops. Food purchases in the 11 months ended December 1944, amounted to Rs. 146 lakhs, and in the 7 months of 1945 these amounted to Rs. 112 lakhs.

The total labour employed by the members of the Employers' Association at the end of the year was 1,07,766 as against 1,04,520 last year.

Labour Unemployment

The Provincial Government as well as the Central Government have been caught unawares by the end of war and there are no plans to be put in force immediately so that the demobilisation of war labour and its absorption in peace time industries may be carried out smoothly. Of the proposed 71 Employment Exchanges by the Central Government only 10 are functioning so far. The U.P. Government, however, have decided to rush through a two-year reconstruction plan when in certain emergency schemes employment will be found for those who must be axed forthwith. The Regional Directorate of Resettlement and Employment is contacting the District Magistrates who have been asked to assess the employment position in their respective areas. In the U.P. Cawnpore will give the biggest headache for here government war factories alone may have to discharge in due course as many as 40,000 men. Assurance has, however, been received that the C.O.D. may continue to work with its present full complement for stores and equipment would be needed for the army of occupation in the various former theatres of war. Besides parachute factories no other government war factories have yet put up notices of closing down, and it is thought that these would continue giving employment for sometime.

Rationing To Continue

Mr. R. N. Marsh Smith, head of the U.P. Government's Rationing Department has laughed away the suggestion made at Allahabad recently that food rationing may be ended in the U.P. towns now that the war has ended. He pictured the food situation to the grim and favoured the continuation of food rationing in the U.P. towns.

But the recent rains in the U.P. having improved crop prospects there has been a sudden drop in prices of food grains. These are now lower than the Government procurement prices.

The Regional Food Controllers are busy making purchases of food grains on behalf of the Local Government, and this has led to the Oilmillers coming forward bewailing their plight. The Millers have large commitments for supplies of oils to Bengal. They have not found it possible to purchase oilseeds at control rates, and had looked to the R.F.C.s to help them get their oilseeds requirements. The latter had promised to help, but now find their hands full with the food-grains purchases. The Millers threaten that they may have to close down. Labour too has been giving trouble and the labour dispute has been referred for adjudication to the Labour Commissioner.

Another Commerce Chamber

Yet another Chamber of Commerce has been formed in the U.P. It is the U.P. Depressed Classes Chamber of Commerce. Its headquarters are at Cawnpore This is the 7th Chamber of Commerce in the U.P., the U.P. Muslim, the Northern India Mercantile and the Western U.P. Chambers being the other newcomers in the last few months.

Incidentally, it may be noted that besides the bona fide Chambers of Commerce, that is organizations of trade and industries, any business concern may also use the name and style of a Chamber of Commerce, and sometime ago in Cawnpore some companies started business calling themselves a Chamber of Commerce. A leading Chamber of Commerce drew the attention of the Registrar, Joint Stock Companies, U.P. to this unusual situation but the latter held that the law on the point did not prevent anyone from calling his business concern a Chamber of Commerce. The Government had been approached following this expression of view, and it is now understood that the Company law may now be suitably amended to prevent the use of the name of a Chamber of Commerce by other than a bona fide trade organization.

Bullion Prices

Bullion prices which were steadily going down registered a jump following the news that the U.S. Government had ended Lease-Lend operations. Silver improved by about 10 rupees.

Milk Control In U.P.

According to a U.P. Government report position in regard to livestock in the Province has improved in war years The number of milch cattle is greater. Yet reports of acute milk shortage from various areas continue coming. Prof. S. K. Rudra has been asked to make a hurried survey and submit schemes for improving milk supply to Cawnpore. The Co-operative Department has a scheme for improving milk supply in eight towns of the Province. With the improvement in transport position it is thought that these schemes may soon be put in operation. The ban on export of milch cattle has been lifted, and milch cattle in numbers may now be sent to Bengal which has a big demand for these. For Cawnpore some sort of short-term control scheme may be evolved, and plans for increasing and improving milk supply may be deferred to a later date.

J. K. INVESTMENT TRUST LTD.,

KAMLA TOWER CAWNPORE

NOTICE is hereby given that the Second Ordinary General Meeting of the Shareholders of J. K. Investment Trust Ltd., will be held on Saturday, the 8th September, 1945, at 4 p.m. at the Registered Office of the Company at Kamla Tower, Cawnpore, to transact the following business:—

(1) To receive and adopt the Directors' Report and the audited Accounts of the Company for the year ended 30th June, 1945.

(2) To declare a dividend.

(3) To elect Directors in place of Lala Lakshmipat Singhania and Lala Parshottamdas Singhania who retire in pursuance of Article 98 of the Articles of Association of the Company, but being eligible, offer themselves for re-election.

(4) To appoint Auditors and fix their remuneration.

(5) To transact any other competent business that may be brought forward.

The Share Transfer Books and the Registers of the Members of the Company will be closed from 27th August, 1945 to 8th September, 1945, both days inclusive.

By order of the Board,
R. K. GUPTA,
Secretary.

Kamla Tower,
CAWNPORE.
The 11th August, 1945.

Rs.34,00,000 *a day invested!*

Over Rs. 112 Crores were invested in less than eleven months in the First 3% Victory Loan (1957) withdrawn during February 1945.

The 3% Second Victory Loan (1959-61) offers you another opportunity to lend money to India on attractive terms. You serve your country, help to lower prices, and the 3% dividend per annum less Income-Tax is sent to your address twice a year.

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To buy this Loan, apply to your Bankers, or to the Reserve Bank of India at Bombay, Calcutta, Madras, Delhi, Cawnpore or to the Branches of the Imperial Bank of India in other places or to any Government Treasury.

AAA 225

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SECOND
VICTORY LOAN
1959-61

ISSUED BY THE FINANCE DEPARTMENT GOVERNMENT OF INDIA

BANKING

Exchange Bank Profits--II

ONLY the method of allocating profits earned in India by the exchange banks out of their total profits was described rather too briefly in the previous article. The details were, however, postponed for discussion at a later stage. The figures of estimate of profits for India got by the use of the 'exploratory device' based on deposits too were left uncommented. It is now deemed necessary to examine the method more fully and interpret the figures already published. Here it need be also mentioned that the aim of the present study is to indicate the trend of Exchange bank profits eorned in India—of all the banks combined as well as under the two sub-classes of "A" and "B" and categories of "British" and "Non-British"; and is not to give any absolute estimate of profits which, with the available scanty and confused mass of statistics, is wellnigh impossible to investigate.

It would be recalled that the deposits were adopted as the basis for breaking up the world profits into two parts, viz., profits arising out of business in India and those accountable to business done by them abroad. As already said, the method based on deposits could be criticized on grounds of banking principles, yet it was the only available basis for the calculations. The intransigence of the foreign banks with regard to the submitting of the separate accounts the Balance sheets and Profit and Loss accounts for the business done in India to the Authorities in the country, was assisted by the Government also which lavised preferences on them and played them against the Indian interests. Had the government not adopted an attitude of resilience and leniency towards them, the returns would have been available for the estimate and the trend sutdy. But in that case these foreign banks, if were found to be earning large profits, would have faced a real danger of infiltration of their mnoplized field by the Indian banks. This government could not tolerate and they in their own way too concealed the material for arriving at an estimate from the Central Banking Enquiry Committee. The cover of secrecy still hangs over it. So in the absence of any estimate of profits, given by the banks or the government, ne is left with the unsatisfactory and inadequate statistics described later on to proceed with.

Before coming to the available statistics and the method of splitting up the profits, it is necessary to analyze the various heads of income of the Exchange Banks. Among the various heads of income the most important is that of exchange. Analyzing the composite charge made by the foreign banks and taking out of it the interest element, there would be a charge for the service of changing money from one currency into another. It is, however, not easy to attempt an estimate of this charge unless satisfactory answers to certain questions f great significance are given. The questions are: Whether the clientale pays this exchange charge merely for the difference left, after the cancellation of export and import operations in the bank's books, or for the whole turnover? Is it earned by them for the invisible imports also. Is a double commission paid by Indian Trade and if that is so, what portion of it is borne by India? These issues make the task of finding the amount earned on account of this item of exchange a Gordian Knot. Another source of profits to these banks is the import of gold and silver bullion. Profits are also made by them by undertaking agency work, purchase of sterling securities by Indians, general remittances, letters of credit and rent from the bank warehouses. The movement of permanent capital too brings about some gains to them. Now neither the figures of the purchase of sterling securities by the public are available, nor those of general remittances, nor the rate of the agency commission. Hence a total estimate of the profits earned in India is impossible to get. The only alternative left is to separate them from the total figures on some satisfactory method. In exploring the method we would see what statistics are available.

The Government publishes Statistical Tables relating to Banks in India and Burma almost annually. This is the only source of getting statistics on the subject. Herein we find the liabilities and assets of these banks as published in their original Balance sheets. Under liabilities we find capital and reserves, notes in circulation, Accepatnces, loans and Bills payable, Miscellaneous credit, Deposits and current accounts and Profits; while the Cash in hand and at banks and bullion, Investments in Government and other securities; Bills of exchange and Bills receivable, Bills discounted, loans and advances, Buildings and sundries, including loans for acceptances are the items of assets available therein. The figures for these heads are in the thousands of national currencies. They are only available from 1913 although the fist foreign bank was established in 1853 and by 1900 there were about 8 functioning in India. In the same publication at a separate place some more details about these banks are available. We would find Capital and Reserves separately as well as rolled up in thousands of pound sterling, deposits-out of India and Burma in thousand pound sterling and those in India and Burma in thousand rupees and also Cash balances under two heads, viz., out of India and Burma and in India and Burma though the series of figures is available from 1870 it is only from 1923 that the figures are in some detail, being available for the two classes of Banks, viz., "A" which are doing a considerable portion of their business in India or Burma, i.e., having 25% or more of their deposits in India or Burma and the other "B" classes consisting of banks which are merely agencies of large banking corporations doing a minor portion of their business abroad, i.e., having less than 25 p.c. of their deposits in India or Burma. In the former class 6 out of 8 of the British exchange banks featured till 1939 whereas in the latter all the Noh-British banks found a place. Just before the outbreak of the Second World War there were in class "B" three American Banks, four Japanese banks, two Dutch banks, two Chinese banks and one French bank. From the above account of the statistics at hand, it is clear that the figures for the allocation work are available in the case of deposits only. True, the absence or inadequacy of statistics is hardly an adequate reason for the use of a method, wrong in principles. But if it happens that the results thus obtained are very well corroborated and substantiated by other available material, it may be equally wrong to give it up without being given a fair trial. The foreign banks, are as a matter of fact deposit banks at home and the deposits form a very large percentage of the total liabilities as shown below in the case of five important banks operating in India.

Banks	1913	1918	1922	1929	1934	1939	1943
Chartered Bank	69%	71%	70%	74%	76%	79%	89%
Mercantile Bank	70%	80%	77%	66%	71%	82%	90%
National Bank	75%	82%	80%	79%	83%	74%	90%
Eastern Bank	72%	76%	59%	56%	60%	75%	92%
Lloyds Bank	..	..	89%	82%	83%	89%	93%
Hongkong and Shanghai Bank	58%	79%	77%	77%	72%	69%	..

But in other parts of the world they are exchange banks. At home they are earning the profits as deposit banks but abroad their profits are a compound phenomenon, due to the adoption of various other functions and operations. But their deposits do not remain dormant and are employed in the finance of foreign trade, which in the case of India is their sole monopoly. As such the deposits may not be completely instrumental in bringing profits to the covers of the banks yet continue to play quite an important part which justifies their use as the basis for the division of the profits.

Having laid down a formula for the allocation work, it is necessary to explain the various steps right from the collection of the total profits to the preparation of the index series of the profits.

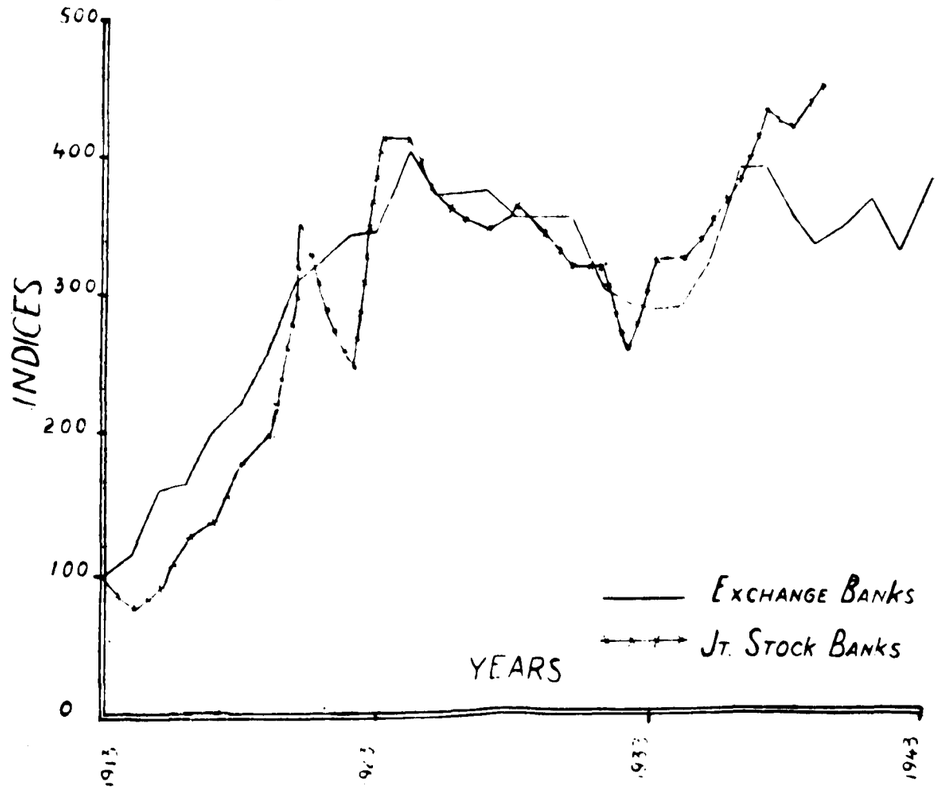
From the Balance Sheets of the Exchange banks operating in India, as reproduced in the Statistical tables relating to the Banks in India and Burma, the profits figures could be readily had for the various banks. It has been possible to go as far back as 1913. Since the profits were given in different national currencies, they could not be added up unless converted into one single country's currency. The rates of exchange of various countries' currencies and the pound sterling given for every year helped their conversion into pound sterling. The table No. 1 contained profits not only for all the exchange banks, with the exception of a few, but for banks divided into the two classes of "A" and "B" and categories of "British" and "Non-British". In the case of many a year two or more figures of profits have been shown since the number of banks under observation has been constantly fluctuating and in the construction of an index series between any two years the same banks could be compared. Furtheron an other complication arose. The balance sheets of certain banks, viz., Lloyds Bank for 1924 and those of the Yakohama Specie Bank for 5 years (1924-29) did not show profits for the half year only and hence this was got over by doubling their amounts of profits. These banks, however, could not be omitted because of their great importance in the foreign trade of India with the British Empire and Japan respectively. It would be observed that the number of "A" banks included in the table remained constant as 4 and so also "British" number as 5 till 1921 and later on the two numbers were 5 and 6 respectively till 1939.

Table No. 2 contained the ratios of deposits in India and Burma to total deposits for the two classes of banks "A" and "B" from 1923 onwards. As stated earlier in the article that the deposits outside India were available in thousands of pound sterling and those in India in thousands of rupees, the conversion in one currency was but necessary. The pound sterling figures were converted into rupees at the prevailing rate of exchange year to year. One single ratio could not be prescribed in the case of the two banks since the amount of business done by the two classes was not of the same magnitude. We had to apply a ratio based on the average of 10 years (1923-32) for the earlier ten years viz., (1913-22) for which detailed figures under two heads were not given in the publication. It would be noticed that in the case of "A" Banks the deposits in India have varied from 1/2 to 1/3 of the total deposits while in the case of "B" they have been very small a fraction of the total.

Table No. 3, however, is very much similar to No. 1. The figures of profits shown in it are only a part of the total profits shown in Table 1 arrived with the help of the ratios prescribed in Table No. 2.

Table No. 4 containing the Index numbers of profits with 1913 as base, provides us many conclusions. Before we come to enumerate them it is necessary to verify the trend of profits obtained in this table with the help of foreign trade figures specially the private merchandise which the Exchange Banks have been financing and earned profits thereon. The index number of the value of foreign trade given

GRAPH SHOWING CHAIN INDEX NOS OF PROFITS.



below shows that the profits series in Table No. 4 have moved in harmny with the former for a number of years. There has been a positive correlation between the index numbers of value of foreign trade and the various index series given in Table No. 4.

INDEX NOS. OF VALUE OF PRIVATE MERCHANDISE (Base 1913-14=100)

15	..	74.1	30	..	129.4
16	..	76.2	31	..	86.1
17	..	91.4	32	..	89.6
18	..	91.3	33	..	62.0
19	..	97.9	34	..	61.3
20	..	124.8	35	..	66.6
21	..	137.4	36	..	70.4
22	..	118.5	37	..	79.4
23	..	126.6	38	..	84.7
24	..	136.6	39	..	74.7
25	..	149.3	40	..	88.1
26	..	141.7	41	..	82.9
27	..	125.2	42	..	99.2
28	..	134.0	43	..	70.3
1929	..	136.9			

The broad conclusions which could be drawn from Table No. 4 are the following:

1. The exchange banks earned about four-fold profits as compared with 1913. There were two periods during which they earned too high percentages of profits, viz., 1922-28 and 1936 and onwards.

2. "A" class and British banks profits have moved almost parallel during the thirty years period under review.

3. "B" class banks have earned higher profits than the "A" class have done. "A banks enjoyed higher profits till 1919 after which "B" banks profits maintained a lead by a fair margin.

4. Among the British and non-British, the latter earned higher profits than the former. The non-British got the better of the British banks as early as 1917 and kept on an unbroken lead till 1934 and then since 1936 were pitched quite high.

5. As between the Exchange Banks and Joint Stock Banks the profits of the latter were always lower till 1919 after which they began to rise. They were too much fluctuating during 1919 and 1922 and came to be stabilized during 1923-28 between 300 and 370 points. The great depression did affect the profits in their case, but no sooner was this economic blizzard passed than the profits shot up again. In 1939 they stood at 451.5 as compared with 341 in the case of the exchange banks. It need be mentioned here that the number of joint stock banks included for the profit index is very small as compared with almost all the available exchange banks. If larger number of Joint Stock banks are taken, the results are liable to be changed to a great extent.

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THE INDIAN BANK, LTD

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Branches and Sub-Offices in all the important places in the Madras Presidency and in Bombay.

	Rs.
Issued and Subscribed Capital	**60,00,000**
Paid-up Capital	**33,66,622**
Reserve Fund	**35,00,000**
Deposits as on 30-6-45 exceed	**12½ crores**

ALL KINDS OF BANKING BUSINESS DONE

N. GOPALA IYER, Secretary.

I. B. N.—101.

INDUSTRY

Sind Fisheries

CONTRIBUTED

SIND has a coast line of only 150 miles but the fisheries off this coast are considered to be among the best in the world. The two hundred miles length of Indus river that flows through this province is another prolific source of fishing. There are also some inland lakes—the most notable of these is Manchar lake—where the fishing is good. According to the last census the number of men engaged in fishing in Sind is over 6,000. The average annual catch of both fresh-water and marine fishes is about 17,000 tons whose value at wholesale rates is nearly a crore of rupees. This should be compared with Sind's race crop—the value of which is 13 crores but in which about 3 lakhs of persons are engaged. The catch per fisherman comes to about 3 tons. In Madras the catch per fisherman is nearly three times this. There is, therefore, considerable room for increasing the quantity of annual catch. There is plenty of fish in the seas near Sind. The inland fisheries are capable of development. The demand is considerable and supply will not overtake it for some years. The per capita consumption of fish in Karachi is only 9 lbs. and in the whole of India only 3 lbs. Compare this with U.K. where the consumption is 40 lbs. and Denmark where it is 24 lbs.

The Government of Sind have at last realized the importance of fisheries and Dr. Naidu, Director of fisheries, has drawn up a programme of development which will be put into operation shortly. A matter requiring immediate attention is the investigation of deep sea fishing. This is likely to give increased catches at once. At present the fishermen do not go more than 10 miles from the shore. The Bombay Government made an attempt to use trawlers but the experiment was not a success. Probably, Madras also experimented without success. There is however no reason to give up all hopes of exploiting the sea beyond the coastal waters. The Fish Sub-Committee of the Reconstruction Committee of Government of India have in their report put the matter in a proper perspective. They say: "These experiments were undertaken with unsuitable vessels while trained crew and fishermen to work on these trawlers were not available. Paucity of data regarding the location and extent of the fishing grounds, their suitability or otherwise for trawling, the distribution prevalence and migration of various species of fish of economic importance and other essential biological and hydrographic factors seriously handicapped the work of these trawlers while the lack of provision of refrigeration facilities on board the vessels, of carrier launches to take the catches to the shore, the absence of landing facilities and cold storage at ports, limited facilities for transport of the fish to inland centres raised insoluble problems." Deep sea fishing properly organized is bound to pay and this is the easiest way of making more fish available to an undernourished population.

Only 25 per cent. of the fish catches are consumed as fresh fish. About 65 per cent. are dried and cured. To a considerable extent the fishermen are compelled to dry their catches for lack of facilities of cold storage and quick transport to consuming centres. The methods of curing are very unhygienic. The Fisheries Department are planning to build Government Fish Curing Yards. The fishermen will be induced to use these yards by offering them some concessions in the price of salt they use for curing. Hygienic methods of curing can be enforced in these yards.

There is a pressing need for an efficient organization for collection of statistics regarding the fish industry. The figures available at present are either only estimates or are out of date. The statistical staff sanctioned for the fisheries Department should supply this deficiency.

The condition of the fishermen in Sind is anything but unsatisfactory. They, like the cultivators in many parts of India, are born in debt, live in debt and die in debt. They are bound hand and foot to their creditors. They must sell their catches to them. This is naturally valued at low rates. It is not uncommon for the merchants to make 300 per cent. profit on the fish in which they deal. The fishermen are ignorant, illiterate and live in squalid conditions. It is gratifying to see that the Fisheries Department are keen to tackle this problem. One co-operative society for fishermen of Karachi has recently been established. There will be a marketing officer in the department and it is one of his duties to establish other co-operative institutions among the fishermen. He will also disseminate market news among the fishermen and this will bring home to the fishermen how much they are losing by tamely submitting to the exploitation by the merchants. The Fisheries Department also propose to start special schools for boys of fishermen. It is only by education of the fishermen that we can make substantial progress in the fishing industry. We noticed above the Fish Sub-Committee mentioned the absence of properly trained fishermen as one of the reasons for the failure of the deep sea fishing experiments.

A notable development in the fish industry in Sind is the manufacture of Shark Liver Oil. This oil has been tested in the best laboratories in India and found to be as good as Cod Liver Oil. With the stoppage of Cod Liver Oil imports during the war, this industry got a fillip and is now well established. The production in 1944 was over 6,000 gallons. With the present supply of shark livers the production of oil can go up to 20,000 gallons. When deep sea fishing is introduced the supply of shark livers may go up and shark liver oil production can be largely increased. It may be necessary to introduce legislation to control the standards of purity of the oil and to prevent slaughter of young sharks.

There are many other directions in which the fisheries can be developed. By oyster regeneration the annual oyster catch can be increased. The Prawn fisheries can be developed by use of mechanically propelled vehicles. Inland fisheries should be stocked. Marine and freshwater fish laboratories should be set up. Manufacture of fish products—fish manure, fish meal, fish canning, fish paste, gelatine and plastics—should be encouraged by Government, if necessary, by setting up pilot plants. The possibilities of preparing and marketing smoked fish should be investigated. It is doubtful however whether dehydrated fish can be marketed now the war is over.

CURRENT STATISTICS

A—Fainnce and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. in lakhs)

	17-8-45	10-8-45	18-8-44	1-9-39	17-8-45 compared with 1-9-39
Notes held in the Banking Depot. ..	13.87	13.79	15.46	35.04	- 21.17
In circulation ..	1138.88	1138.88	929.35	182.13	+ 954.75
Total Notes ..	1152.75	1152.67	944.32	217.18	+ 935.57
A Gold Coin and bullion	44.41	44.41	44.41	44.41	..
Sterling Securities	1034.33	1034.34	828.33	59.50	+ 974.83
Total of A ..	1078.74	1078.74	872.74	103.91	+ 974.83
B Rupee Coin ..	16.52	16.09	14.23	14.69	+ 1.83
Rupee Securities ..	57.84	57.84	57.84	37.39	+ 20.45
Silver bullion under coinage ..	..	..	..	..	..
% of Reserve to Liabilities ..	98.580	93.586	92.372	63.149	+ 30.431

IMPERIAL BANK

(Rs. in Lakhs)

	17-8-45	10-8-45	18-8-44	1-9-39	17-8-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts ..	238.73	237.13	225.50	87.26	+ 151.47
Govt. Securities ..	139.71	142.74	133.06	51.03	+ 88.68
Other Investments ..	4.74	4.74	3.60	.96	+ 3.78
Loans	16.84	16.04	12.81	7.66	+ 9.18
Cash Credit Overdraft	41.09	42.36	40.55	19.70	+ 21.24
Bills discounted ..	3.40	3.31	4.35	2.98	+ .42
Cash in hand with R. B. I. and other Banks	42.84	37.68	40.04	14.69	+ 28.15

BANK OF ENGLAND

(£ '000)

	22-8-45	15-8-45	23-8-44	30-8-39	22-8-45 compared with 30-8-39
Total Bullion ..	760	833	1,652	263,700	262,900
Public Deposits ..	98,10	11,400	12,400	31,000	21,400
Other Deposits ..	232,600	266,700	237,100	129,100	+ 153,500
Of which Bankers Deposits ..	227,100	210,700	176,400	90,100	+ 137,100
Govt. Securities ..	269,200	258,600	190,600	113,000	+ 156,200
Other Securities ..	10,600	11,600	14,200	31,000	20,200
Of which Discounts and Advances ..	5,200	2,200	5,500	6,400	1,200
Notes and Coins ..	25,100	23,600	37,200	34,200	+ 9,100
Notes in circulation	1,325,600	1,327,200	1,144,400	29,000	+ 1,296,600
% of Reserve to Liabilities ..	8,5	8,4	22,59	21,38	12,88

BANKING DEPARTMENT

(Rs. in lakhs)

	17-8-45	10-8-45	18-8-44	1-9-39	17-8-45 compared with 1-9-39
Cash	14,02	13,92	15,75	35,15	— 21,13
Balances held abroad* ..	454,86	443,70	241,91	10,08	+ 444,78
Investments	20,29	20,60	11,51	6,81	+ 13,48
Bills discounted :-					
(a) Internal and External ..	..	..	..	..	..
(b) Treasury Bills ..	3,93	4,03	7	1,16	+ 2,77
Loans and Advances to Government ..	15	..	6	31	— 16
Deposits— ..					
(a) All Govts. ..	364,42	360,44	151,54	14,89	+ 345,53
Of which G. of I. ..	346,18	311,33	..	14,89	+ 331,29
(b) Banks	92,11	86,62	93,05	26,91	+ 65,20
(c) Others	22,21	21,54	9,90	1,24	+ 19,97

Including Cash and Short-term Securities.

SCHEDULED BANKS

(Rs. in Lakhs)

	17-8-45	10-8-45	18-8-44	1-9-39	17-8-45 compared with 1-9-39
Demand Liabilities in India ..	634,36	630,60	578,14	124,36	+ 506,02
Time Liabilities in India ..	249,24	247,86	186,96	102,24	+ 147,00
Cash in India ..	31,45	31,42	25,70	6,70	+ 34,75
Balances with Reserve Bank ..	91,66	88,73	92,75	25,17	+ 66,49
Advances in India ..	269,71	271,63	207,35	101,52	+ 168,19
Bills discounted in India ..	13,73	13,74	9,48	3,57	+ 10,16

U. S. FEDERAL RESERVE BOARD

(Million dollars)

	23-8-45	16-8-45	24-8-44	31-8-39	23-8-45 compared with 31-8-39
Resources—					
Total Reserve ..	17,929	17,969	19,052*	14,661	+ 3,268
Total Bills Discounted ..	390	312	107	..	+ 393
Bills bought in open market ..	..	..	..	($40,000)	—($40,000)
Total U. S. Govt. Securities ..	22,296	21,269	15,592	12,426	+ 9,870
Liabilities :-					
F. R. Notes in actual circulation ..	23,694	23,555	19,521	14,609	+ 8,085
Reserve Account ..	14,992	15,004	12,922	10,951	+ 4,041
Total Reserve to Deposits and F.R. Liabilities ..	44·5%	44·31%	54·8%	86·9%	—43·4%

Figures in brackets are the actual ones * Gold only.

TREASURY BILLS SALES

(3 Months Tenure)

(Rs. in lakhs)

Date of Issue 1945	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
May 15, " ..	5,71	2,00	0 7 5	..	2,10
" 22, " ..	5,42	2,00	0 7 0	..	2,51
" 29, " ..	7,38	2,00	0 6 0	..	2,45
June 5, " ..	8,86	2,00	0 4 11	..	4,50
" 12, " ..	..	2,00	0 4 0	..	3,11
" 19, " ..	4,11	2,00	0 4 0	..	3,81
" 26, " ..	5,80	2,00	0 3 11	..	4,69
July 3, " ..	2,26	86	0 3 11	..	1,64
" 10, " ..	2,42	42	0 4 0	..	1,11
" 17, " ..	70	58	0 4 0	..	..
" 24, " ..	57	47	0 5 1	..	1,45
" 31, " ..	2,93	1,50	0 5 11	..	..
Aug. 7, " ..	3,14	3,14	0 6 3	..	..
" 14, " ..	3,20	1,70	0 7 0	..	..
" 21, " ..	3,84	2,00	0 7 0	..	..

TREASURY BILLS MATURITIES

(3 Months' Tenure)

(Rs. in lakhs)

Date of maturity	Amount	Date of maturity	Amount
July 2, " ..	4,00	Sept. 19, " ..	2,00
" 9, " ..	4,00	" 26, " ..	2,00
" 16, " ..	4,00	Octr. 3, " ..	2,00
" 23, " ..	4,00	" 10, " ..	86
" 31, " ..	4,00	" 17, " ..	42
Aug. 7, " ..	4,00	" 24, " ..	58
" 15, " ..	4,00	" 31, " ..	47
Aug. 22, 1945 ..	2,00	Nov. 7, " ..	1,50
" 29, " ..	2,00	" 14, " ..	3,14
Sept. 5, " ..	2,00	" 21, " ..	1,70
" 12, " ..	2,00	" 28, " ..	2,00

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	May 1945	May 1944	June 1945	June 1944
Amount (£ in '000) ..	105,310	91,808	—8,451	4,855	—690	6,324

Average rate of purchases remained 0-1-6 all the time.

CLEARING HOUSE RETURNS

(Rs. in lakhs)

	1943-44	1944-45	May 1945	June 1945	Aug. 15 1945	Aug 24 1945
Bombay ..	24,42,31	22,36,97	1,62,59	2,02,23	26,28	..
Calcutta ..	17,40,12	23,51,59	1,96,85	2,16,94	35,14	..
Cawnpore ..	1,02,41	1,12,95	8,01	8,05	1,30	1,98
Delhi ..	1,02,41	1,29,94	10,77	10,15	1,84	3,11
Karachi ..	1,02,64	1,24,54	12,37	11,51	1,97	2,48
Lahore ..	78,82	74	7,47	8,48	3,23	1,90
Madras ..	2,00,02	1,27,37	20,49	21,27	3,86	..

EXCHANGE RATES (T.T.)

	Aug. 31, 1945	Aug. 24, 1945
Bombay on London (s.)	1-5 31 32	1-5 31 32
London on New York (Rs.)	3321	3321
London on Bombay (s.)	1-6	1-6
Bombay on New York (s)	4,021—4,024	4,021—4,031
New York on London (s)	4-03	4,03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	28th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	3%	3%
U.S.A.—New York Red. Res.	29th Oct. 1942	1%	1½%
	27th Oct. 1942	1½%	1½%

NON-SCHEDULED BANKS

(Rs. in lakhs)

Date	Liabilities Demand	Time	Total	Cash Balances	% of Cash Balances to liabilities
31-12-1943 (580) ..	17,52	17,27	34,79	4,88	14.0
30-6-1944 (572) ..	21,06	23,37	44,43	5,29	11.9
28-7-1944 (572) ..	20,81	15,58	48,42	4,85	11.1
25-8-1944 (579) ..	22,12	23,81	45,93	5,15	11.2
29-9-1944 (579) ..	22,27	23,24	45,51	5,07	11.1
27-10-1944 (565) ..	22,18	25,78	47,96	5,30	11.1
24-11-1944 (565) ..	22,23	21,48	46,80	5,61	11.9
29-12-1944 (613) ..	24,84	28,29	53,13	6,04	11.4

Number of banks submitting their returns within brackets.

CASH POSITION

(Rs. in lakhs)

	17-8-45	10-8-45	18-8-44	1-9-39	17-8-45 compared with 1-9-39
Reserve Bank of India	14,02	13,92	15,75	35,15	—2113
Scheduled Banks ..	123,15	120,15	118,45	31,37	+ 91,7

B—General

MERCHANDISE EXPORTS FROM IMPORTS INTO EMPIRE COUNTRIES AND THE UNITED STATES

(1938-45) (In Millions of National Currency)

Country	1938	1939	1940	1941	1942	1943	1944	1945
United Kingdom £								
Imports (retained) (e) ..	858.0	839.5	1,126.1	1,32.4	1,194.9	1,864.6	—	—
Exports ..	470.8	439.5 (a)	411.2 (a)	365.4 (a)	270.9	232.8	258.1	—
Excess of Imports ..	387.2	400.0	714.9	767.0	924.0	1,631.8	—	—
United States of America $								
Imports (b) ..	1,960	2,318	2,625	3,345	2,742	3,372	3,911*	—
Exports (incl. re-exports) ...	3,094	3,177	4,021	5,147	8,035	12,714	14,240*	—
Excess of Exports ..	1,134	859	1,396	1,802	5,293	9,342	10,328*	—
Canada $								
Imports (retained) ..	666	739	1,043	1,346	1,579	1,671	1,699	—
Exports ..	835	897	1,186	1,638	2,364	2,971	3,440	—
Excess of Exports	169	158	143	292	785	1,300	1,741	—
India (c) Rs.								
Imports (d) ..	1,733	1,588	1,648	1,567	1,729	1,104	1,191	2,010
Export (incl. re-exports) ..	1,892	1,692	2,136	1,987	2,529	1,950	2,100	2,271
Excess of Exports ..	159	174	488	420	800	846	909	261
New Zealand £ NZ								
Imports (e) ..	55.4	49.4	49.0	49.2	53.7	95.1	86.7	—
Exports ..	58.4	58.0	73.7	67.5	81.7	71.8	77.7	—
Exces of Imports (—) and Exports (+)	+3.0	+8.7	+24.7	+18.3	+27.6	—23.3	— 9.0	—
Australia (f) £A								
Imports ..	140.0	124.4	145.0	136.2	187.1	265.7	187.3 (g)	153.0 (g)
Exports ..	141.7	121.5	149.7	135.0	159.3	123.1	93.5 (g)	100.3 (g)
Excess of Imports (—) and Exports (+)	+1.7	—2.9	+4.7	—1.2	—27.8	—142.6	—93.8 (g)	—52.7 (g)

(a) Including imports or exports by Government Departments of aircraft and other vehicles (except tyres and tubes for road vehicles) and arms, ammunition, and military and naval stores, (b) General imports including merchandise entered for immediate consumption and that entered for storage in bonded warehouses. (c) Year ended 31st March. (d) Excluding value of railway materials imported direct by State allways working under company management which are not paid for in the ordinary way. (e) Including defence materials and equipment, also lend-lease supplies. (f) Year ended 30th June.(g) Eight months; July to February. (*) Preliminary.

BOARD OF TRADE INDEX OF WHOLESALE PRICES

Group	1944 July	Aug.	Sept.	Oct.	Nov.	Dec.	1945 Jan.	Feb.	Mar.	Apr.	May	June
I. Cereals ...	167.9	166.2	163.3	164.0	165.6	166.2	166.6	165.5	165.8	165.5	164.1	163.9	163.4
II. Meat, fish and eggs ...	121.8	121.8	121.8	121.8	121.8	121.8	121.8	121.8	121.8	121.8	121.8	121.8	121.8
III. Other food and tobacco ...	181.4	190.8	188.4	182.3	178.3	177.8	179.4	179.8	179.8	179.7	179.6	180.0	190.9
Total—Food and tobacco ...	157.6	160.5	158.8	156.8	155.9	155.9	156.6	156.4	156.5	156.4	156.0	156.0	159.7
IV. Coal	201.5	201.5	223.5	224.0	224.0	224.0	224.0						
V. Iron and steel ...	183.4	183.4	184.5	185.7	185.7	185.7	185.7	224.0	224.0	224.0	224.0	243.7	243.7
VI. Non-ferrus metals ...	128.0	128.0	128.0	128.0	128.0	128.0	128.0	185.5	185.5	187.9	189.4	189.4	189.4
VII. Cotton	159.3	159.3	159.3	159.3	159.3	160.6	160.6	128.0	128.0	126.1	123.1	123.9	127.2
VIII. Wool	184.0	184.0	184.0	184.0	184.0	184.3	184.3	160.6	160.6	160.6	160.6	160.6	162.0
XI. Other Textiles ...	134.6	133.7	133.6	133.8	133.4	135.9	136.1	184.4	184.1	184.1	184.1	184.1	184.1
X. Chemicals and oils ...	151.7	151.0	151.1	151.4	151.4	151.5	151.6	138.5	138.3	138.4	138.6	138.6	138.6
XI. Miscellaneous ...	184.9	184.9	185.2	185.5	185.5	185.5	185.8	151.6	150.8	150.5	150.5	150.7	150.9
Total—Industrial materials and manufactures ...	170.3	170.1	171.7	172.2	172.1	172.5	172.6	186.0	186.0	187.8	187.8	187.8	187.8
Total—All articles ...	166.1	167.1	167.5	167.1	166.7	166.6	167.2	172.8	172.7	173.5	173.7	174.8	175.2
Industrial materials (excluding fuel) :—													
Basic materials	186.1	186.0	186.0	186.0	185.9	186.8	187.2	187.2	187.2	187.8	187.7	188.4	170.0
Intermediate products ...	176.3	176.1	176.2	176.2	176.2	176.2	176.2	187.4	187.3	188.8	186.6	186.6	187.3
Manufactured articles	158.1	157.9	158.9	159.9	159.9	160.2	160.3	176.9	176.9	176.9	181.0	181.1	181.9
Building materials ...	153.4	153.4	153.8	154.2	153.9	153.9	153.9	153.9	153.9	156.0	156.0	156.0	156.7

ALL-INDIA FOOD INDEX

(Base week ended 26th Aug. (1939—100)

Week ended	Indxx No.	% Increase of Increase week to week
April	233.7	..
May)	234.0	..
June	234.2	..
	236.6	..
July	234.2	—0.1
7th July 1945	236.2	+2.0
July " "	237.7	+1.5
28th " "	238.5	+1.2

CORRECTION

In the article Exchange Bank Profits (Aug. 24, 1945) please read (p. 295).

(1) line 14 column, 'unknown' for 'known'.

(2) line 7, column 2 'esc' for 'etc'.

(3) line 32 in column 2 'their profits' for 'there position'.

(4) line 37 in column 2 'in Burma for 'in India'.

(5) p. 296 line 8 'remittance' for 'resistence'.

(6) Table No. 2. The finished series refers to 'A' and 'B' banks.

(7) Table No. 4. All 3 per cent. Banks chain Index 1914 '111.5' for '114.5'.

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

	Commodities		Market	Unit	This week. Rs. a. p.	Last week. Rs. a. p.
1.	*Wheat	Average	Amritsar	per md.	8 0 0	8 4 0
		Superior	,,	,,	8 4 0	8 7 6
		Ready	Lyallpur	,,	8 8 6	8 8 0
		Red	Hapur	,,	10 4 0	10 4 0
		Dara	Cawnpore	,,	...	12 5 0
		,,	Calcutta	,,	10 7 0	10 7 0
2.	*Rice	Punjab Basmati New	Amritsar	,,	23 0 0	23 0 0
		Punjab Basmati Old	,,	,,	24 0 0	24 0 0
		Punjab Basmati Sela	,,	,,	22 8 0	22 8 0
		Parmal	,,	,,	19 0 0	19 0 0
		Sona	,,	,,	16 0 0	16 0 0
		Begami	,,	,,	14 0 0	14 0 0
		Jhona	,,	,,	12 12 0	13 4 0
		Common Basal	Cawnpore	,,		26 10 8
		Medium Grade	Calcutta	,,	11 12 0	11 12 0
3.	*Linseed	Ready Bold	Bombay	,,		12 13 9
		,, Small	,,	,,		12 9 4
		,, Bold	Cawnpore	,,		8 0 0
		,, Small	,,	,,		8 0 0
		,, ,,	Calcutta	,,	12 12 0	12 0 0
4.	*Mustard	Yellow	Cawnpore	,,	...	13 0 0
		Black	,,	,,		12 0 0
5.	*Groundnuts	Karnel (Coromandal)	Madras	,,		10 0 0
		Karnels	Bombay	,,	11 10 0	11 12 5
6.	*Potatoes	Desi	Cawnpore	,,		16 0 0
		Pahari (Haldwani)	,,	,,		
	†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	393 0 0	430 0 0
7.	†Cotton (yarn)	No. 10½s.	,,	per lb.	0 12 10	0 12 9
		No. 20s.	,,	,,	1 1 0	1 1 0
9.	†Cotton (piece-goods)	Long cloth (std. quality)	,,	,,	79 0 0	78 0 0
10.	†Jute (raw)	Firsts (Mills)	Calcutta	per bale (400	74 0 0	74 0 0
		Lightnings (Mills)	,,	(400 lbs.)	66 8 0	66 12 0
11.	†Jute (bags)	B. Twills (2¼ lbs.	,,	per 100 bags	22 2 0	22 2 0
12.	†Jute (cloth)	Hessian cloth 8os.	,,	per 100 yds.	29 0 0	29 0 0
		Hessian cloth 10½ os.	,,	,,		
13.	†Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 82 lbs.)	82 0 0	82 0 0
14.	†Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	170 0 0 to	170 0 0 to
		Goat skins (good quality)	,,		190 0 0	190 0 0
15.	†Hides & skins (tanned)	Cow hides	Madras	per lb.	1 9 0 to	1 9 0 to
		Goat skins	,,		1 13 0	1 13 0
					2 12 0 to	2 12 0 to
					3 0 0	3 0 0
16.	†Shellac	T.N.	Calcutta	per md.	71 0 0	71 0 0
17.	†Kerosene Oil	Superior	,,	per tin of 4 gallons	4 14 9	4 14 9
18.	†Coal	Selected Jharia A	,,	per ton f.o.r.	13 5 0	13 5 0
19.	†Cement	Indian	,,	full wagon load of 16½ to 22 tons	68 12 0	68 12 0
20.	†Coffee	Plantation A	Mangalore	per cwt.	137 0 0 0 to	137 0 0 to
21.	†Tea	Indian market	Calcutta	per lb.	139 0 0	139 0 0
22.	†Sugar	First Crystals	Cawnpore	per md. (ex-factory)	0 15 2	0 14 10
					16 1 6 to	16 1 6 to
					16 12 6	16 12 6
23.	‡Oils—Linseed	Ready	Bombay	per quarter	11 8 0	12 0 0
	Castor	,,	,,	,,	10 4 0	10 4 0
	Copra	,,	,,	,,	10 6 0	10 6 0
	Groundnut	,,	,,	,,	9 4 0	9 4 0

†Marketing Adviser's Report (weekly), August 25, 1945.
‡The Times of India, August 28, 1945.
* Indian Trade Journal, August 23, 1943

COTTON STATISTICS
A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)	Aug. 23 1945	Aug. 16 1945	NEW YORK (Cents per lb.)	Aug. 23 1945	Aug. 16 1945
Futures:			Futures:		
Sept. 1945	361	385	Oct. 1945	22.56	22.79
Jan. 1946	408	418½	Dec. 1945	22.58	22.81
Mar. 1946	413½		Jan. 1946	22.52	22.75
Spot:			Mar. 1946	22.48	22.74
Jarrila F.G.	357	388	May 1946	22.46	22.72
			Spot	22.97	23.21

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

	This season Aug. 11 1945	Last season Aug. 4 1945	season 1944-45	season 1943-44
Receipts at Bombay	20,166	12,923	2,022,226	1,800,814
Receipts at Karachi	3,992	14,428	1,103,205	937,375
Total bales	24,158	27,351	3,125,431	2,738,189
Exports from Bombay	3,727	11,645	168,402	199,384
Exports from Karachi	69,000	2,000	975,000	850,000
Total bales	72,727	13,645	1,143,492	1,029,384

SUGAR POSITION

Season 1945-45—Figures in tons

Producing Areas	Production up to 15-8-45.	Despatches during the period 6-8-45 to 15-8-45	Progressive total of despatches up to 15-8-45.	Percentage of progressive despatches to production	Balance Stock as at close of 15-8-45.
U.P.	5,31,907	17,122	3,95,571	74.3	1,36,336
Bihar	1,70,484	5,938	1,09,497	64.2	60,987
*Bombay	75,085	1,181	54,143	72.1	20,942
*Madras	49,667	1,281	36,063	73.6	12,817
Punjab	8,248	105	6,732	81.6	1,516
Bengal	11,886	532	10,341	86.3	1,545
N.-W.F.P.	4,127	143	3,414	82.7	713
Orissa	2,566	121	2,033	79.6	523
*Indian States	1,18,010	1,449	88,389	77.7	25,710
TOTAL	9,69,120	27,872	7,07,183	73.0	2,61,349

Note:—Balance stock of 1944-45 and 1943-44 season's sugar as at close of 15-6-45 was 1,079 tons.
(2) Production returns have not been received from 2 factories

D—Prices

INDIAN STOCKS AND SHARES

	28-8-45 Rs. a. p.	21-8-45 Rs. a. p.
GOVT SECURITIES:		
3¾% (1948-52) (98)	..	...
3% (1945) (100)	...	...
3% (1960-68)	..	100 3 0
3% (1952-54) (98½)	...	...
3½% G.P. Notes	...	101 8 0
4% (1960-70)	...	...
4½% (1955-60)	...	101 8 0
5% (1945-50)	...	...
Calcutta		
3% Loan (1953-55)	...	...
3% Loan (1945-52)	..	101 8 0
3% Vic. (1957)	100 5 0	91 4 0
4½% (1955-60)	...	101 7 0
5% Loan (1955-80)	...	100 2 0
TEXTILES: Bombay		
Ahmedabad ...	.	386 4 0
Bom. Dyeing (250)	1,958 12 0	1,958 8 0
Central (10) ...	365 0 0	363 4 0
Century (100) ...	890 0 0	890 0 0
Colaba (10) ...	210 0 0	218 0 0
Ind. Bleaching (10)	164 0 0	162 0 0
Kohinoor (100) ...	576 0 0	576 8 0
Phoenix ...	640 0 0	650 0 0
Sholapur (1,000) ...	7,800 0 0	7,800 0 0
Simplex ...	287 0 0	286 0 0
Swadeshi (100) ...	529 0 0	527 0 0
Vishnu (50) ...	475 0 0	478 12 0
Finlay (100) ...	..	278 0 0
Swan (100) ...	..	301 0 0
Morarji (100) ...	...	695 0 0
New Great (100) ...	..	373 0 0
Apollo ...	...	3 14 3
Sassoon Ordy. ...	...	13 11 6
Sassoon Defd. ...	..	2 15 6
Poddar ...	.	350 0 0
Gokak ...	289 0 0	285 0 0
Calcutta		
Ben. Nag. (10) ...	15 15 0	...
Cawn. Tex. (2½) ...	13 0 0	...
Dunbar (100) ...	338 0 0	337 0 0
Kesoram ...	...	...
Elgin Mills (10) ...	65 8 0	...
Muir Mills (50) ...	447 0 0	440 0 0
N. Victoria (2½) ...	8 2 0	7 9 0
Bassnti ...	...	13 13 0
Madras		
B. & C. Ord. (100)	...	...
Bang. Wool (100) ...	...	...
Pankaja (100) ...	...	...
Cambodia (10) ...	.	...
Coim. Spg. (50) ...	...	...
Sitaram Spg. (50) ...	...	...
Vasantha (100) ...	...	...
Madura (15) ...	...	...
Lakshmi Old (50) ...	...	...
Sharda (100) ...	...	...
Lahore		
Ajudhia ...	...	...
Cawn. Tex. (2-1/2)	...	...
N. Vic. Ord. (2½) ...	..	7 11 0
N. Vic. Pref. ...	9 3 0	...
Raza (Tex. (10) ...	..	68 4 0
JUTE: Calcutta		
Alliance (100) ...	...	...
Anglo-India (100) ...	...	531 0 0
Barnagore ...	..	279 0 0
Birla (10) ...	...	...
India ...	..	...
Champdany (100) ...	...	278 0 0
Ganges (300) ...	...	...
Bally (100) ...	...	...
Budge Budge (100)	...	...
Cheviot (100) ...	..	382 0 0
Howrah (10) ...	.	93 15 0
Kamarhatty (100) ...	..	797 0 0
Kankinarrah ...	...	674 0 0
National (10) ...	...	36 2 0
Orient (100) ...	...	307 0 0

Bombay quotations for 27-8-1945.

	28-8-45 Rs. a. p.	21-8-45 Rs. a. p.
Presidency (5) ...	...	14 4 0
Nuddea (50) ...	...	140 8 0
TATA SHARES: Bombay		
Chemical (10) ...	18 12 0	18 10 0
Oil ...	77 8 0	67 12 0
Power (1,000) ...	1,862 8 0	1,865 5 0
Hydro (100) ...	201 8 0	202 8 0
Steel Ord. (75) ...	407 8 0	407 8 0
Steel Pref. I (150) ...	226 4 0	226 4 0
Steel Pref. II (100)	166 0 0	164 12 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com ...	...	...
Braithwaite (10) ...	14 15 0	14 7 0
National Iron (10)	11 12 0	11 6 0
Steel Cor. Ord. (10)	34 7 0	33 6 0
Steel Cor. Pref. (10)	..	...
Jessops Ord. (10) ...	26 4 0	25 14 0
Kumardhubi (10) ...	11 5 0	11 4 0
Bhartia Elec. (10) ...	..	...
Ind. Iron ...	40 11 0	39 15 0
COAL: Calcutta		
Amalgamated (10)	55 8 0	..
S. Karanpura ..	22 10 0	36 6 0
Bengal (100) ..	..	785 0 0
Bhalgora ..	..	264 0 0
Burrakur (10) ..	44 4 0	44 1 0
East India (£) ..	46 14 0	..
N. Dumuda (1/2) ..	46 14 0	..
Equitable ..	72 6 0	70 8 0
Standard (10) ..	48 9 0	..
Ghusak and Musila	17 8 0	17 2 0
Kusaldi ..	21 3 0	..
New Beerbhoom ..	47 6 0	46 4 0
Ramgunge ..	63 8 0	..
Dhemo Main ..	30 14 0	..
SUGAR: Calcutta		
Buland ..	..	42 6 0
Lakrampur (10) ..	17 9 0	...
Samastipur ..	20 14 0	20 12 0
Nalsund (7-1/2) ..	16 0 0	..
Carew (10) ..	30 1 0	29 8 0
Murree Brewery (5)	28 4 0	..
New Sawan (10)	..	..
Ram. Cane Ord.	23 9 0	22 5 0
Lahore		
Pun. Sugar (100)	..	..
Gokulnagar Ord. ..	65 0 0	..
Murree Brewery (5)	..	..
Jagjit ..	..	..
Jaswant ..	9 14 0	..
Madras		
Mysore (10) ..	..	..
Deccan (10) ..	..	..
Deccan (25) ..	..	..
Travn. Sugar (7) ..	..	..
South India (10)	..	..
PLANTINGS: Madras		
Cochin Malabar (3)	..	..
Carmbia Peaks (2)	..	..
Woodlands (10)	..	..
Tirumpadi (1)	..	..
Travan. Rubber	..	..
TEA: Calcutta		
Chinsurah (10)	..	..
Cen. Cachar (100)	..	109 0 0
Tezpore (10)	..	22 10 0
Eastern Cachar	..	..
East India	..	..
BANKS & INS.: Bombay		
Central (5) ..	80 12 0	83 0 0
Imperial (P.P.) (500)	2,102 8 0	2192 0 0
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Bom. Bur. N. (50)	199 2 0	202 8 0
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EASTERN ECONOMIST

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India and the Anglo-American Conference

APART from the serious political issues involved, the Anglo-American conference meeting this week will be of fateful importance for future world economy, at least in the near future. That it is going to affect the vital economic interests of this country is now pretty plain. A Conference at which the sterling balances, the Empire Dollar Pool, Imperial Preference and the allocation of U.S. credits between Britain's creditors, will figure as important determinants of the final U. K.-U. S. deal, is one, which we cannot afford to ignore except at our peril. Hence the Government of India must immediately make a strong representation to H.M.G. that it must be consulted before final decisions are taken. It must claim to be represented at the conference at least by an observer, whose duty it will be to keep its principal continuously informed about developments in the talks as they proceed. This will enable the Government of India to intervene expeditiously and in time, in case our interests are in jeopardy.

It must be clearly realized that it is not only our immediate interests—sterling balances and dollar credits—which are involved, but it is our whole economic future, which is at stake. The final deal will involve us almost as much as the parties concerned. It will determine in quite a significant measure H.M.G.'s politico-economic policies in respect of this country. It will decide, whether we are going to be an industrial country with rising standards of living or a pastoral country content with a more or less animal existence. That H.M.G. will use India as a bargaining counter is certain, not because Mr Amery has said it, but because Britain in her dire need will, whatever the party in power, use all her cards in the game of life—and India is her trump card. It is possible that Britain will resist any political pressure towards the right on the home effort; and may even, in the process of bargaining, threaten to move to extreme left and thus frighten the American capitalists into conceding more than what they might otherwise do. They may even threaten an Anglo-Soviet alliance, which may leave the atom bomb owner high and dry in world's high politics. But that they will sell us for the asking and that all their progressive socialism will not deter them from doing it are also facts—unerring conclusions from history—which the blind alone will not see. It will be unwise to ignore them in this world of *Realpolitik*.

On the other hand, we should also not rely on American sympathy for our political and economic aspirations. It is true that the United States is likely to insist on conditions such as the multilateral liquidation of sterling balances and the liberalization of Empire economic policy. But let us not be deluded by these demands, which are now being voiced by the American press. Let us analyse them and try to visualize the final deal and its repercussions on us. The U.S. Government—if the reports are correct—is going to demand not only the refunding but also the scaling down of the sterling balances, for it is not only the inconve-

tibility of these balances but also their *magnitude* which will, from the American point of view, serve as a terrible deadweight on an expansionist world economy. And full employment in the United States depends on a rapidly expanding world economy. Britain will welcome the scaling down; and with American support and sympathy, will make it impossible for us to resist. Once the dimensions of the problem have been reduced at our expense to proportion considered reasonable by U.S. and U.K. from their respective standpoints—and there well might be a competition between the parties in the matter of reduction at other people's expense to their own mutual profit—a compromise with regard to the refunding of the remainder is easy to arrive at. This reveals in all its nakedness the dangers inherent in an Anglo-American economic alliance. It must be said to the credit of Gandhi that he of all persons visualized at the time of America's entry into war that the British Empire will at the end of the war be an Anglo-American Empire for joint exploitation of British colonies and dependencies. The United States is not asking for the abolition of the Empire Dollar Pool or of Imperial Preference with a view to help us in our economic advancement, but in its own economic interests. These demands are first put forward as a mere bargaining counter, but the ultimate settlement will not be a liberalization of empire economic policies in the true sense of the word, but Britain's admitting the United States as a senior partner in the commercial exploitation of its empire. This is the true historical significance of the Anglo-American conference commencing this week. The arsenal of democracy is now to be the world's economic dictator with Britain as a Deputy Fuehrer. If Britain accepts this status, which is in accordance with present realities, they are likely to arrive at a mutually profitable settlement. But this may mean a raw deal for us. On the other hand, there is also a possibility of their failure to come to terms, in which case the world will be divided between two empires Britain's political empire and American economic sphere of influence. This means economic war leading to a world war III—just the repetition of events from 1929 to 1939 with just a chance that a war may be prevented by Britain's liquidation of the Empire and its alliance with and reliance upon the world's progressive forces and release of the unbounded energies and resources of its colonial peoples as the impregnable bulwark against the aggression of American capitalism. All this is possible, but it requires greater courage and vision than the Anglo-Saxon race possesses on historical evidence.

What will most probably, immediately, happen is a compromise settlement. Britain faces an immediate deficit of £1200 million this year. She got last year as much as 10 p.c. of her food supplies from the United States under lease-lend. She is thus in need and America is prepared to oblige. She is prepared to give an immediate short-term loan to cover interim purchases from the United States. She is also willing to advance a long-term, low-interest loan of 3 to 5 billion dollars. In fact, a 30-year loan at 2-3/8 per cent. interest was—it is now learnt—proposed almost simultaneously with the President's announcement of the cessation of lease-lend. But Britain wanted an outright grant. It is now reported that a compromise formula between a regular loan and an outright grant is being worked out. The magnitude of the advance and the rate of interest would naturally depend upon the incalculable interplay of certain political imponderables. So far as we are concerned, we may suffer not only in the case of their agreement, but also in the case of their disagreement. We can only gain under either of two sets of very unlikely circumstances: First that the United States uses her economic strength to force Britain to arrive at a real political settlement with India. Second, which is more unlikely, that the conference should fail, forcing Britain to socialism at home and liberalism abroad. But in the event of failure, it is more likely that she will strangle us in a mutual embrace of death.

Transition Economics

THE second meeting of the General Purposes Sub-Committee of the Consultative Committee of Economists which was held early this week in Bombay and particularly the note on problems during transition from war to peace economy which was prepared for the meeting by the Economist in the Planning and Development Department "in his personal capacity" serve to show that considerable confusion still prevails in high quarters on the grave issues with which we are immediately faced with the cessation of the war. That so responsible an officer should still be writing notes "in his personal capacity" only serves to emphasize the fact that the Governmental thinking on these issues is still in a rudimentary stage. Apart from this, the trend of the note itself was somewhat disconcerting. It appears that he envisages, with the end of the war, firstly, a short and sharp "psychological depression" lasting a few days or even a few weeks; secondly, a huge pent-up demand leading up to a further inflationary impetus. It is not clear how long this stage of reinforced inflationary interlude would last; but it appears that the probable duration would be about one year and the suggestion is that in view of this contingency the process of demobilization should be spread for one year and the economic controls should be demobilized gradually and *pari passu*. It is only after this period that the onset of a depression is envisaged and then the Government should be ready with anti-slump expenditure programmes which would be of the order of about Rs. 200 crores. In other words, even for this phase of transition the Government will get a clear time of preparation of about one year until depression sets in. After that there will be a phase of anti-slump measures and when that phase finally ends, possibly we may see the advent of the phase of long-term economic planning.

This indeed is a very comforting picture of the economic issues which stare us immediately. The note under reference also says in general terms that "Government policy should aim at reducing violent increases or decreases in total expenditure, and consumption goods and capital goods, on private account as is envisaged in the plans of other countries." But no attempt is made to put these in quantitative terms. Even a cursory examination of the primary figures which we made in our recent article on "Maintaining Public Expenditure" showed that the cessation of hostilities confronts us immediately with a huge deficit in public expenditure which even an optimistic estimate of the probable increase in private expenditure and investment would be unable to cover. We showed that lately public expenditure in India has been going on at the rate of nearly Rs. 1,200 crores per annum including a war expenditure of no less than Rs. 900 crores per annum. Even if the Government of India's defence expenditure now comes down to Rs. 200 crores as against the pre-war figure of about Rs. 50 crores, it is clear that the gap is of a magnitude which no private expenditure cum investment can possibly bridge, especially in view of the supply and foreign exchange position which is likely to prevail for sometime more to come. A rate of public expenditure of Rs. 1200 crores per annum is something unprecedented in our economic history and it is surprising to find that high quarters should assume on the analogy either of the Indian economic conditions at the end of the last war or of economic conditions of other advanced countries now prevailing at the end of the present war, that the mere

impetus of pent-up demand would be sufficient to maintain the stability of our economy; indeed, amazingly, it is assumed that the inflationary trend would continue with such force that a continuation of the savings drive must be made in order to keep a further upsurge of prices in check.

Now, what is this "gulf between the quantity of money and the available supply of goods" which is mentioned? Of course during the war our money supply has been increasing at a very heavy rate while the supply of goods for the civilian markets has remained severely curtailed and constricted. Nevertheless, it must not be assumed that the whole of the rise in price which has occurred during the war is warranted by any Fisherian relationship between the supply of money and the supply of goods; for undoubtedly, quite a large part of the increase in general price level has been due to the break-down of the distributive system and the entry of speculative factors. The monthly rate of increase in note circulation was 2 per cent. in the 12 months ended September, 1941. Then with the worsening of the war situation the inflationary forces steadily gathered and reached a peak. During the 12 months following September, 1941, the monthly rate of increase of note circulation was 7 per cent. Then it declined to 4.5 per cent. during the following year ended September, 1943, and to 2 per cent. during the year ended September, 1944. Then it increased slightly during the following six months. But after that the note circulation has practically steadied itself. Similarly, the percentage monthly rate of increase of demand deposits of banks during the 12 months ending September, 1941, 1942, 1943 and 1944 respectively were 2.6 per cent, 4.3 per cent., 3.8 per cent. and 2.4 per cent. The increase in demand liabilities in India during recent months has also considerably decelerated. Advances of scheduled banks have in fact been slightly falling in recent weeks. As the recoverable war expenditure ceases the most powerful inflationary force in our economy of course simultaneously ceases. What then is likely to be the volume of goods available as against the supply of money which is already tending to fall. Can pent-up demand suffice to keep the price structure up? As we showed earlier, the volume of this pent-up demand would be of the order of barely Rs. 200 crores per annum. As against this we must also take into account the amount of war surpluses which will be put on the market for disposal. What would be the volume of these war surpluses which will be thus available? The Government has as yet given us no quantitative information about this. But the estimate generally accepted is that the volume of war surpluses belonging to the Government of India, the Government of the United Kingdom and the Government of United States and other Governments which will be available to the market could not be of the order of less than Rs. 200 crores. It is clear, therefore, even with the pent-up demand forthcoming and pouring itself on the market, the volume of war surpluses which could be released would be sufficient to keep the inflationary effect of such pent-up demand at bay for a period of at least one year. There is a further consideration. The general assumption has been that the amount of goods—either consumers' goods or capital goods—which we can obtain from abroad during the next year or two would be small: our dollar resources available for immediate spending would be small and Great Britain would not be in a position to make sufficient supplies until she had fully reconverted her war economy. Now with the cessation of lease-lend aid, Great Britain would find herself in very straightened circumstances. She would be forced to effect a very speedy reconversion, husband her domestic resources to the utmost and immediately launch a vigorous export drive. We must, therefore, reckon with the prospect of a considerable volume of imports from Britain in the coming year and this volume of import must be sufficient to mop up, in a large measure, the hoarded purchasing power which is likely to be exercised with the removal of the war-time stringencies of supply.

It would be clear, therefore, that the dependence on pent-up demand to give us one year's grace to clear up our sadly accumulated arrears of planning work for the transition period by the authorities, is no more than an expression of pent-up Micawberish optimism. We cannot base our transition policy on the assumption as if the peril is a long way off and that the transition economics must itself be planned on a long-term basis. The problems of transition are immediately and grievously on us. They do not allow us another year for preparation. As we showed in our article referred to above, any adequate public expenditure policy which the Government may have to embark upon in the interest of an orderly stepping down of our price structure may not be of a dimension less than Rs. 300 crores per annum. Indeed that would constitute the very minimum of public expenditure programme which we can expect even from an effete Government. Of course, as Lord Keynes wrote from the point of view of full-employment policy even digging holes and filling them up would be effective. But to be worthwhile, public expenditure programmes must be directed towards worthwhile objects and calculated not only to prepare the ground for the advent of the planned economy but also as far as possible be directly relevant to immediate mass standard of living. A programme for the expansion of roads, railways, and hydro-electric power would be useful. But there is no point in just expanding our road-rail capacity for its own sake while the traffic to be moved by it does not increase *pari passu* thus leading to a surplus capacity. The traffic to be moved can only increase along with the programme of *general economic development*. Similarly there is no point in increasing hydro-electric capacity until industries to be fed by hydro-electricity also expand at a like rate. Meanwhile, vast arrears ought to be made up in our standard of mass rural and urban labour housing, irrigation, medical services and literacy. A really ambitious public works programme running up to at least Rs. 300 or 400 crores per annum to make up the national arrears in respect of housing, irrigation, medical services and literacy, quite apart from the actual preparation for the planned economy would go a long way to maintain the stability of our economy now that the inflationary phase has come to a sudden halt. At the same time we have to prepare full plans and blue-prints for our long-term work. What are the future of war-time economic controls. For example, can the war-time rationing system be developed to subserve a national nutritional policy? Until we are assured of getting sufficient foreign resources for our long-term plans, we cannot dispense with an exchange control system and consequently we must envisage the possibility of the conversion of the war-time exchange control system into an instrument of long-term national economic policy. Similarly, the unimaginative war-time system of capital issues, can be renovated into an instrument of allocation and channelling of resources in a planned economy. Again, the question of international price parity and the proper exchange value of the rupee will have to be worked out properly and our international trade system re-oriented to the new international economic set-up emerging at the end of the war. The Government in its statement of industrial policy of May last assured us that it proposes to set up machinery without delay for the investigation of the claims of war time industries for assistance or protection. Nothing is known about what has been done in this direction and meanwhile events do not wait. Therefore, the minimum to do now when the Government is apparently bereft of policy, is to declare, as has been suggested, that all such existing industries would receive protection against foreign competition pending enquiries by the industrial panels or

by any tariff machinery that might be set up. But while the Government should do all it can for the speedy relief and rehabilitation of the long suffering consuming public and the controlled stepping down of the price structure to a valid level by means of an adequate public expenditure policy, it must simultaneously prepare long-term plans in details, create the primary conditions for their successful working and press our international claims as regards supply of capital and priorities for our short term and long-term requirements. Merely to prolong the process of demobilization of our armed forces and depend on pent-up demand as a sort of *deux ex machina* to expatiate for the Government's utter lack of preparation for the transition period, do not make any sense when we face grave transitional problems of smooth and *the most rapid* possible switch-over to the tremendous *tasks of national economic* construction.

Industrial Research

THE report of the Industrial Planning Research Committee, published about two weeks back, is a very timely and valuable document. Although the Committee was excluded by its terms of reference from considering agricultural and medical research, its findings and recommendations regarding scientific and industrial research furnish the basis for immediate constructive action on the part of the Government. From a survey of the existing facilities for scientific and industrial research in India in governmental and other institutions, the Committee comes to the conclusion—which was already well known, although only on vague data—that "the present research activity in India does not represent even the bare minimum whether judged by international standards or the actual requirements of the country in her present state of industrial development." Moreover, there is no effective liaison between university, industry and other research institutions. With a few notable exceptions, industry is not research-minded; there is a manifest lack of industrial research associations except in the tea and jute industries; there is no contact between industry and the universities; the latter are seriously handicapped by inadequate resources. Taking all circumstances into account if research is to make any headway in the immediate future, a positive part has to be taken by Government in setting up a suitable machinery for the purpose.

The machinery, which the Committee recommends is the establishment by the Government of India of a central research organization to be called the National Research Council, of sixty members, consisting of the representatives of science (20), trade and industry (15), labour (5), and nominees by government (20) of whom not more than 8 shall be officials. The functions of the council will be to organize and maintain national laboratories and specialized research institutes; to stimulate research by grants-in-aid to universities; to co-ordinate the research activities of all existing government institutes by planning their research programmes; to function as a National Trust for Patents; to set up a Board of Standards and specifications; to function as a clearing house, encouraging technical and scientific societies and to provide for the immediate training of required skilled personnel by means of scholarships. The executive body of the Research Council, which will be called the Research Board is to consist of three members, of whom two will be scientists and the third, an industrialist of experience. This plan of central machinery does not entail the far-reaching recasting of the existing departmental and administrative arrangements in Prof. A. V. Hill's suggestion and is perhaps, for the same reason, more practicable. Provincial and State Research Councils are also recommended.

The immediate 5-year programme of research which the Committee has outlined is one which should receive Government's attention at once. It is so modest, realistic and practicable that no excuses can be valid for postponing action. Perhaps the criticism might be that it is too modest. The programme consists of: (1) The building and equipment of National Chemical and Physical Laboratories (costing Rs. 40 lakhs each); (2) The establishment of nine specialized institutes—for food technology, metallurgy, fuel research, glass and silicate research, oils and paints, buildings and roads, leather and tanning, industrial fermentation and electro-chemical research—total cost Rs. 170 lakhs. (3) Giving grants-in-aid to universities—a sum of Rs. 2 crores in 5 years should be made available for this purpose, on condition that the university could get an equal sum from the Provincial Government concerned; and (4) training 700 research workers within five years by means of home and foreign scholarships—cost Rs. 50 lakhs.

To carry out this modest 5-year programme and to finance the initial capital expenditure of establishing the laboratories and institutes, the Committee recommends that the Central Government make a grant of Rs. 8 crores to the Research Council within five years. For meeting the recurring expenditure and financing the increasing activities of future years, the committee lays down the principle that Government and industry must pay for this on equal basis and suggests that after the first 5-year period, by which time all the laboratories would have been established, the Central Government should make an annual grant of Rs. 1 crore. Industry will contribute by means of a cess on industrial production. To both the equal contribution principle and to the cess, we accord our support.

The committee has met all reasonable objections to the cess and suggested safeguards. A cess of about 1|16 of one per cent. or of Rs. 62-8 on production of the value of Rs. 1 lakh cannot be an excessive burden; the cess will be levied only after the laboratories have been established; as industrial production increases and the cess brings in more revenue, the Government grant will be correspondingly raised to maintain the equality of contribution; and Government should give the definite assurance that the rate of the cess will not be enhanced. Indian States should also be invited to impose the levy for the sake of uniformity.

The Committee suggests that in levying the cess it must be provided that where the manufacturer makes an annual contribution to a research association of amounts which will not be less than the cess that he would have to pay, such manufacturers should be exempted from paying the cess. We do not favour these exemptions. In the first place, such a provision, if given effect to on a large-scale, would result in greatly reducing the yield of the cess and would weaken the Central Research Council in its finances. In the second place, it is not certain that the judgment of the manufacturer will always be superior to that of the Research Council in the matter of research. In the third place, if, as suggested below, amendments in income tax law are made to stimulate researach expenditure by firms, the manufacturer is free to make other contributions as he likes. Finally, the yield of cess and an equivalent contribution by Government should be minimum at the disposal of the Research Council into which no exemptions should be allowed to eat.

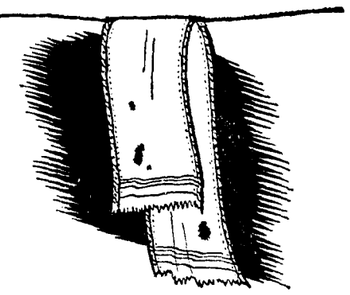
Easily the most important step recommended by the committee to foster the research spirit on the part of industry is the suggestion that certain changes should be made in the income-tax law to this end. The provisions of the income-tax law, as they stand at present, do not encourage research by industry. Contributions to research associations or universities for research are not treated as permissible items of expenditure. In the case of expenditure on research departments in individual manufacturing concerns, capital expenditure for research plant is treated as ordinary items of capital expenditure in industry; and current expenditure on research is allowed as a permissible item of revenue expenditure as and when incurred. This state of affairs is unsatisfactory. Expenditure on research does not necessarily bring in immediate profit and often benefits others than the spenders. There is, therefore, in the words of the Committee, "a case for modifying in favour of research expenditure the distinction between capital and revenue expenditure and also in the treatment of the capital expenditure as "items of expenses." This principle has already been incorporated in the British income-tax law and it should be adopted in India too. The Committee has, indeed given the form which the amendments should take so as to permit (1) all research expenditure on laboratory, buildings, plant, etc., over a period of five years or over the life of the assets and (2) contributions to research associations, as deductions in computing profits. The committee has acted commendably in giving attention to this important aspect of tax policy and in forwarding its proposals on this question in advance as an interim recommendation. We are surprised that the Government of India, instead of treating the matter as urgent which it undoubtedly is and giving effect to the proposal, has not only not acted, but kept it from the public. Will the Finance Department please explain?

There are many other important issues considered by the Committee, comment on which must be deferred. But there is one specific recommendation, bearing on the policy of protection, which merits mention. The committee suggests that when tariff protection is given to any industry, the question of the research facilities for that industry must be specially examined by the Tariff Board. It should be open to the tariff board to recommend that an industry enjoying protection should be under an obligation to spend a reasonable amount of money on research pertaining to that industry. There is little doubt that industries which have grown behind tariff walls have had assured markets and have felt little incentive to improve productive efficiency by large-scale research. In the interests of the consumer and of the industries themselves in the face of foreign competition, continuous modernization by means of research should be assured. The Tariff Board will be perfectly justified in stipulating that reasonable expenditure be incurred on research by the protected industry.

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IT has been decided to allow imports of limited quantities of essential goods from France. Regular pre-war importers of goods from that country should submit their applications in the prescribed form direct to the Chief Controller of Imports so as to reach him before the 30th September, 1945. Applications should be supported by documents in respect of pre-war imports from France and also by evidence of availability of goods in that country.

(Sd.) D. H. ELWIN,
Joint Chief Controller of Imports.



THE OLD CLOTHES' TALE..

Old clothes today are as valuable as old servants. Do not therefore be impatient with them or treat them with contempt because of a patch or a tear.

Make blouses, kurtas, children's frock out of partially damaged saries. Fold damaged dhoties and use them as lungies. Two large intact portions of two dhoties, stitched together neatly, will make one wearable dhotie. Odd garments, such as baby napkins, quilted 'pram covers etc. for children can also be made out of old clothes.



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The Week's Notes

NATIONALIZATION WITHOUT COMPENSATION

The British own lead and zinc mines in Yugoslavia. The French also own copper mines in that country. The Yugoslav Government, which is duly recognized by the United Nations and has regular diplomatic relations with them, has decided to nationalize the mines. This decision affects the British-owned lead and zinc mines, as also the French-owned copper mines. The British and the French Governments are making strong representations to the Yugoslav Government against nationalization without adequate compensation. These are test cases. There are considerable allied properties and concessions in the Danubian and Balkan countries, including oil in Rumania, gold, copper, lead and zinc in Bulgaria, lead, zinc, tin and steel in Yugoslavia and other interests in Poland and Hungary. Important issues are involved. Has or has not a sovereign government an unlimited and unrestricted right to nationalize an industry, partially or wholly, with or without compensation, irrespective of its ownership? Suppose the Yugoslav Government pays no compensation to its own citizens owning mines, is there any reason, why it should pay compensation to foreign owners? The question as to how foreigners, whether Governments or private citizens, acquired these rights and concessions, is very relevant here. It is also relevant to examine their investments and the profits they have earned, since acquisition of rights, privileges or concessions. As regards the adequacy of compensation, if any is to be paid, it can only be fairly decided by the International Court of Justice, which is an integral part of the new United Nations organization. Incidentally, this question of nationalization with or without compensation will also soon arise in the domestic politics of Great Britain. If the Labour Government demands adequate compensation from Marshall Tito in respect of British-owned mines in Yugoslavia, it cannot logically refuse to pay adequate compensation to owners of coal mines in Great Britain, in the event of their nationalization.

THE LONDON FINANCIAL PRESS

The London financial Press is very touchy about criticism in Indian quarters about its unfriendly and often prejudiced opinions about such questions as India's sterling assets, industrialization, etc. But that does not prevent those journals from persisting in their unfriendly comments. Typical of them is this, the latest, from the Financial News: "Many Indian industries which have mushroomed solely owing to war-time unobtainability of imports will be gradually squeezed as Britain's export capacity revives—unless, of course, the Indian Government grants to them uneconomic tariff protection regardless of Indian population's buying standards." At a time when, the British industrialists are reconciling themselves to India's rapid industrialization, comments such as this do not, surely, improve the atmosphere. Again, on the question of sterling balances, we would only refer to what Mr. J. R. D. Tata and Mr. A. D. Shroff have said just now after the completion of their tours in Britain:

"We must here sound a note of warning that the attitude of certain quarters, particularly among some of the financial journals in London on this issue is most unhelpful, if not exasperating. Feelers are also being thrown out whether India would not, as a contribution towards the joint war effort be prepared to consider the question of abandoning her full claims in regard to her sterling balances." We hope the warning will not be lost on them.

RESETTLEMENT ADVICE SERVICE

To enable war-workers to choose peace-time avocations according to their aptitude and training, the British Government have set up a Resettlement Advice Service. Carefully selected, highly skilled specialists, competent to give advice on any matter connected with the choice of a trade or profession, will guide demobilized soldiers and other war-workers in the choice of new occupations. The R.A.S. will not compete with the employment exchanges. The latter will enable men to return to their old jobs or even find new ones according to the demands of industry. But this peace-time organization will not be able to cover those cases, in which whole prospects have been radically changed by a long war, either because they had not completed their studies or training when war broke out, or because they have had the opportunity in the services or war work of specializing in some trade and acquiring proficiency as mechanics, drivers, wirless operators, and so on, or have in a general sense developed physically and mentally, become more self-assured and mature, and more ambitious in outlook and keen on improving their position in life. Then there are thousands of cases of men and women, who have just grown up during the war. They never intended to do the odd jobs that they have been put to during the war. Several of them would wish to take up or pursue their interrupted studies or to have at least a refresher course. The British Ministry of Labour proposes to give individual care and consideration to each case. Arrangements have, for instance, been made for demobilized service men and women to go to a university or technical college. An annual allowance of £160 a year will be made for living expenses, books, etc., with an additional £110 for married men and £40 as special grant for every child. As regards livelihood, the Government has published a booklet: "Careers for Men and Women," giving particulars of some 45 professions and trades connected with engineering, business and industry, with the necessary or desirable mental and physical attainments and abilities for each special branch. Once a definite profession or trade has been chosen, the candidate is given one of the 45 specialized handbooks, ranging from training as fitters, turners, welders, joiners and carpenters, to that as gardeners, horticulturists, bookbinders, type-setters, book-keepers and a host of others. This is how Britain plans for a return to civilian life. What a contrast to the state of affairs in this dependency of Great Britain.

THE INDIAN COUNTER-PART

In contrast to the British Government's re-settlement plans discussed above is the Government of India's plan recently announced. They propose to reserve for demobilized personnal certain vacancies under the control of Central, Provincial and States Governments. They also make a provision under specified conditions of financial help to trainees and their families during the term of training. It is said that special measures for disabled persons are under consideration. The Employment Exchange oranization is to be expanded and Soldiers', Sailors, and Airmen's Boards and such like other agencies are to be set up. When brought into shape they will mainly serve as symbols of a pious hope of a high level of employment. The whole plan gives an unmistakable impression of vagueness and indecision. Why can Government not come out with concrete details? Approximately, how many vacancies are estimated to be reserved and what fraction of demobilized persons will be absorbed by them? Obviously Government have no comprehensive scheme. The information bureaux will be essentially advisory bodies from whom little practical help can be expected. Even the training scheme

appears to stop with training and apprenticeship. It is again unjust that scant attention has been paid to a large number of people who were engaged in other war jobs. The crux of the situation is: Where are the jobs and how can they be created? Indeed, the plan compares very poorly with the British machinery of re-settlement.

CO-OPERATIVE RESEARCH BY INDUSTRY

In its survey of the existing facilities for research organized by industrial firms, the Industrial Research Planning Committee has given some amount of useful and interesting information. The most important feature noticed is that organized industries have not felt called upon to form research associations, as, for example, in Britain. Almost all the major industries in India such as cotton, jute, coal, sugar, tea, chemicals, paper and cement have their respective associations, but these, with some exception deal with problems of production and marketing, not research. Organized research for the benefit of the industry as a whole has been initiated only by the Indian Jute Mills Association and the Indian Tea Association. The latter maintains a research organization known as "Toekloi Experimental Station" at Cinnamara, Assam, for applied research mainly, at an annual cost of Rs. 3½ lakhs on research staff and Rs. 1-1 lakhs on research work. In respect of jute the G.J.M.A. has a well equipped technological laboratory, concerned with fundamental and applied research in the problems relating to jute manufactures. The funds, Rs. 2-1/4 lakhs per year, are raised by the industry itself and the benefits go to all its continents. In the case of the local mines, the Indian Mining Association says that apart from the chemical and physical laboratories set up by the large coke producing plants, some of the collieries have set up laboratories for fuel research. The expenditure runs into lakhs of rupees if the Tata Laboratory is included. But the Association has not set up any common laboratory for all its constituents. The Associated Cement Co., Ltd., states that each of their 13 factories is equipped with a laboratory and that the installing of a central research library is under consideration. The sugar industry pleads that it too is heavily taxed to afford corporate research. At the recent meeting of the United Planters' Association of Southern India, a suggestion was made for the unification of research in tea, coffee, rubber and cardamom. The textile industry has not given due attention to research, but lately some interest has been in evidence. The Ahmedabad Millowners' Association has told the Industrial Research Committee that if assistance were assured by Government, it would set up a research association for its constituents. Recently, the Bombay Millowners' Association donated Rs. 3-1/2 lakhs to the University Department of chemical technology for research in certain lines in which the mills were interested. But all this is only a beginning.

REMOVE EMERGENCY MEASURES

The outbreak of the war found India totally unprepared for a switch-over to war production. The various measures of control of trade and industry, however justifiable they may be from a defence point of view, were exercised in such a manner as to impose uncalled for restrictions on industry and civilian requirements. While most of the foreign countries have made rapid strides in the development of industry as a result of the stimulus offered by war, the apathy and indifference of the Government of India have simply allowed oppotunities to slip away. There is a danger ahead that the absence of a careful plan of reconversion may land the country into serious difficulties In a recent statement Sir Abdul Halim Ghuznavi, President of the Indian Chamber of Commerce, Calcutta utters a warning against the impending menace of a powerful flood of foreign competition. We endorse his appeal to the Government for a clear enunciation of a policy of decontrol aiming at orderly reconversion. He pleads for a modification and liberalisation of controls on the import of capital goods, withdrawal of control on capital issues which is serving no other purpose than to hamper the flotation of new enterprises and expansion of existing ones. A strong plea is made out for the imposition of restrictions on the import of sulch categories of consumer goods as are manufactured in this country. Emergency measures such as the Defence of India Rules and the Hoarding and Profiteering Prevention Ordinance should be repealed now that the emergency has ended. A generous policy of assistance to industry should be followed and trade should be allowed to resume the ordinary channels. In formulating such a policy the dilatory procedure of investigation and recommendations by committees or departments prior to final action must be cut down to the minimum.

ASPECTS OF ROAD DEVELOPMENT

In his presidential speech at the annual meeting of the Indian Roads and Transport Development Association Mr. T. R. S. Kennersley emphasized some important aspects of post-war road development in India. Transport reconstruction has a vital importance in the future economy of the country as a whole and, therefore, schemes of road development cannot be allowed to proceed piece-meal in the provinces and Indian States. The constitutional position of roads being a provincial subject should not be allowed to prevent the institution of a central authority. Mr. Kennersley strongly urges the desirability of an independent Road Board with adequate powers, resources and staff for the co-ordination and expeditious execution of plans of development in the provinces and States. The widely prevalent practice of giving road construction contracts to the lowest bidder often affects the quality of work and results in waste of public funds. It is pleaded that certain minimum standards of qualification such as training, experience, financial resources and equipment should be stipulated for contractors submitting their tenders. Pilot surveys conducted by the Association have demonstrated that for every annual outlay of Rs. 100 on road construction the community will benefit by an increased annual income of Rs. 277. This is exclusive of the stimulus that industry will receive. In our enthusiasm for national highways and inter-provincial roads we must not lose sight of rural roads and feeder roads linking the interior villages. Indeed, in the interests of rural development priority should be given to feeder roads also. Mr. Kennersley's observation that the private road operator should have been given a fair chance and participation by the railways and provincial Governments in road transport services may well have been deferred for some time after the end of the war does not appear to be sound. As pointed out by us on an earlier occasion this is a case of misplaced sympathy for the small operator who has no independent place in a large-scale scheme of road transport.

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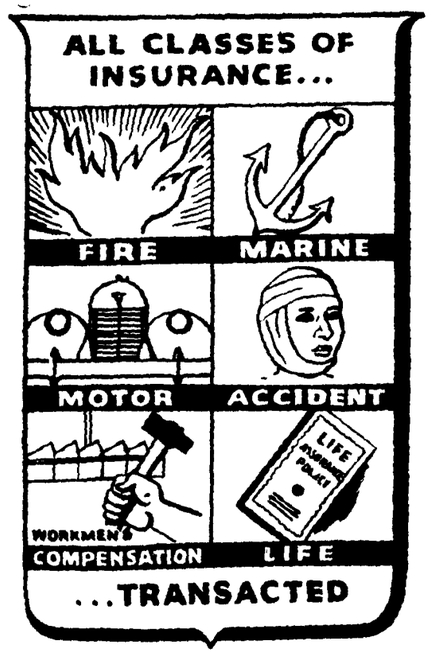
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NOTICE is hereby given that the Second Ordinary General Meeting of the Shareholders of J. K. Investment Trust Ltd., will be held on Saturday, the 8th September, 1945, at 4 p.m. at the Registered Office of the Company at Kamla Tower, Cawnpore, to transact the following business:—

(1) To receive and adopt the Directors' Report and the audited Accounts of the Company for the year ended 30th June, 1945.

(2) To declare a dividend.

(3) To elect Directors in place of Lala Lakshmipat Singhania and Lala Parshottamdas Singhania who retire in pursuance of Article 98 of the Articles of Association of the Company, but being eligible, offer themselves for re-election.

(4) To appoint Auditors and fix their remuneration.

(5) To transact any other competent business that may be brought forward.

The Share Transfer Books and the Registers of the Members of the Company will be closed from 27th August, 1945 to 8th September, 1945, both days inclusive.

By order of the Board,
R. K. GUPTA,
Secretary.

Kamla Tower,
CAWNPORE.
The 11th August, 1945.

THE FROZEN MAMMOTH



COLD is the great preserver. In Siberia bodies of the prehistoric mammoth have been found with the flesh still edible after 10,000 years in the frozen earth. This is a drawing of the mammoth discovered on the River Beresovka in 1902. Refrigeration is now general practice, but the action of Nature has been replaced by mechanical processes, developed by the chemist and physicist and made possible by the products of the British chemical industry. Mechanical refrigeration processes, of which the domestic refrigerator is a familiar example, do their work by making liquid chemicals, like anhydrous ammonia or methyl chloride, boil in a confined space. The heat for this boiling is taken from surrounding objects, either foodstuffs to be refrigerated, or water to be turned into ice. Research in low temperatures has already enabled substances to be chilled to within a fraction of what is known as the Absolute Zero, representing 491 Fahrenheit degrees of frost! Sometimes a solid refrigerant has advantages over mechanical refrigeration, but ice melts into water and thus raises all sorts of corrosion problems. Nowadays "dry ice" or "Drikold," the solid form of carbon dioxide gas, is increasingly used, because it evaporates into the air instead of dissolving into water. Refrigerated storage and transport of foodstuffs are to-day vital to our very existence. Refrigeration is also necessary in Industry. Solid CO_2 is used, for example, in testing aircraft components for use at high altitudes, for joining engineering parts together by "shrink-fitting," and in aircraft construction for delaying the natural hardening of light alloys which would otherwise make them unworkable. British chemists, physicists and engineers have always led in research into low temperature problems. The British chemical industry supplies the chemicals which make possible the increasing use of refrigerating processes in the service of mankind whether at war or peace.

ICI

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SPECIAL ARTICLE

Inflation During the War

INFLATION by common consent has come to be regarded as the most iniquitous method of distributing the burden of war expenditure, as between the various sections of the community, And yet it is a more or less inevitable concomitant of war expenditure. No country, for instance, has been able wholly to avoid price rises although the degree of such increases in the cost of living varies greatly. From this point of view the countries of the world may be classified into the following well-defined categories. The classification is based on the indices of wholesale price uptill, except in one or two cases, the end of 1944.

A. Less than 50 per cent. U.S.A., Australia, Canada and Germany.

B. 50 to 100 per cent. U.K., Japan, Norway, Sweden, Belgium, Netherlands and Mexico.

C. 100 to 250 per cent. Spain, Switzerland, Portugal, Argentine, Chile and Peru.

The fourth group consists of the Middle Eastern countries, India and China where, even though the degree of inflation varies substantially, the price rises have been the steepest. Among the Middle Eastern countries the degree of inflation has been the lowest in the Red Sea area . Sudan has been able to keep the price rises at the comparatively low level of 227 (base 1939-100). The wholes arc index in Egypt and Palestine rose to 328, and 365. But outside this Red Sea area the ravages of inflation have been much greater. In Turkey the wholesale index, in May 1944, had risen to 459 in Iraq to 493, in Persia to 497 and in Syria to 1078. In India the wholesale index rose to 305 towards the end of 1944 while in China a runaway inflation has taken the country in its grip.

But it is clear from the classification made above, that there has been little correspondence between inflation and active participation in the war. The countries in category (C), for instance played almost no part in the prosecution of the war. In Europe indeed the neutrals have suffered more than the active belligerent countries. This does not of course mean that the war has not ben the basic cause of price rises in the inflation ridden countries of the world. Each of the Middle Eastern countries has directly felt the effects of war on its economy. In most of them the impact of war has come through the presence of large numbers of foreign troops on their soil and purchases of materials and labour from these territories by the Allied troops have necessarily distorted the price and cost structure in the whole area. Turkey there were no foreign troops but here the mischief was done by the keen competition and pre-emptive buying of local produce by the Allies and Germany. In India the inflationary spirit has been due in the main to the H.M.G.'s expenditure in India. China has of course, been a class by itself. Cut off and almost completely isolated from the world, with her richest areas under Japanese domination, she came inevitably to depend on the printing press for her war finance. There is on the other hand a covelation between 'the success with which inflation has been resisted and the degree of economic advancebent.' That is, in other words, the technique and efficacy of financial control have been the determinants of the degree of inflation towhich a country has had to be subjected. Thus the U.K., U.S.A., Japan and Germany, all developed countries economically, have been able to keep the inflationary devil at a safe distance while in China, wherethere has been almost no machinery for such control, and in India, where such controls were institutedlate in the day and worked generally with not very considerable success, the extent of price rises has been much more. In Sudan, the existence of a first-class administrative machine, in effect a branch of the British Civil Service, has been able to keep the rise in prices under substantial control. In Palestine, too, the efficacy of financial control prevented an abnormal rise. But in most other countries of the Middle East inflation ran its course almost unchecked due in part to he absence of the necessary machinery to institute price contols etc., and also because there was little incentive on the part of Governments to institute such regulations due to the absence of war expenditure.

It is significiant in this connection, however, that inflation has imposed a heavy amount of suffering and hardship in the only the economically backward areas which are also the dependent regions the world. The entire Middle East, India and occupied Europe furnish the relevant examples. Thus the only two countries in which a runaway inflataion has actually run its course during the past few years are China and Greece China, as we have seen was subjected o a combination of adverse circumstances which has no parllel and, therefore,, she stands in a class by itself. In Greece the issue of notes by the German authorities proceeded to such lengths that by the time Greece was clear of its enslavers, the drachma had virtually become worthless. But it must be said, if only to give the German devil his due, that so long as the Gemans stayed in their occupied territories, they managed to exercise a degree of financial control which kept the price rise in check. Thus in Belgium the wholesale index rose only to 172 by September 1943, in the Netherlands it rose to 165, in Norway to 176 and in France, the worst sufferer to 249 as compared with 1939. As against this in Iraq the wholesale index in November 1943 had already mounted upto 692, in Palestine to 325, in India to 318.

It is remarkable indeed how this vast area inhabited by non-whites has suffered from inflationary forces much more than even the occupied parts of Europe. The method of war finance, in fact, provides the most significant illustration how the economic life of dependent areas has been subjected to stresses and strains beyond their capacity to bear. Thus the Germans, though they paid out money for what they bought and thus managed to give their transactions a semblance of legality, were actually just plundering and expropriating the occupied peoples. The money for the payments of their purchases in the occupied territories was obtained 'by occupation levies, by the use of clearing accounts' and a set of elaborate devices. This naturally resulted in an enormous expansion of currency and bank deposits and prices registered rises higher than they did in Germany itself. Japan also copied the same technique in respect of her possessions. And evil as Nazism was and pernicious and cruel as this method of transmission of inflation to occupied territories, something very similar to that was practised in India, and the Middle East. The story of the sterling balances is now too well-known to be retold. It only need be pointed out that these are merely the counterpart, or perhaps a successful imitation, of the reichmark balances of Belgium, Finland, Netherlands and the Protectorate of Bohemia and Moravia, etc. And in consequence of currency expansion, rise in the wholesale and cost of living indices has been the largest in Bulgaria, Finland, Iraq, India and such other dependent territories. There is another striking feature of the war finance in these territories which needs to be pointed out here. While in the U.K. and U.S.A. and other similar coun-

tries the needs of war, pressing and urgent as they were, have not been permitted to impinge on the essential minimum required by the civilian population in India, in the Middle East and in other unfortunate parts of the world no thought was given to such questions. Or at least, these were not considered very urgent. Thus while the national income of Britain rose from £4,604 millions at factor prices in 1939 to £8,712 million in 1943 that of India rose from Rs. 2500 crores to only about Rs. 3000 crores. The index of production during the same period increased in Britain by over 50 per cent., in Canada 60 per cent.; in the U.S.A. 120 per cent. India cannot boast of a rise of even 20 per cent.

For the future this great disparity in the national price levels raises the very crucial question of fixing suitable exchange parities so that international trade may be able to flow freely. One way for such an adjustment to be brought about would be through the adjustment of exchange rates themselves. Such an adjustment will, however, have to be made before the Bretton Woods plan begins to operate. Will the plan permit flexibility of exchange management to such an extent as to make the adjustment of the gaping disparity between the various national price levels possible? Then, in almost all the inflation ridden countries viz., India and the Middle East, a post-war slump or deflation may take place with the ceasure of Allied military expenditure and the stoppage of war expenditure. The danger in other countries where prices have been kept within reasonable limits is that the pent-up demand may initiate a period of rising prices. Such development in the two groups of countries may bring about some adjustment of the disparate national price levels. There is then the problem of liquidation of the war balances accumulated by these countries through terrible privations suffered during the war. These constitute an asset for these afflicted countries which, if they are permitted to utilize it to their best advantage, might recompense them, to some extent at least by making possible a higher living standard for them. Their equitable adjustment will indeed constitute a touchstone for Great Britain's profession of solicitude for the world's welfare.

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THE WORLD ABROAD

A Session of Lively Debates

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, September 3, 1945 (By Cable).

THE Congress starts its session on September 5 to deal with a mass of controversial domestic economic problems. The necessity for acting upon post-war legislative programme—much of it intimately related to industrial reconversion—brings Congressmen back to Washington five weeks earlier than they had planned, when they began the vacations one month ago. At that time the legislators had accomplished impressive results in respect of laws designed to aid the United States in taking its place in the post-war international affairs. The United Nations' Charter had been ratified, Bretton Woods legislation had been enacted and the Reciprocal Trade Bill had been renewed with additional authority to cut down tariffs. But with obvious misgivings the Congress had postponed action on a lengthy agenda of urgent domestic matters—issues and problems that now must be debated and solved swiftly in the wake of the end of the war. The Congress returned the following week-end in which the United States celebrated the formal proclamation of victory over Japan and took its first real, peace-time holiday since 1941. The week-end was marked by addresses and statements from all sections of the public announcing their determination to turn the national resources and efforts to full employment and production of peaceful and prosperous existence.

President Truman said in a statement: "We enter upon an era of great problems. But to live is to face problems. Our men and our women did not falter in the task of saving freedom. They will not falter now in the task of making freedom secure. Today we stand on the threshold of a new world. We must play our part in making this world what it should be, a world in which bigotries of race and class and creed shall not be permitted to warp souls of men. The tasks ahead are great and opportunities are equally great. Your Government is determined to meet those tasks and fulfill those opportunities." To implement such objectives as are implicit in the above remarks President Truman has made recommendations to the Congress which comprise measures scheduled for early action. Perhaps he will elaborate on his objectives and make new recommendations in his message to the Congress on the opening day.

At the top of Congressional agenda are the following: Firstly, full employment legislation which was discussed in a recent letter in these columns. Secondly, the proposal to raise unemployment benefits to twenty-five dollars a week for a period of twenty-six weeks to aid persons who will be temporarily out of jobs because of the termination of war work. This measure has met with considerable opposition and is one on which the most acute party feeling will be evident as always is the case with social legislation. Some opponents insist that the aid to the unemployed be kept in the hands of State Governments. Others argue that President Truman's proposals are too liberal and might encourage men not to work. Thirdly, the proposal to amend the Selective Service Act to permit continued conscription of men aged eighteen to twenty-five years. Immediately on the cessation of hostilities there was much clamour for the suspension of conscription at least until the Congress could determine a permanent policy in this regard. However, the clamour has died down recently. Pending any changes, the present Selective Service Law will be in effect until May 15. Fourthly, proposals to place a single administrator in charge of disposal of billions of dollars in war surplus property. There is at the moment a board of three men for the purpose. President Truman probably will recommend other changes in the law relating to disposal of surpluses and political circles believe that eventually there will be a protracted debate with special advocates and lobbyists hard at work in Capital Halls. In addition to these most urgent matters there will be questions of overhauling the tax laws, reorganizing administrative departments of Government and terminating activities of war agencies.

In the midst of all the controversies on economic problems relating to reconversion of no little interest will be the vociferous and vitriolic debate on Pearl Harbour. The Army and Navy Reports on that episode released last week by President Truman have failed to satisfy many Congressmen and immediately that House meets there will be demands for a thorough investigation by the Congress of circumstances attending that fateful attack.

Meanwhile, in the executive branch last week there was optimism over the rate of industrial reconversion. The Chairman of the War Production Board, Mr. J. A. Krug, said: "The rate is much better than we expected." His statement is based on a survey of five thousand manufacturers in sixty-two industries. In Washington there appeared a clear disposition to free industry from controls as rapidly as possible and throughout the industrial areas of the country there were evidences of much speedier switch-over to peace-time production as expected.

A warm tribute to India and other nations furnishing supplies to the U.N.R.R.A. was paid last week by the Acting Director General, Mr Roy F. Hendrickson, who disclosed that Latin America, Australia, New Zealand and India had supplied 300,000 tons of materials valued at 61,279,000 dollars. An analysis of the statistics showed that India had supplied 111,020 long tons as follows: 70,000 tons ground nuts, 20,870 tons jute bags, 20,000 tons raw jute, 150 tons coir yarn. The total value was 12,948,000 dollars, ranking India only after Australia and Brazil among the contributors excluding the United States, United Kingdom and Canada.

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Keynes To Tackle Canada

FROM OUR LONDON CORRESPONDENT

LONDON, Sept. 3, 1945 (By Cable).

THE Prime Minister's announcement that all soldiers in the B Class would be released almost immediately, has naturally caused great satisfaction, especially in the building industry. There is general dissatisfaction over the Government's professed inability to speed up general demobilization. It is expected that the Minister of Labour is to make a statement, giving reasons for delay. There is also some uneasiness at demobilization of war workers. Initially, it was Government's plan to reduce armament producton gradually. The idea was that gradual release of war workers would facilitate their absorption into peace production. At the time when these plans were laid down, however, one reckoned that the war in the East would last another six months at least, perhaps, much longer. As far as one can make out from information available, peace production will gain considerably less than 2,000,000 workers by the end of the year from joint demobilization from among the forces and armament manufactures. The actual releases will be much larger but a large proportion of released workers will consist of old persons and married women who will not seek re-employment. It may be expected that demobilization of armament production will be speeded up before the end of the year when Government have a clear picture of the situation. They have to decide the question whether it will be better to release war workers immediately their work is no longer required, and risk a short-term period of considerably increased unemployment, or whether it will be more advantageous to keep them semi-idle in war factories rather than release them so that they can immediately be absorbed in peace production. As one Labour member of Parliament pointed out a day or two ago, it is questionable whether gradual release of war workers will in fact be of greatest advantage. Not only are all industries asking for more and more labour, but to go on reducing more material that will not be needed in the end, is also sheer waste of materials which are badly needed elsewhere. Further, a swift release of war workers will enable the industries to make a better selection of labour. It is clear that such a policy will inevitably lead to short-term unemployment but experience after the World War I in several countries, when the war in Europe stopped abruptly overnight, showed that a very short time would be needed for redundant personnel to become re-employed. The time the outlook for employment is considerably better than was anywhere in the world in the winters of 1918-1919.

Two other topics of the week were Lord Keyne's visit to Canada and a statement made by the Minister of Health with regard to temporary housing. While the sudden stoppage of lease-lend had created some heart-burning this side of the Atlantic and some Press comments were, if not in words then by implication, not particularly complementary to the Americans, the comments now appearing, are much more of a detached nature There is a section of opinion that considers Britain's dependency on the United States to be very much less than might be deduced from the writings and speeches of the majority. And it created considerable satisfaction that Lord Keynes proceeded to Canada previous to his visit to Washington. The reason of his Canadian visit is generally accepted as being for the purpose of discussing with the Canadian Government to what extent Canada can and will supply the Mother Country.

The Minister of Health when approached by a delegation of the local authority on housing question, told them that they should concentrate their attention on large-scale permanent house building rather than building temporary structures. In this he was guided by the fact that firstly there is very little space in most affected areas which was not coming to be needed for permanent building this or in the next few years. Building of temporary houses would, therefore, inevitably obstruct building of permanent houses in the near future. Secondly, labour expenses on temporary structures will not be much less than needed on equivalent permanent housing. There was one point to which the Minister of Health, however, made no allusion, namely the use of prefabricated unit for house building. As Lord Astor pointed out in a letter to The Times the other day, mass produced prefabricated houses must not be confused with the temporary houses which are so produced. There are now a number of systems of factory production of whole and parts of houses which were evolved during the last few years and which are eminently suitable for permanent building, and the cost of production of which in most places is just about the equivalent of that of the orthodox method One curious fact is that builders on the whole seem very slow to depart from the method of building which their grandfathers practised. The vital factor that is to be considered is that the building industry in almost every country where there is housing shortage would have to increase its labour force to such an extent, in order to cope with the demand that the deficiency would take fifteen years to be made good, and then a third of skilled building labour would become redundant. Factory production on the other hand could easily be speeded up with the help of mostly semi-skilled and unskilled workers. As experience shows that would be much more ready to change their type of work, if they become redundant in one particular section, than the skilled craftsmen.

The Trade Union Congress which is meeting next week will have to deal with, amongst several reports, two reports of considerable interest to the general public. One concerns controls of transport. The Trade Union view is that all surface transport, such as rail, canal, road haulage, road passenger, port docks, coastal shipping and internal airways must operate as one system. A national transport authority in the form of a public corporation, appointed by the Minister of Transport and responsible to him and, through him, to Parliament, is proposed. In the second report the Trade Union Council is being asked to affirm that they "as representatives of the interests of work-people, both as producers and consumers, should be consulted by Government in determining its fiscal policy." This report also contains suggestions for the Chancellor of the Exchequer to consider in his next budget. According to these recommendations tax-free allowances for income-tax payers should be restored to what they were before the war rather than that a large cut in the rate of income-tax should be made. They also want reduction in indirect taxes, particularly the purchase tax as soon as possible, though they recognize that indirect taxation has to be reduced gradually. They consider the Excess Profits Tax a bad peace-time tax and propose some vital changes. But as the matter will be discussed at the forthcoming Conference, we may have opportunity of referring to it at a later date.

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PUBLIC NOTICE.

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It has been decided to allow imports of a limited quantity of paper and paste-board from Norway and Sweden. Regular pre-war importers of these articles from the above countries should submit their applications in the prescribed form for licences direct to the Chief Controller of Imports, New Delhi, so as to reach him before 20th September, 1945. Applications should be accompanied by documentary proof of pre-war imports of paper and paste-board from Norway and Sweden and also, if possible, by evidence of availability of the goods. Separate applications should be submitted for (a) Printing paper, (b) Writing paper, (c) Paper, other sorts, (d) Packing and Wrapping paper, and (e) Paste-board. Details of the quality of paper and paste-board desired to be imported should be given as far as possible. Applicants who intend to place orders through Agents in the United Kingdom should give the names and addresses of such Agents.

(Sd.) D. H. ELWIN,

Joint Chief Controller of Imports.

APPLICATIONS FOR TEXTILE MACHINERY

In order to permit equal consideration being given to all applications, persons interested in the expansion of existing Textile mills or in the erection of new mills should submit their applications, in the form prescribed by the Chief Controller of Imports for Registration of Post War imports of Capital Goods, to the Textile Commissioner not later than 30th September, 1945. Applications that have already been made to the Chief Controller of Imports or the Textile Commissioner will also be considered after 30th September, 1945 along with the applications that may be received by the Textile Commissioner up to that date. Persons who have already applied therefore need not apply again.

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A DELHI DIARY

THOUGH Pandit Nehru has left the city and probably forgotten the Press conference he held here, his spirit or rather his spirited remark about Delhi officials as war criminals seems still to be troubling the highest political circles here. It was on the spur of the moment, in reply to the American journalist's suggestion that Subhas Bose should be tried as a war criminal that Pandit Nehru was infuriated into suggesting that in that case some of the Delhi officials should meet the same fate. Surely he made no reference to anybody in particular and not certainly to any Hon'ble Member or Members. But it seems that it struck a responsive chord in some of them and they felt like wearing the cap that fitted them. Some of their colleagues warned them that the assumption was gratuitous and Pandit Nehru meant nothing of the sort. This left them unconvinced and they went to the length of suggesting that Pandit Nehru should be warned to be more polite, if not more discreet, in his public utterances. Of course, the suggestion was talked out but it would be interesting to reflect how Pandit Nehru would have reacted, had the Government been moved to warn him against offensive public utterances. He would have at the least said that he refuses to take lessons in public morals from the Government of India.

Miss Rangarao's resignation of her post as Controller in the W.A.C. (I) has occasioned a flood of information on the very unsatisfactory condition of affairs prevailing in that organization. In fact Miss Rangarao has not been the first Indian W.A.C. (I) officer to resign as a protest against racial discrimination, although she has been the most important to do so. At least four junior commanders are known to have taken the step at one time or other but the authorities refused to accept their resignations unless some reason other than racial discrimination was adduced. The main grievance of Indian personnel in the W.A.C.(I) is that the higher posts are, as a matter of course, treated as the preserve of their non-Indian sisters and cases are not infrequent of junior non-Indian officers superseding senior Indian officers when a high post is to be filled, or of officers being specially imported from United Kingdom when a prize job is going about. Further, while regular educational and training courses are provided in the sister organization in the United Kingdom, in order to equip its personnel for a return to civilian working life, the future of the Indian personnel of the W.A.C.(I) seems to be nobody's concern. Most of these young women have broken away from traditional habits of thought and modes of living. For many of them, there can be no return to normal family life in Indian households. With prospects of their demobilization looming large, it is time that somebody with the blessed gifts of imagination and understanding is entrusted with the task of studying their problems, and doing something about it.

D.D.T. that wonder insect-killer, is in the news again. It is playing the stellar role in the anti-malaria campaign, which the imperial city is now waging. In the third week of last month, the main mosquito-breeding swamps on the banks of the Jamna were sprayed with 600 gallons of D.D.T. solution in kerosene from the air. Squadrons of the Royal Indian Air Force, who undertook this work used Hurricane aircraft flying at a height of between 100 and 300 feet. Extensive entomological data recorded by the Malarial Institute of India before and after the spray show that the adult mosquito population was reduced in some areas to as much as 50 per cent., while larvae were completely wiped out wherever the spray fell. As the spraying has been done at the peak of the breeding season, it is confidently felt that Malaria in Delhi this year will be substantially reduced. The same area will be treated again in three months' time, employing a watery emulsion of D.D.T., instead of oil, as it was found that there was a certain amount of burning vegetation due to the latter. While the watery emulsion will be free from this defect, the Indian Army Medical Authorities, who are conducting the operations, believe that it will be equally effective. Hitherto D.D.T. air spraying has been used exclusively in the war operational areas. Delhi has been the first to benefit from the change-over to peace-time operations, but Lahore, Jhelum and other malarious areas in Central and North India are also being sprayed or will be sprayed shortly. Clearly D.D.T. air spraying has a great role to play in future land colonization schemes and in the eradication of malaria from areas where ground control is difficult. As it takes 10 Hurricanes to spray one square mile in one flight, it is probable that larger types of aircraft, capable of spraying much larger areas in one flight, will have to be employed in the future so that extensive spraying can be undertaken on an economic basis. Incidentally, efforts should be made to develop domestic manufacture of D.D.T. which is likely to be required in large quantities in this country for air spraying of mosquito areas as well as for use as a general insect-killer by individuals and local bodies.

The trifurcation of the Education, Health and Land Department might perhaps be justified on the ground that the three subjects should never have been lumped together under one Department. But the wisdom of the step just at this moment is not quite obvious. Is it because a few more secretaries, deputy secretaries, etc., can be appointed? The question of rational departmental organization will have to be taken up sooner or later, so as to bring about centralization of allied matters and co-ordination of all policies. Meanwhile, why this piecemeal measure? Creation of new departments just when wasteful expenditure is sought to be cut down, cannot be justified except as part of permanent reconstruction and aid to planning. It is gratifying, however, that Dr Sargent has become the secretary of a department. Can he pull the weight of his new status and authority (if it is bigger than before) to get a rapid start for his scheme?

It is good that supplies of pencillin are becoming available to an increasing extent. But the price of this "wonder drug" is still very high, and a course of pencillin treatment, at present, is beyond the reach of the average individual or family. It may be that production costs are still high, and may fall only as a consequence of further improvements in processes or in conditions of manufacture. The public, however, are entitled to know whether the drug is being made available for them as cheaply as present conditions permit. For instance, it is said that for a tube of pencillin sold at the controlled price of Rs. 10-12, the retailer's margin is Rs. 4-8. Surely, this is too generous!

Surprising news about United States preparedness rather anxiety to advance credits is being talked of in knowledgeable circles here. Last week, I reported about United States financiers' readiness to advance direct loans to Indian industrialists. I learn now that the Russian request for a credit of 3 billion dollars was not only instaneously agreed to, but they were offered another 3 billion, only if they cared to take it. All this real news from knowledgeable sources is interesting inasmuch as it is contrary to what comes through regular official channels and press agencies.

Informed sources report that talks with important personages in London, including Ministers, M.P.'s, economists and industrialists go to show that prospects of an early settlement of the sterling balances question are not very bright. In fact the British attitude is felt to be unhelpful and depressing. Some nasty surprises may very well be in store for us.

ARGUS.

MONEY MARKET

Wild Fluctuations in Bullion— Upward Trend In Share Market

(From Our Correspondent)

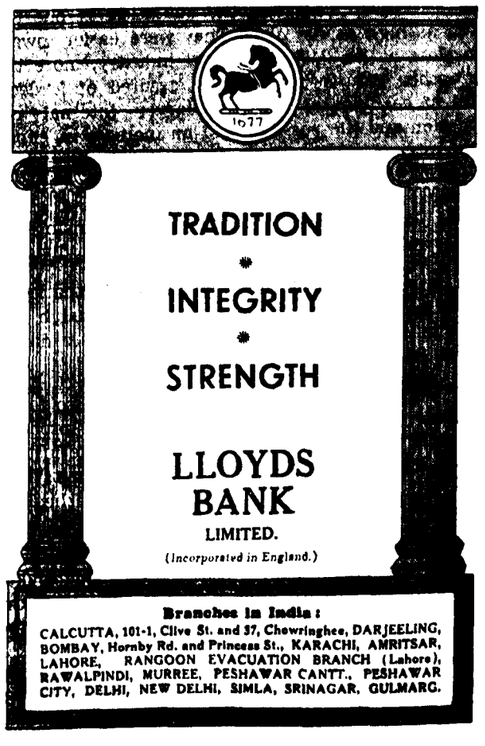
BOMBAY, September 3, 1945.

THERE has been no change in the easy conditions in the money market as there was a plethora of funds during the week under review. The increase of Rs. 1,51,000,000 in the offerings of last week to Government of India 3 months Treasury Bills is an evidence of the extremely easy condition. Call money rate was quoted at 1|4 per cent. and three months and six months deposits at 1|2 per cent. and 3|4 per cent. respectively. The withdrawals witnessed in the case of two or three banks last week had ceased. Confidence having been restored, funds are flowing again into those banks.

The Government of India three months Treasury Bills attracted an offer of Rs. 4 crores and 85 lakhs as against Rs. 3.34 crores last week though only Rs. 2 crores were invited. The total amount accepted was Rs. 2 crores. Tenders at Rs. 99-14-6 were accepted in full and those at Rs. 99–14–3 were allotted approximately 35 per cent., lower tenders being rejected. The average rate of interest was Rs. 0-6-9 per cent. per annum, 3 p.c. lower than last week's rate. The tender limit for the forthcoming week has been kept unchanged at Rs. 2 crores.

Reserve Bank

The returns of the Reserve Bank of India for the week ended 24th of August show an increase of Rs. 4,71,26,000 in the total notes in circulation while the total notes issued presented a fractional increase of Rs. 55 lakhs. The notes held by the Banking Department are down by Rs. 4.16 crores. Rupee coins held by the Bank are up by Rs. 13.19 lakhs. The Central Government deposits and those of other Governments show an increase of Rs. 1,35,00,000 and Rs. 1.09,00,000 respectively, while the deposits by the banks register a rise of Rs. 7.71 crores. The bills payable are up by Rs. 11 lakhs. Other liabilities declined by Rs. 67 lakhs and balances held abroad show an increase of Rs. 6.64 crores.



Gilt-edged

The gilt-edged market showed considerable improvement during the week under review. 3-1|2 per cent. Government Paper opened on Monday at Rs. 101-6-0 and declined to Rs. 100–7–6 on Tuesday. At this level there was considerable support from institutional investors who believed that Government Paper was a good buy. There was an increase of Rs. 1-2-6 during the next 24 hours and Government Paper closed at Rs. 101-10-0 on Thursday. Market remained closed on Friday being holiday for Janmashtami. The closing tone of the Government Paper was firm.

In sympathy with the 3-1|2 Paper other dated and undated loans looked bright. 3 per cent. nonterminable loan which hitherto remained dull and inactive spurted from Rs. 95.4 to Rs. 95.15, registering a gain of 11 as. The 3 per cent. 1957 First Victory Loan was in good demand and closed at Rs. 100.10, while the Second Victory Loan 1959-61 also registered a rise to close at Rs. 99-12-0. Among the long dated loans, 3 per cent. 1966|68 proved popular and closed at Rs. 98.8, an increase of 4 as.

Bullion

The Bullion market was again characterized by wild fluctuations in regard to the prices of both gold and silver, ranging from 12 to 13 rupees in the case of gold and 7 to 8 rupees in the case of silver; partly due to the support received from the public at the lower levels and partly due to the international developments of the cessation of lease-lend materials by America. Gold prices recovered in a remarkable manner which resulted in a sympathetic rise in the price of silver, thus enabling the market to turn the corner. Gold which was ruling at Rs. 62,8 last week attracted a large demand from the public. Bulls quoted at Rs. 65.12 and on Wednesday the prices of ready gold touched Rs. 76.2. At this level there was profit-taking and gold declined to Rs. 75.10 but closed at Rs. 75-14-0. The market was again in the grip of bulls, bears having been forced to cover their sales at the rising prices.

On Saturday the Bullion Exchange decided that trading in silver for delivery account will be resumed on September 12. The penalty payable on the rate fixed by the Committee for the next settlement has been removed and the purchaser will have the right to purchase on account of defaulting seller. A similar right has also been conferred on buyers in gold for delivery on September 18 and thereafter. On Saturday last gold for delivery opened at Rs. 72-8-0 and closed at Rs. 71–7–0.

Floating stocks are estimated at 75,000 tolas while the daily average offtake is reported to be 25|30,000 tolas.

There was a heavy rise in the prices of sovereign also. Demand grew considerably owing to low prices and consequently parcels of coins were bought from the Reserve Bank of India against exchange of gold at the usual premium of Rs. 4-8-0. The price of sovereign opened at Rs. 45-10 and after touching

Rs. 52 on Wednesday closed at Rs. 51-6 on Thursday last. On Saturday it closed at Rs. 49.

The stock is estimated at 4,000 coins and the daily off-take at 3|4,000 coins.

Gold sales have not yet been resumed by the Reserve Bank of India. The Silver market improved during the week under report mainly due to the strength of the gold section. The rising tendency in the prices of gold engendered confidence in the operators. The Silver section where a state of emergency had been declared and all forward transactions been banned opened at Rs. 119 for ready on Monday. On Tuesday it showed an increase of 8 as. As gold prices firmed up silver touched Rs. 125 on Wednesday, the highest rate for the week. It closed at Rs. 124 on Thursday. On Saturday, in sympathy with the fall in the price of gold, silver was quoted at Rs. 119-8.

The floating stock of silver is estimated at 5,500 bars while the daily offtake is placed at 150 bars. 800 bars were railed to uncountry during the week under review.

Silver sales have not yet been resumed by the Reserve Bank.

Stock Exchange

The share market remained open only for three days during the week. Prices were on the upward trend in almost all the scrips as there was buying to cover up short sales. Tata Defds. registered an increase of Rs. 71.4 during the week under review, thus retaining the leadership of the Bombay Stock Exchange. There was considerable buying of the Defd. shares by a single operator to cover up his earlier sales. Opening at Rs. 2,187.8 on Monday last closed at Rs. 2,185 on the same day without much fluctuation, but on Tuesday opening at Rs. 2,183.12 it closed at Rs. 2,235. On Wednesday it opened at Rs. 2,267.8 and firmed up to Rs. 2,275 at which level there was profit taking. After touching Rs.2,250 it covered and closed at Rs. 2,256.4. Ordinaries likewise showed an increase of Rs 14.8 during the week. On Monday it opened at Rs. 406 and closed on Wednesday at Rs. 420.8. Other Steel scrips showed sympathetic increases.

The termination of lease-lend arrangement by America proved a bull factor as it was interpreted that it would benefit existing industries. There were keen inquiries in the textile section. Bombay Dyeings gained Rs. 16.4 and closed at Rs. 1,966.4 Kohinoors registered an increase of Rs. 23 from Rs. 573 on Monday to Rs. 596 on Wednesday. Swadeshies closed at Rs. 541 gaining Rs. 19 over the opening rate.

Better Prospects For Coal

CALCUTTA, Sept. 3, 1945.

SPECULATION regarding the future of sterling has eclipsed all other issues. Reports regarding a fall in the dollar-sterling rate soon after the announcement regarding the cancellation of Lease-Lend facilities brought about a sharp recovery in prices in the bullion market. As the weakness of the bullion market was the main reason for the weakness of the stock exchanges, and as it was pointed out that a lower exchange was a bullish factor also for stock markets, there was a sharp recovery in prices in all the sections on the Calcutta Stock Exchange and losses noticeable in the previous week were completely recovered. But the renewed weekness of the bullion market on the fears that there would be no major development in the exchange market, and that a satisfactory arrangement would be reached with Britain for sending supplies in place of Lease-Lend quotations are again easier.

While, a certain section of the market is expecting prices to depress on the pessimistic reports, consequent on the end of the war and the statement by the Member for Planning it seems that there is general conviction that accumulated demand and planning for civilian consumption out of the existing capacity will keep the industry busy for some time and that shareholders have nothing to worry about. Pending further developments there may not be any important fluctuations in prices.

The gilt-edged securities section has been steadier on official buying and 3-1|2 per cent. paper improved from Rs. 101|2 to Rs. 101|12. The reports that Provincial Government will be shortly coming on the market for loans aggregating Rs. 8.5 crores have been mainly responsible for the strength of the gilt-edged securities section. The rise in terminable loans is pronounced in the case of 3 per cent. 1957, 3 per cent. 1963-65 and 3 percent. 1966-68. It is stated that the Provincial Governments of the Punjab, Madras and the U.P. will be coming into the market for Rs. 3 crores each in the case of the former two, and for Rs. 2.5 crores in the case of the U.P. The announcement is due to be made on Wednesday. The loan will carry interest at 3 per cent. and will be repayable at par in 1960. As only a very small sum is involved, it is expected that the new issue will be a complete success especially as cheap money conditions prevail in the market and greater interest has been paid to treasury bills in recent weeks.

Coal shares were better in the earlier days of the week with Burrakurs improving from Rs. 43|12 to Rs. 44|12 and South Karanpura from Rs. 35|12 to Rs. 36|12. New Beerbhoom were done up to Rs. 48|7 while there was considerable speculative activity in new issues, Central India being done up to Rs. 14|4 and Western Bengal Rs. 15|4. There was considerable activity in Bhalgora, the quotation at one time being as high as Rs. 25|4. They were easier towards the close at Rs. 24|8. The coal industry, more than any other industry, is perhaps assured of a decent level of earnings as with the larger internal consumption and the possibility of an increase in exports to countries in the Far East, advantage may be taken of the easier labour position to increase raisings. As earnings would improve to a greater extent when there is a big increase in raisings, the bigger collieries will be able to pay decent dividends.

During the week no important fluctuation in prices has been recored in jute section though Howrahs in sympathy with other counters were done up to Rs. 94|10 and are now quoting Rs. 94.

The fabrics market has remained firm so far and if there were any substantial increase in production it might possible to utilize satisfactorily the lost loom hours and thus enable the steam-driven units to derive full credit for the amounts due from the Industrial Pool.

In the Engineering section steadier conditions were noticeable with almost all the counters marked up higher. Constructional engineering issues were in favour; Braithwaites changing hands up to Rs. 15 Indian Standard Wagon Rs. 120 and Marshalls Rs. 6|12. Indian Irons improved to Rs. 41|12 and Steel Corporation Rs. 34|15 but are now quoting Rs. 40|12 and Rs. 34.

OFFICE OF

The Chief Controller of Imports,

NEW DELHI.

PUBLIC NOTICE

IMPORT TRADE CONTROL

APPLICATIONS for licences for the following goods falling in Part IV of the Import Trade Control Schedule, against which surpluses in the port quotas are expected, should be submitted in the form prescribed for applications to be made to the Chief Controller of Imports so as to reaach the Import Trade Controller at the respective ports as early as possible and at the latest by the 30th September, 1945:—

Shipping Area	S. No. of Part IV of I.T.C. Schedule	Description, in Brief
North America	87, 109	Drugs and Medicines.
"	111, 112	Saccharine.
"	115	Toilet Requisites.
"	116	Cinematograph films, unexposed.
"	117	Cinematograph films, exposed.
"	122	Plumbago and Graphite.
"	126	Pine Oil.
"	147	Leather Cloth.
"	169, 170	Books.
"	211	Oil Cloth and floor cloth.
"	247, 248	Glass Bottles and Phials and glassware, other sorts
"	250	Electric bulbs for torches.
"	266	Mercury (from Canada only)
"	275	Hardware, other sorts.
"	277	Safety Razor Blades.
"	284	Parts of domestic refrigerators.
"	286 (b)	Parts of typewriters.
"	290	(a) Valves (Required for (b) Other parts (Radio sets
"	303, 305	Photographic negatives. Printing Paper, Instrument etc.
"	308	Alarm Clocks.
"	309	Talking Machines.
"	335	Brake fluid.
Australia	82	Beer.
"	83	Wines.
"	86, 87,	
"	107, 109	Drugs and Medicines.
"	115	Toilet Requisites.
East Africa	169, 170	Books.
"	27	Cloves (from Madagascar and Zanzibar.
Middle East	48	Gum Arabic.
"	48	Gum Arabic.
South Africa	83, 84	Wines and Whisky, gin and Brandy (from Cyprus only)
"	83	Wines.
Persian Gulf	84	Brandy, Gin & Whisky.
"	6	Fish (Unsalted dry).
"	21 (b)	Fruits all sorts.
"	47	Olibanum & Frankincense.
"	205	Woollen Carpets.
Portugal	212	Mats and Mattings.
	154	Cork Manufacturers.

2. Applications should not be submitted for any other items, nor should applications be sent direct to the Chief Controller of Imports, as these will not be entertained. Evacuee firms who have applied for licences against the special quotas reserved for them from North America should not apply again for licences for the same classes of goods from that country. Applications for Drugs and Medicines should not be made separately for individual items, but a consolidated application together with a list of the Drugs and Medicines desired to be imported should be made.

3. In the distribution of surpluses preference will be given to —

(1) firms who used regularly to import the goods concerned from Japan or other sources which are now cut off:

(2) firms who imported the goods concerned from the particular area concerned but have no quota owing to their having no imports at their credit in the basic year.

Applicants who have previous imports to their credit of the goods for which they are now applying should, as far as possible, attach copies of bills of entry and|or invoices to their applications or produce them personally for inspection to the Import Trade Controllers. Those who are unable to produce such bills of entry and|or invoices should obtain certificates from competent authorities to the effect that they used to import the goods in question.

Applicants who have no previous imports to their credit of the goods for which they are applying but who are genuinely desirous of entering the import trade on such goods should obtain a certificate from a recognized Chamber of Commerce or Association to that effect.

4. After figures of previous imports etc., have been checked applications deserving of consideration will be forwarded to the Chief Controller of Imports.

(Sd.) D. H. ELWIN,
Joint Chief Controller of Imports.

In the Miscellaneous section Calcutta Electric shares were officially quoted during the week and there was a rise in the quotation to Rs. 46|4 but with profit-taking and selling at the higher levels. there was a drop of one point to Rs. 45|4. Other shares, too, were uninteresting though Titaghur Paper were a stronger feature at Rs. 33|4.

The raw jute market continued steady with a larger amount of business on account of mills. The improvement in regard to coal supplies to mills and the paucity of imports of jute in mofussil centres, have kept up prices. As sellers were eager to do business for near positions no increase in prices was asked for and it was reported that a fairly large amount of business was done for one big group jute mills. Business was mostly in bottom grades, probably with the expectation that there might be fresh orders for bags with the liberation of the Far Eastern countries.

In the loose jute section Supervised Jat Middles and Bottoms were done at Rs. 15|4 and Rs. 12|4 respectively with District qualities 8 annas lower. There was no large export business and mills bought cuttings at Rs. 1 below maximum mates.

The jute manufactures market would have been easier with the reports of a large increase in production, but the inability of mills to guarantee deleveries and the refusal to reduce rates have prevented the bazar from offering any substantial discount in rates. There are also reports regarding further large orders. Only last week an order was received for one and a half crore of hessian bags.

THE BUSINESS WORLD

TOBACCO INDUSTRY IN MADRAS.

INDIA, America and China have the pride of place among the tobacco growing countries of the world. In 1936-37 the area under cultivation of tobacco in the three countries was 1,398, 1,438 and 1,345 thousand acres respectively, whereas the total output for the same period was 1,276, 1,155 and 1,404 million pounds. Area and output are by no means the correct criteria to assess the value of the crop which depends entirely on the variety grown. Presumably America reaps the richest harvest, India and China coming only next with their coarse, low-grade varieties. On a province-wise analysis, Madras stands next only to Bengal. It represents 25 per cent. of the tobacco area of British India and 19.5 per cent. of the total area of the whole of India including Indian States. Tobocca is an important cash crop and the cultivator in Madras has doubled the acreage under its cultivation during the last 35 years. Guntur, Vizagapatam, Coimbatore and East Godavari are the main tobacco growing districts of the province. But the secret of the importance of Madras, however, lies in the expansion of the cultivation of cigarette tobacco, the area under which rose from insignificant beginnings in 1920 to 129,658 acres in 1941-42. The average annual production of Virginia or cigarette tobacco in the province for the five years ending with 1942-43 was 50 million pounds. Madras has almost a monopoly of the growth of this superior variety in India and accounts for 95 per cent. of its total production in the country. The local production is supplemented by imports which for the five years ending with 1938-39 amounted to an annual average of 8.4 million pounds. One-seventh of these imports consisted of cigarette tobacco from America intended for blending with indigenous Virginia tobacco. Manufacturers in the province imported cigar tobacco from the Netherlands for use as wrappers, but since 1942-43 there has been a complete stoppage of these imports.

Tobacco has a very popular vogue in all classes of society and despite vehement denunciation by teetotallers it will always remain a favourite hobby with the majority of the masses. Here is a sure and dependable market for the producer and the manufacturer. Virginia tobacco is used for the manufacture of cigarettes and its waste is used for the blend in *bidis* The country variety is put to different uses such as manufacture of cigars, cheroots, *bidis* chewing tobacco, pipe tobacco, hookah tobacco and snuff. The average annual exports of tobacco and tobacco products during the quinquennium preceding the war were 73 million pounds, leaving a balance of 154 million pounds for internal consumption. Exports of cigars have fallen considerably chiefly owing to increased duties in England and also owing to the increased consumption of cigarettes in that country. Before the war the main foreign importers of Madras tobacco were the United Kingdom, Japan, Straits Settlements, Federated Malay States and Ceylon. Now, however, foreign exports are confined solely to the U.K. and Ceylon. A very large surplus is left at home. This is only a temporary phase and normal international trade will be soon resumed now that the hostilities have ceased. The demand from Japan, which was the second biggest foreign customer, will not reach the pre-war level.

While there is thus an assured future for the tobacco industry, it is depressing to find that cultivation and processing are defective and on the decline. The average yield per acre of cured leaf has fallen from 1,070 pounds in 1929-30 to 836 pounds in 1938-39. The condition of the Virginia tobacco, which is a very lucrative crop, has deteriorated very seriously. Its average yield per acre has dwindled from 750 pounds to 500 pounds. The causes of the decline are unscientific method of cultivation, impure seed and defective processing. Year after year Virginia tobacco crop is grown in the same land without rests. The absence of rotation of crops has resulted in deterioration mainly due to the attacks of a vegetable parasite known as *tokras*. At one time in 1940 the question of legislative interference with a view to ensure quality of leaf was under the consideration of the Department of Agriculture. It was then thought advisable to leave cultivation to private enterprise advised by suitable propaganda. But no improvement has been marked. Rotation and selection of suitable land for Virginia tobacco should be enforced by the State. The peasant in many areas is still using impure seed. Pure seed supplied by the Agricultural Department and the Tobacco Marketing Committees at Guntur and Bezwada has not yet covered the whole field. It is reported that some schemes of improved high quality seed of cigarette tobacco are at present under consideration of the Imperial Council of Agricultural Research. They aim at improvement in quality and yield. Preliminary processing is done by the cultivator in a crude and careless manner. Country tobacco is cured by drying in the open. But Virginia tobacco is processed mostly in barns by flues. The immediate improvements required are construction of up-to-date barns and provision of suitable fuel for evenly heating the barns. Final processing consists in removing the mid-rib and special mechanical drying which is done by merchants with the help of certain British companies which alone own the machinery. The urgent problems of supply of pure seed and processing in barns and by plant cannot be tackled successfully without organized effort. Co-operative socities can certainly bring about the desired facilities and extend them to the ryots. Storage accommodation with refrigeration plants will have o be provided if the cultivator is to get a larger share in the price of the produce.

Of equal importance to the cultivator from the viewpoint of higher prices and knowledge of market conditions is the specification of grades and standards. At present grade specification is marked by a complete lack of uniform and comprehensive policy. Attempts in this direction have so far failed chiefly because the views of all the classes concerned from the producer to the manufacturer were not taken into consideration. The Indian Tobacco Association, Guntur, fixed five grades for flue-cured Virginia, three for sun-cured Virginia and five for country tobacco. But the Indian Leaf Tobacco Development Company, who are the biggest stockists in the trade, chose to have only three grades as before. The Government of India were inclined to fix four grades. In 1943 the Imperial Council of Agriculture Research referred the question for final settlement to a conference of growers, traders and manufacturers. The conference met early in 1944 and standardized certain grades. But the London Chamber of Commerce expressed their disapproval and maintained that grades decided by their Tobacco Certifying Committee should be adhered to. It is, of course, imperative that for a commodity of international trade uniform standards of grade must be fixed. Yet another difficulty which demands early solution is the availability of suitable packing material. Wooden cases are favoured most on account of safety and long storage. But railway freights for the transport of wooden planks are said to be prohibitive. Tobacco is usually packed in bales covered with mat and gunny pices. It is hardly convenient for storing over long periods of time. The proverbial anti-national policy of railway freights hits this industry, too, very hard. Rates for the

claims by death amounted only to Rs. 4.19 lakhs in 1944 against Rs. 10.87 lakhs in 1943. Maturities by claims were Rs. 22.3 lakhs. The life fund has improved by Rs. 30 lakhs during the year, and now stands at Rs. 4.49 crores.

THE INDIAN TEA INDUSTRY

Some of the special difficulties of the Indian Tea Industry were recently discussed at the annual meeting of the Tea section of the United Planters' Association of South India. Special reference has been made to the defects in the procedure with regard to the Tea control. For example, despite the prohibition imposed on exports of tea seeds by a customs notification of May 1933, the year of the International Tea Agreement, the Government of India allowed exports of tea seeds to East Africa. Though the Government generally adopted a system of permits to allow exports of specific quantities, East Africa has been given a preference. During the period of the 1933 Agreement no less than about 152,140 lbs. of tea seeds were exported to East African colonies. East Africa was further aided by a relaxation in the 1938 Agreement. The ban on export was removed in 1939 and the area under tea cultivation in East Africa increased to 58,233 acres including the 20 per cent. extension allowed. On the other hand, during the ten years from 1933 to 1943 the actual increase in the planted area in India was only 0.29 per cent. India has been treated badly. While Uganda was permitted to extend 3,450 acres during the past ten years of control Mysore was allotted only 42 acres. Africa was given 20 per cent. increase for extension in 1943. These circumstances are obviously against the Indian Tea interests. The Association is justified in its protest against the action of the International Tea Committee in giving undue preference to the British East African colonies.

The Association also protests against the International Tea Committee's action in allowing Ceylon to plant tea in areas wherefrom slaughter-tapped rubber had been removed. This, it is claimed, is a direct breach of the Agreement since it prohibits the planting of tea in any land carrying other products. The Association has also suggested that the Indian Tea Control Act 1943 should be amended to enable all tea estates irrespective of their planted area to apply for permission to extend their areas. As it is, application for permission for extension can only be made by a tea estate owned by a Limited Liability Company if the area planted by the company is less than 300 acres and in the case of any tea estate owned by an individual proprietor or proprietors if the planted are in the estate is less than 150 acres.

HEAVY CHEMICALS

Industries which were established or expanded during the war and particularly those which subserved the cause of war are entitled to priority in protection and other assistance even according to Government of India's declared policy. Among the basic industries which have a legitimate claim to such top priority is the heavy chemical industry. This industry was established and expanded under adverse circumstances only in the interests of defence demands. Plant, machinery, aquipment and other capital were acquired at extraordinary cost and a huge investment has been made for the purpose. The industry was denied any opportunity of buildings up contacts with the civilian market and consequently it could not lay the basis of a long-range development. On the contrary, now that the Government are no longer in need of indigenous production, the industry is faced with the menace of sweeping competition from old and powerful foreign interests which are already securely established in this country. Will Government respond to the situation and accord protection to this vital basic industry before it is too late? There are vast resources of mineral and chemical substances and other essential raw materials in this counrty. Electric power is also available in an adequate measure. Given assistance in other respects such as concessional railway rates, facilities to procure capital goods and technical services, in the early stages, the industry is sure to develop on an economic basis.

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transport of manufactured and unmanufactured tobacco by rail ought to be reduced as a measure of reasonable accommodation to the industry. A heavy rate of excise duty on tobacco has been introduced already since April, 1943, and in view of this municipalities and local authorities should be persuaded to abolish their octroi and other charges. Certain parts of the province have been declared as notified areas and regulations have been enforced for licensing premises, registering dealers and ensuring fair weighment, publication of prices, market intelligence, etc. The general control of the market is left with a committee represented by growers and the trade. The measure has provoked much opposition from smaller interests in the trade but the results of its practical working cannot yet be judged.

What of the manufacture of cigarettes in this province? It is estimated that the annual *per capita* consumption of cigarettes in India, which was about 20 in 1934-35, has now risen to 80. Having a monopoly of cigarette tobacco crop, where does Madras stand? In India there are nearly 22 factories for the manufacture of cigarettes and they are all situated outside the province. The only factory at Bezwada is now reported to be defunct. With a prospect of expansion of the trade, it will amply pay the province if it started the manufacture of cigarettes on a large scale.

NOTES

SUGARCANE PRICE

The U.P. Sugar Control Board appointed a sub-committee last year to find out the average cost of sugarcane production in the province, with a view to enabling the Government to take that cost as a basis for fixing sugarcane price in the coming season. The sub-committee have arrived at the conclusion that 14 annas per maund, the price which was fixed last year, would be a reasonable price this year too. Those members of the Sugar Control Board, who represent the growers' interests, are understood to have questioned the soundness of this recommendation on the ground that had the value of land rent, manure etc., been assessed realistically and correctly, the cost of production would have been found to be much higher. Whether this contention is justified or not, it would *prima facie* appear unreasonable to ask for the next crop, which would be the first post-war crop, a price higher than what was paid for the previous crop in the sixth year of the war. It is time all of us begin to think in terms of lower price levels generally. On the other hand it has to be admitted that so long as the present high-cost-price structure continues to persist, the interests of particular groups would need being looked after carefully. On the whole, the subject seems to admit of further discussion between the representatives of growers and of sugar manufacturers.

AMENDMENTS TO INSURANCE BILL

The opposition with which the proposals formulated in the Insurance Amendment Bill have been met all over India is responsible for a series of conferences held in Bombay by the Superintendent of Insurance with insurance companies last week. The new proposals are reported to be as follows:- No insurance company to pay more than 30 per cent. of the first year's premium and more than 5 per cent. of the renewal premium by way of commission to agent, with possibly a proviso that when a company's business is below Rs. 2 crores, it may be allowed to pay a commission up to 35 per cent. until 1953. A chief agent is to draw 25 per cent. of the first year's premium and half per cent. of the renewal premium from January, 1946. A chief agent is defined as one who employs at least a dozen agents and should account for total business of not less than Rs. 1,20,000 per annum. It is also sought to terminate all contracts between an insurer and his chief agents on 31st December, 1946, or on their expiry, whichever is earlier. Fresh contracts are not to be of more than ten years' duration. These provisions will be enforced by a rule that the revenue account should contain a certificate as regards their due observance by the managing agents.

All companies will be grouped into four classes depending upon their business and will be asked to reduce management's expanses in the period 1946 to 1953. To make the limitation of overall expenses more flexible in practice, the new legislation may contain a provision whereby a company may exceed the limit, provided the excess is shown as a separate item in the balance-sheet under assets. Intangible assets should not exceed the half paid-up capital of a company with less than Rs. 1 crore business. As regards general insurance companies, it is proposed that these should not spend more than 25 per cent. of their gross premium on management if their income is less than Rs. 10 lakhs and not more than 22-1/2 per cent. if the income is between Rs. 10 to Rs. 20 lakhs, and only up to 20 per cent. if the income is over Rs. 20 lakhs. An addition of 5 per cent. will be allowed in respect of business written outside India. These and other recommendations of the Superintendent will be embodied in a comprehensive bill to be placed before the Central Assembly when it meets next. The restrictions on investments proposed by the Jehangir Committee may not all be accepted, as the feelinr prevails that they are too drastic.

A SOBER VIEW

The yardstick of progress as commonly applied to a life insurance company is generally the amount of new business transacted. The fallacy of this approach was stressed by Sir H. S. Paul in his address at the annual meeting of the National Insurance Co., Ltd. He observed that expansion is common in more or less degree to all offices and that, therefore, one should look deeper for the evidences of strength and solidity. He also emphasized the structure and nature of life business, whereby a company receives level premium over periods of years but has to make payment both when a claim matures and also when the contract starts. In other words, new business puts the insurer out of pocket and he has the recoup it from the later years of the policy. So when business increases abnormally rapidly, the strain is considerable. "A life office takes time to digest its new business and can suffer from over-eating." It is seldom that one comes across such a sober view of insurance business at a time when mere expansion of turn-over is often flaunted as progress.

THE NATIONAL INSURANCE CO. LTD.

In 1943, the Company's new business improved by 100 per cent. and in 1944 by 65 per cent. The increase in the premiums at the beginning of 1944 has been a great relief, and the higher cost does not seem to have retarded new business. As regards actual figures in 1944, 18,012 proposals were accepted and policies worth Rs. 4,74 crores written in, as against Rs. 2.83 crores in 1943 and Rs. 1.41 crores in 1942. The net annual income from new business for 1944 was Rs. 24 lakhs against Rs. 14.42 lakhs in 1943 and Rs. 6.36 lakhs in 1942. The mortality experience was better since

FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT

Madras Letter

CONSEQUENT on the restrictions placed on the supply of electric power both by the Government of India and the provincial Government, an impression has been created in the minds of industrialists and large power users that further power demands may not be met and therefore there may not be scope for large industrial expansion in this Province. The Government have now issued a communique allaying such fears in which the various power development schemes to be undertaken in the immediate future at a cost of Rs. 11 crores have been enumerated. The most important of the schemes planned is the Machkand Hydro-Electric Scheme costing over Rs. 5 crores for the initial stage and it is to be developed in co-operation with the Government of Orissa. It will link up the existing thermal schemes at Vizag and Bezwada and is designed to meet the power demand in the Andhra area for many years. The first stage of the Papanasam Hydro-Electric station in the extreme south of the presidency has been completed and it has been linked to the Hydro grid of which Pykara and Mettur are the other power sources. Three units each of 7250 K.V.A. are in commission. Anticipating further development in this area, Government have sanctioned the second stage of expansion too. Pykara power is to be supplied to Malabar shortly. There is still adequate reserve power at Pykara for meeting all local development needs in the immediate future. Considerable post-war development in the Coimbatore-Trichinopoly area is anticipated and to meet the consequent demand for power, a further extension of the Pykara scheme has been sanctioned by Government costing over Rs. 2 crores. Later, a further stage of development has been planned to meet the future needs. The Mettur system is being strengthened and the work of connecting the Madras Thermal station with it has commenced. Plans are under examination for the acquisition of the Madras Electric Supply Corporation and its expansion to meet the demands of the Madras area in the coming years. Several other plans ae also under consideration. It will be seen from the above that ample power will be available from the Government electric systems for all immediate needs and the anticipated power demands of post-war industry.

Iron And Steel Trades' Plea

The iron and steel merchants of Madras and South India availed the opportunity of the presence of Sir A. Ramaswamy Mudaliar to meet him and plead for the restoration of normal trade channels in the distribution of iron and steel. The demands of iron and steel for the agriculturists and the fabricators, consuming standard steel and defectives more than 50,000 tons annually, were met by the merchants before the war. But the local Government have now stepped in and the supply of standard steel to agriculturists is being done by the Department of Agriculture while the supply of standard steel and defectives to the fabricators is being done by the Department of Industries. This method of distribution has been followed, it is stated, to avoid black marketing and ensuring proper supplies. But the merchants pleaded that they may be allowed to sell to those on production of delivery order from the departments concerned. They were prepared to furnish periodical stock returns to the departments and the allotment work would then be quite easy. Sir Ramaswamy Mudaliar promised to discuss these proposals with the Madras Government so that the normal channels of trade could be maintained. The merchants also drew the attention of the Supply Member to the prevalent "pipe famine" in the province and requested the immediate release of 2,000 tons of pipes to domestic users and for irrigation purposes.

Mysore Silk Industry

Silk producers and merchants in Mysore State are already alive to the dangers of foreign competition with the termination of the war. As silk is no loriger required for parachute cloth for war purposes, the contracts with the Government have been terminated so that the production will have to find a civilian market. There are in Mysore State more than 80,000 cocoon rearers, 8,000 charka reelers and thousands of throwers and handloom weavers besides the labourers employed in the filatures. Thus in order to protect the industry and those who live by it, the producers and merchants took the view that adequate protective tariffs on foreign silk should be levied to protect the industry from foreign competition. The question of initiating trade with foreign silk consuming countries like Great Britain and the United States of America has also been suggested. It will be remembered that even prior to the war Mysore silk was famous in those countries. The merchants and producers of silk have formed into an Association and have decided to approach the authorities to represent their difficulties and get relief.

Crop Reports

Official crop reports of commercial crops have been published this week. The area under sugarcane in 1945 is estimated at 129,060 acres. When compared with the estimates of last year's acreage of 123,700 it reveals an increase of 4.3 per cent. The increase in area is due mainly to the prevalence of high prices at the planting season. The condition of the standing crop is reported to be generally satisfactory. The area under cotton in 1944-45 is estimated at 1,636,500 acres and represents a decrease of 26 per cent. as compared with the finally recorded area of 2,210,302 acres in 1943-44. The decrease in the acreage occurs in all the important cotton growing areas. Picking of cotton is in progress and the yield is expected to be generally satisfactory.

The Stock Exchange

Conflicting views regarding the post-war prospects of Indian industries and reports of plantations in the Eastern countries being developed sooner than expected lead to investors adopting a cautious attitand in selecting their investments. The ups and downs in the bullion market were also responsible for the erratic trends noticed on certain occassions. On the whole there has been an improvement in the values though this has not been general. Buying has been confined to textiles and the old-established plantings. In the Government Securities market, 3½% Paper was firm at Rs. 101|11. 3% Victory Loans 1957 were absorbed at Rs. 100|9, 3% Loans 1953|55 at Rs. 101|1 and 3% Loans 1970|75 at Rs. 97|2. Provincial Loans and State Loans were dull. It is stated that the Cochin Government will go on the market shortly with a 3% Loan for Rs 1 crore having a currency of fifteen years. In Bank shares, Reserves w taken up at Rs. 135. Indians fully paid had sellers but the Rs. 35 paid shares had good buyers. Mysores were absorbed at Rs. 386.

There was a spurt in textile shares. The agitation for the abolition of the E.P.T. coupled with the statement made by the Finance Member, Government of India at the time of the last budget session that this tax would vanish with the emergency that brought it has led to the hope that this tax would be abolished in course of time. It is believed that when this is done, textile mills will be greatly benefited. This sentiment has been responsible for the good buying in this section. Buckinghams were higher at Rs. 342. Cambodias rose to Rs. 30-1. Lakshmi Old and New were taken up to Rs. 180 and Rs. 88 respectively. Madura had buyers at Rs. 74|8. Sitarams were done at Rs. 182. In the Planting section, Cochin Malabars were sticky at Rs. 17|12. Pullangodes were better at Rs. 2|15. Rajagiris improved to Rs. 12|4|6 and Thirumbadis to Rs. 4|6. Vaikundams came in for business at Rs. 20|8. In the tea and coffee group, Chembras were higher at Rs. 10 following the dividend of 30% as against 40% last year. Consolidated Coffees were better at Rs. 12 and C. Valleys at Rs. 9-14. In the Miscellaneous section, Deccans big met with good business. Andhra Cements rose to Rs. 122|8 on good buying. Mysore shares were slightly better this week.

Sind Letter

KARACHI, August 31, 1945.

THE war is over. The most pressing problem of today is the adjustment from a war to peace economy. Demobilized military personnel have to be absorbed in the country's economic life. A large amount of labour—unskilled as well as skilled—will be thrown out of war works and they must be given employment. Sind has a much smaller problem than other provinces. Less than 5,000 men have joined the military forces. The amount of labour likely to be displaced owing to the termination of the war is small. Agriculture, Services and local industries can easily absorb all these men. There is, however, another question for consideration. With a shortage of man-power of all kinds—agricultural labour, industrial labour, technicians, clerical personnel and technical personnel such as engineers and doctors—in Sind, will it not be possible to provide here for the demobilized personnel of other provinces? The difficulty appears to be the intense provincialism. Excepting perhaps industrial labour and technicians, the political parties are averse to accommodate people of other provinces here. Resolutions have been passed against grants of land to non-Sindhis. It is strange that the Muslims of this province which is considered to be the stronghold of Pakistan, are unwilling to admit people of the Punjab to share in the development of the province.

Grow More Food

On a perusal of the Post-War scheme of the Government, one notices certain schemes labelled as "Grow More Food" schemes. One would have thought that such schemes would have been put in operation long ago. It is an open secret that the surplus provinces have not reached anywhere near their maximum potential of food production. They have not the same incentive to do so as the deficit provinces. The Central Government should have put a little more pressure on the surplus provinces to step up their production to the maximum. The Centre thought that offering to share half the cost of all grow more food schemes was enough inducement. Unfortunately, this province did not "bite." The food production could have been increased by use of fertilizers on a larger scale, extension of vegetable cultivation, minor remodellings of irrigation canals so as to increase water supply, multiplication and distribution of pure seed on a bigger scale and subsidising digging of irrigation wells in tracts not covered by perennial canals.

Karachi Port

The published Post War plan of the Government is silent about the development of Karachi Port. This is perhaps because Ports are a General Subject. The Central Government should inform the public now what their plans for the development of the third [illegible] in India are. There is now no reason for maintaining any secrecy about these plans. The most essential improvement is the provision of facilities for Shipbuilding. Construction of more wharves, the building of a modern fishing harbour, reclamation of more land near the port which can be used for industrial purposes and more storage facilities for the goods that are to be loaded into ships or into trains—these are some of the major developments for which the port's post-war plan must provide. The local commercial community which ought to be intensely interested in these developments appears to be, on the other hand, interested only in the question of who the next chairman of the Port Trust should be.

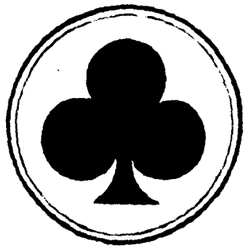
Fruit Development

Sardar Bahadur Lal Singh, the Fruit Adviser, was here and inspected some of the Fruit gardens in Sind. He considered that Sind had great possibilities for large-scale cultivation of Citrus fruits, bananas, papayas and grapes. He has advised the local Agricultural Department to train more *malis* as there is a great dearth of them in Sind, to increase the production of fruit plants, to establish a Fruit Development Board, to popularize the use of fertilisers for fruit trees and to establish garden colonies for ex-service men.

Cloth Quota

The inadequate cloth quota given to Sind—12 yards per head per year—is the subject of many complaints from the public. Sind is ordinarily better clothed than the other provinces. Both the urban and rural population consumes more cloth *per capita* than in any other province. There will be practically no one out of our four and a half million population who cannot afford to buy his quota of 12 yards. Therefore, there will be no averaging and no one can get more than 12 yards. Twelve yards are barely sufficient to make a coat, a pair of trousers and two shirts. One cannot buy bedsheets and other linen. Perhaps some dress reform will have to be initiated soon to tide over this difficulty.

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LABOUR

Post-War Propects of Farm Labour

RECENTLY, Indian industrialization has come in to command a high premium at the hands of our planners of the post-war period; and in the interests of a healthy and well-balanced national economy, this is quite natural. It is, however, felt that in any scheme of national planning, India's predominantly agricultural bias cannot be altogether ignored and that simultaneously with all schemes of industrialization, schemes to improve the technique and methods of our agriculture, which should ultimately aim at increasing agricultural efficiency and agricultural production should be carried on. In stressing this drive towards agricultural efficiency, it is not commonly taken into account what it means and what are the primary requisites for its success. specialists, naturally, use the microscope on the segment in which they are especially interested, so that vision is sometimes blurred on problems which are not really marginal but rather interwoven. Thus, for instance, it is a matter of common experience that increase in agricultural efficiency means the satisfaction of total demand for primary products by a relatively smaller proportion of population. In an expanding economy, the per capita income rises, and as it does so, a smaller proportion thereof is spent in meeting basic needs and a larger proportion on less urgent requirements. Any increase in agricultural efficiency, therefore, tends to accentuate this process. It will, therefore, be seen that simultaneous efforts to raise agricultural efficiency, and thus to improve the economic position of the farmer and try to keep the existing farm populations are *per se* incompatible. For any real success of any scheme to improve agricultural efficiency therefore, it is necessary, not only that it should in itself, be thorough and practicable but also that it should be accompanied by equally thorough schemes to exert a pull-away on rural population from farming to industry, public utilities and public works. In India this case comes with double pressure because our rural areas are already overpopulated and schemes to improve our agricultural methods and technique are in the offing; time was never propitious as the present, because we are on our way towards industrialization which may reasonably be expected to exert the pull-away mentioned above.

The problem however, is not a smooth one for a solution, though the solution is definite. One who knows the nature and character of Indian rural labour might well have the idea of the intricacies, social and economic, which the problem of the moment of our rural population towards towns, involves. There is reason to believe that the employment in industries, public utilities etc., will be sufficiently remunerative to attract the rural labour. But this alone, (though it is of vital importance) will not suffice to over-come the inertia of rural labour: and positive measures will have to be taken to offset the financial and social costs of movement. These measures may be in the form of non-farming occupations, financing cost of movement and last but not the least, adequate housing facilities in areas towards which population is moving. In many cases, it might be necessary to grant financial aid by loans to assist re-establishment. These will have to be treated as necessary preliminaries, if at all, we sincerely desire to avoid the serious and disastrous effects that industrial revolution had in other countries. One alternative to avoid to a certain extent this cost of transfer, may be thought of. It is, decentralization of industry brought about by improvements in transport and development of electric power. This decentralization might take the form of either the encouragement of home-industries or the establishment of new industries in rural areas. Though the scope for industrial decentralization is essentially limited due to geographical distribution of natural resources, external factors such as inertia, lack of knowledge, distance from financial centres or facilities and risk involved in establishment away from industrial and commercial centres enjoying prestige advantage and better ancillary services, may be eased to a certain extent through scrupulous and planned state-assistance. It might be noted in this connection, that even in Australia and New Zealand where there is no porblem of rural over-population as such, smaller urban centres are showing a keen interest in planned regional development and encouragement of local industries. The case for decentralization of industry is all the more strengthened in view of the effect that the said migration of rural population towards urban centres has on the age of composition of the rural population. Generally, it is the young and active worker who goes to the city and this, apart from its manifold repercussions, gives the city a cost advantage over the countryside. Decentralization might go a long way to avoid this adverse effect on the age composition of the rural population.

This regarding the moving population. The problems of the remaining population in rural areas, in which agricultural wage earner figures prominently, are in no way less important or less difficult of solution, though they might be less intricate. At present as compared with his urban confrere, agricultural labourer's main problem is that of low wages, though he is not much affected by housing and allied difficulties associated with modern industrial life in towns. Many factors have contributed to this fact of low wages. The class of agricultural workers is completely unorganized and scattered and consequently there is no effective system of collective bargaining and of official enforcement of minimum standards. There is also the difficulty of financing land purchases which would have eased the competition for jobs by taking out at least a portion of the farm labourer class. More important cause of rural overpopulation is insufficient mobility of labour. The low wage situation of our agricultural labour, however, is mostly due to the general nature of the cost structure obtaining in agriculture. The cost structure in agricultural occupation is proverbially sluggish in its response to improvement in price situation, though it is relatively active in responding to a deterioration in prices. A considerable proportion of agricultural costs consists of overhead expenses and wages; and therefore the said sluggish response is reflected in the wages of agricultural labour. Our memories of last depression are still fresh; it is to be found that 'farm labourers, though slow to share in farm prosperity are quick to feel the effects of any fall in farm prices.' In India this fact of low wages has resulted in what is called the over-extension of the margin of profitable cultivation. Existing wages, conditions regarding the labour supply and amenities provided to labour are some of the elements which go to determine the margin of cultivation and it will be seen that the margin of cultivation goes on being extended in proportion as the wage response

is slow and sluggish. Obviously, to stop the further process and if possible to bring it on decent level and to raise the wage rate of our agricultural labour, the corrective is to make the position of farm labourers stronger particularly in collective bargaining. In this connection, the theoretical criterion is that the farmer cannot pay higher wages or cannot improve conditions of work, consistently with his competitive strength in the market either way. Therefore, so far as agriculture is unable to offer labour conditions comparable with those in industry, it is *prima facie* evidence of rural over-population and the over-extension of the margin. As Prof. H. Belshaw remarks in his, 'Foundations of Rural Welfare,' this is neglected point of fundamental importance to rural welfare and especially to conditions of rural labour. Having in view the completely unorganized position of our rural working class and its consequent weak bargaining power, it may not be advisable to follow a policy of *laissez faire* which has been followed so far. It is true that measures for increasing agricultural efficiency and the appropriate changes in rural population as outlined above, may increase agricultural prosperity but they may fail to have any good effect on the wages of rural labour because there are the temptations of increased capitalization and the overextension of the margin. Some sort of controlling authority is therefore necessary, to ensure that the farm labour gets his due share in the increased prosperity of the agricultural cultivator. This would no doubt raise a great administrative problem but that should be no excuse to ignore away its desirability and its implementation as early as possible. While thus the problem of low wages of our agricultural labour demands our first attention, other factors such as hours of work, provision for holidays, provision against unemployment, sickness and accident, housing standards and education cannot stand criminally neglected any longer. In fact, one doubts the consciousness on the part of our rural population, regarding the very existence of these problems in our rural areas. Regarding the improvement in these conditions, our cities have a responsibility because, while the cost of upbringing the young and active worker, who migrates to the city, has been borne in the country, his capacity to produce and to pay taxes accrues to the city to which he migrates. In this sense the country subsidizes the city, and it is reasonable to expect our cities taking their share in providing these rural amenities and thus in evolving a healthy and educated citizen who is a local as well as a national asset.



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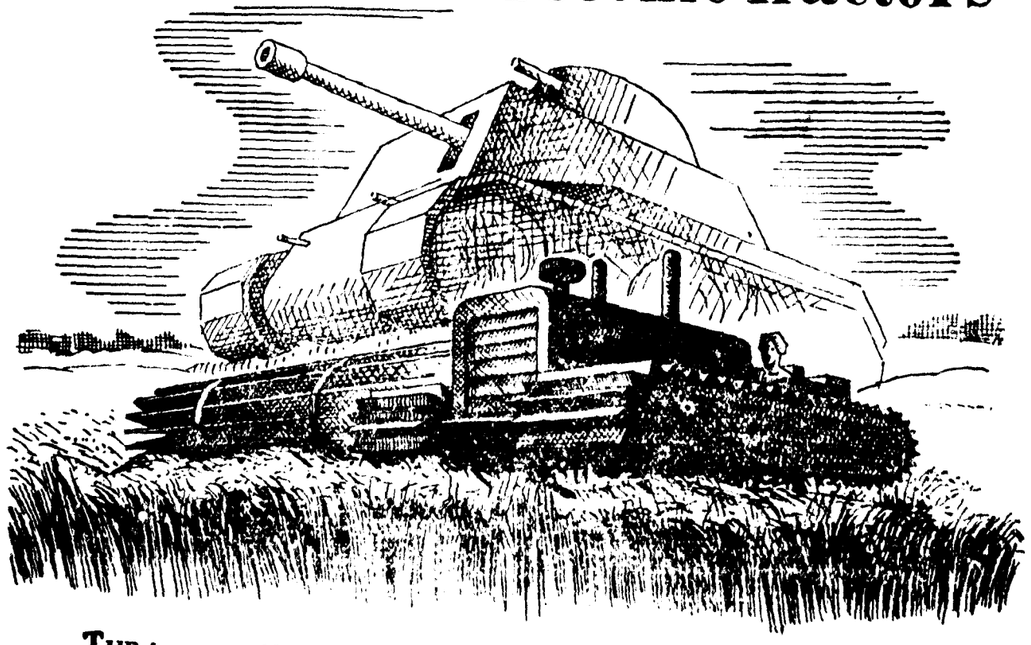
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AGRICULTURE

Forest Policy

FORESTRY is of importance to the economic well-being of any country. It is of especial value to agricultural countries. By the very nature of the case it is a big institution which can only be tackled with the resources of the State and private enterprise has very little place in it. Enormous amounts of capital are locked up in it for often periods of more than a man's life. Often indeed no return can be expected from capital invested for 50 to 150 years, for forestry grows a crop taking normally anything from 50 to 150 years to mature. A private investor is interested in realizing the maximum profits and such a course would in the case of forestry destroy the forest itself. This has been the case with the vast majority of forests in every country in Europe and there has been almost a complete breakdown of private forest ownership in the United States of America. In India also many individual trading corporations have destroyed or ruined several valuable forests.

Forests fulfil a number of demands among which demands of the agriculturists should be given prior consideration. There is first the demand for fuel from the general consumer. There is also the demand for forest timber of various kinds for agricultural implements, railway sleepers, buildings, furniture, etc. The availability of these materials is to be mainly conditioned by the cost of conversion and transport. Near access to forest produce in the neighbourhood is, therefore, a necessary condition for the satisfactions of the wants of the villagers for forest produce. Hence the importance of having forests scattered fairly uniformly over the country. The distribution of forests in British India is not uniform. About 20 per cent. of British India is covered with forest land, both Government and private, of which the merchantable class forms 12 per cent. But most of the private forests are mismanaged and cannot, therefore, be correctly regarded as forests. Further during the war years private forests have been overfelled almost to the point of extinction. Even normally the percentage of forest land in India is only about 14 per cent. of which only 9.3 per cent. in merchantable. While it is not possible to suggest the minimum percentage that is necessary for the well-being of the country, we should however try to undertake afforestation to such an extent as to secure at least the average percentage of forest land in other countries. European countries for example have on the average about 26 per cent. of forest land. Countries having a less percentage are heavy importers of timber.

Certain principles govern the forest policy of the Government of India evolved over half a century ago. The Government forests are classified under four heads: (a) Those necessary on climatic or physical grounds; (b) Timber forests; (c) Minor forests; (d) Pasture forests. The forests belonging to the first class are of prime importance for agriculture and life and are called protection forests. Situated in hilly country and often at head waters of rivers, they afford special security against floods, soil erosion and dessication. Of special significance to agriculture is soil erosion due to heavy floods. "The clogging of the natural pores of the earth from sediment washed down by ran eventually interferes with seepage and percolation. The actual run-off is thus increased and the silt and pebble-laden water running over the surface acts rather like a file in rasping away more soil. Not only is the surface rubbed away, but tiny gullies called 'fingure gullies' are formed and a thin skin of land is eventually stripped off. At the same time, soluble chemicals and micro-organisms necessary for plant growth are lost." The worst stage is reached when clefts cutting through the subsoil are formed so that greater erosion is made possible. The net result of these floods and subsequent erosion is that several acres of good arable lands are made unproductive. Floods and soil erosion are the immediate danger facing land especially in the hilly tracts. But large tracts along the Himalayas especially and many other hilly parts are barren of growth. Nor do we fail to come across several areas in these tracts where unlimited grazing is allowed or which are burnt yearly. This has been mainly due to mismanagement of these lands and the only solution would be to class them all as protection forests and undertake afforestation on a fairly large scale. We can well afford to afforest many of the lands over the hill slopes which are now used as pasture lands. Even in the minor forests especially in the Central Provinces, the United Provinces and also in certain Panchayat forests of Madras overgrazing has led to serious run-off and erosion.

While excessive grazing rights and burning of the forest soil has lessened the capacity of the land to resist soil erosion, often a single infrequent but heavy rainfall by cutting out fresh gullies leaves the problem of controlling erosion beyond control. This is to be specially realized in our country for the normal raifall is not evenly distributed throughout the year but falls heavily in the few monsoon months resulting in enormous loss of life, property and crops. The present policy completely lacks any principle of allocation of land to be kept as forests for the preservation of the general climatic and physical conditions of the country. Nor is there any principle laid down requiring a certain percentage of land area to be kept as the minimum necessary forests or to be created. These are serious lacunae in the Government's policy and need to be filled with the least delay.

The policy outlined with regard to the management of the timber forests has been the principle of sustained yield. But the wartime overfellings have upset the normal course. It is calculated that up to the end of the financial year, 1943, an excess felling of 162 per cent. for all India over the normal figure has been done. This means then 1-1|2 years advance felling and is really an 'over draft" on the forest capital. Most unfortunately these fellings would be on the best trees in the interests of war effort and in certain areas nearly 15 to 20 years will have to be taken to bring the position back to normal. The problem will be serious in the United Provinces and the Central Provinces who are the worst sufferers in this respect.

Normally imports of timber into India are only about 185,000 tons of which a considerable portion is teak wood from Burma which is eventually expected to be replaced by development of teak plantations in the reserved forests of India. If a careful policy is to be adopted in the future to recoup the forest wealth of India lost during the war years we will have to import more or to develop forests. The war experience has also developed new wants for several kinds of trees and other resources which have not so far been used and they may well stay. Incidentally, this deve-

lopment may well make it possible for the Government to undertake a better enumeration of the forest resources than has hitherto been possible.

These reinforce the necessity for an afforestation policy. The Agricultural Statistics of India, 1937-38, reveal about 144,000 square miles of British India as 'cultivable waste' and another 144,000 as 'not available for cultivation.' It is quite probable that about half these areas would be able to grow forest sufficiently good for providing timber and fuel for the ordinary village consumer. There are also the areas classified as scrub forests which if properly developed under the forest department can well afford to meet the ordinary requirements of the villager for fuel. Some of the worst placed provinces with regard to fuel supply have vast areas belonging to the aforesaid classification and proper management and development of them will go a long way to mitigate the acute problem of supplying the agricultural villager with necessary fuel and timber. Special attention needs to be paid to development of forests in the north-west portions of India where rainfall is meagre. With a careful irrigation for the first two or three years it is possible to grow plants and trees of a sort that will be able to meet the demands for fuel. This is also necessary to put a break to the tendency to extend the desert conditions towards the east.

The supply of fuel is closely connected with the problem of stopping the enormous wastage of good manure being burnt in the form of cow-dung. It is to be realized these burnings are resorted to only because of the non-availability of sufficient fuel and not because the villager is not in the know of things with regard to the value of cowdung as fuel.

Man-Power and Output

The supply of labour is a problem — the proportion of skilled to unskilled workers is a problem—the ratio of output to man hours is a problem. All these and other allied matters are problems because the urgent need of every industrial plant in India is to speed victory by keeping production at a very high level, yet, at the same time, conserving manpower and materials.

Tremendous attention is, therefore, focussed on the efficiency of the individual worker and his ability to maintain a high standard of physical effort and concentration for long periods. Anything that promotes this is a very real boon to the factory manager. In a great many factories tea has been found of great value. It has been proved in practice that tea served to the worker on the job materially increases his power to maintain efficiency to the end of his shift. To those interested in this subject, much valuable advice and assistance will be gladly given by the Indian Tea Market Expansion Board, 101, Clive Street, Calcutta.



INSERTED BY THE INDIAN TEA MARKET EXPANSION BOARD.

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CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. in lakhs)

	24-8-45	10-8-45	25-8-44	1-9-39	24-8-45 compared with 1-9-39
Notes held in the Banking Depot. ..	9,71	13,87	18,57	35,04	— 25,33
In circulation ..	1143,59	1138,88	927,01	182,13	+961,46
Total Notes ..	1153,31	1152,75	945,58	217,18	+936,13
A Gold Coin and bullion ..	44,41	44,41	44,41	44,41	..
Sterling Securities ..	1034,33	1034,33	828,33	59,50	+974,83
Total of A ..	1078,74	1078,74	872,74	103,91	+974,83
Rupee Coin ..	16,72	16,62	15,00	14,69	+ 2,03
Rupee Securities ..	57,84	57,84	57,84	37,39	+ 20.45
Silver bullion under coinage ..	..	..	..	..	..
% of Reserve to Liabilities ..	93,535	93.580	93.297	68.149	+30.386

IMPERIAL BANK

(Rs. in Lakhs)

	24-8-45	17-8-45	25-8-44	1-9-39	24-8-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts ..	242,88	238,73	229,94	87,26	+155,02
Govt. Securities ..	139,13	139,71	133,68	51,03	+ 88,10
Other Investments ..	4,83	4,74	3,60	96	+ 3,87
Loans ..	18,06	16,84	13,18	7,66	. 10,40
Cash Credit Overdraft ..	40,22	41,00	40,95	19,76	. 20,46
Bills discounted ..	4,06	3,40	3,10	2,98	. 108
Cash in hand with R. B. I. and other Banks ..	46,35	42,84	45,23	14,69	: 31,66

BANK OF ENGLAND

(£ '000)

	22-8-45	15-8-45	23-8-44	30-8-39	22-8-45 compared with 30-8-39
Total Bullion ..	760	833	1,652	263,700	-262,900
Public Deposits ..	99,10	11,400	12,400	31,000	— 21,400
Other Deposits ..	232,600	266,700	237,100	129,100	+153,500
Of which Bankers Deposits ..	227,100	210,700	176,400	90,100	+137,100
Govt. Securities ..	269,200	258,600	190,600	113,000	+156,200
Other Securities ..	10,600	11,600	14,200	31,000	— 20,200
Of which Discounts and Advances ..	5,200	2,200	5,500	6,400	— 1,200
Notes and Coins ..	25,100	23,600	57,200	34,200	— 9,100
Notes in circulation	1,325,600	1,327,200	1,144,400	29,000	+1,296,600
% of Reserve to Liabilities ..	8,5	8,4	22,59	21,38	- 12,88

TREASURY BILLS SALES

(3 Months Tenure)

(Rs. in lakhs)

Date of Issue	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
1945					
May 22, " ..	5,42	2,00	0 7 0	..	2,31
" 29, " ..	7,38	2,00	0 6 0	..	2,45
June 5, " ..	8,86	2,00	0 4 11	..	4,50
" 12, " ..	..	2,00	0 4 0	..	8,11
" 19, " ..	4,11	2,00	0 4 0	..	3,31
" 26, " ..	5,80	2,00	0 3 11	..	4,69
July 3, " ..	2,26	86	0 3 11	..	1,64
" 10, " ..	2,42	42	0 4 0	..	1,11
" 17, " ..	70	58	0 4 0	..	..
" 24, " ..	57	47	0 5 1	..	+1,46
" 31, " ..	2,98	1,50	0 5 11	..	..
Aug. 7, " ..	3,14	3,14	0 6 3	..	..
" 14, " ..	3,20	1,70	0 7 0	..	..
" 21, " ..	3,84	2,00	0 7 0	..	..
" 28, " ..	4,85	2,00	0 6 9	..	..

CLEARING HOUSE RETURNS

(Rs. in lakhs)

	1943-44	1944-45	May 1945	June 1945	Aug. 24 1945	Aug 31 1945
Bombay ..	24,42,31	22,36,97	1,82,59	2,02,23	47,97	..
Calcutta ..	17,40,12	23,51,59	1,96,85	2,16,94	50,39	..
Cawnpore ..	1,02,41	1,12,95	8,01	8,05	1,98	1,59
Delhi ..	1,02,41	1,29,94	10,77	10,15	3,11	2,04
Karachi ..	1,02,54	1,24,54	12,37	11,51	2,48	..
Lahore ..	78,82	74	7,47	8,48	1,90	1,47
Madras ..	2,00,02	1,27,37	20,49	21,27	4,26	5,54

NON-SCHEDULED BANKS

(Rs. in lakhs)

Date	Liabilities Demand	Liabilities Time	Liabilities Total	Cash Balances	% of Cash Balances to liabilities
31-12-1943 (530) ..	17,52	17,27	34,79	4,88	14.0
30-6-1944 (572) ..	21,06	23,37	44,43	5,29	11.9
28-7-1944 (572) ..	20,81	15,58	43,42	4,85	11.1
25-8-1944 (579) ..	22,12	23,81	45,93	5,15	11.2
29-9-1944 (579) ..	22,27	23,24	45,51	5,07	11.1
27-10-1944 (525) ..	22,18	25,78	47,96	5,30	11.1
24-11-1944 (522) ..	22,28	24,48	46,80	5,61	11.9
29-12-1944 (613) ..	24,84	28,29	53,13	6,04	11,4

Number of banks submitting their returns within brackets.

BANKING DEPARTMENT

(Rs. in lakhs)

	24-8-45	17-8-45	25-8-44	1-9-39	24-8-45 compared with 1-9-39
Cash	10,05	14,02	18,88	35,15	— 25,10
Balances held abroad* ..	461,50	454,86	248,79	10,08	+451,42
Investments ..	28,05	20,29	11,51	6,81	+ 21,24
Bills discounted :—					
(a) Internal and External ..	..	..	..	..	..
(b) Treasury Bills ..	3,93	3,98	6,99	1,16	+ 2,77
Loans and Advances to Government ..	37	15	..	31	— 6
Deposits—					
(a) All Govts. ..	366,79	364,42	158,16	14,89	+351,90
Of which G. of I. ..	347,53	346,18	..	14,89	+332,64
(b) Banks	99,82	92,11	102,39	26,91	+ 72,91
(c) Others	24,68	22,21	7,97	1,24	+ 23,39

*Including Cash and Short-term Securities.

SCHEDULED BANKS

(Rs. in Lakhs)

	24-8-45	17-8-45	25-8-44	1-9-39	24-8-45 compared with 1-9-39
Demand Liabilities in India ..	640,60	634,36	584,36	134,36	+506,24
Time Liabilities in India ..	251,26	249,24	187,26	102,24	+149,02
Cash in India ..	36,49	31,45	26,03	6,70	+ 29,79
Balances with Reserve Bank ..	100,15	91,66	100,54	25,17	+ 4,98
Advances in India ..	270,27	269,71	206,67	101,52	+164,25
Bills discounted in India ..	13,50	13,73	9,11	3,57	+ 9,93

U. S. FEDERAL RESERVE BOARD

(Million dollars)

	23-8-45	16-8-45	24-8-44	31-8-39	23-8-45 compared with 31-8-39
Resources—					
Total Reserve ..	17,929	17,969	19,052*	14,661	+3,268
Total Bills Discounted ..	399	312	107	"	+ 393
Bills bought in open market ..	..	..	..	(550,000)	—(550,000)
Total U. S. Govt. Securities ..	22,296	21,269	15,592	12,426	+ 9,870
Liabilities :—					
F. R. Notes in actual circulation ..	23,694	23,555	19,521	14,609	+ 8,085
Reserve Account ..	14,992	15,004	12,922	10,951	+ 4,041
Total Reserve to Deposits and F.R. Liabilities ..	44·5%	44·31%	54·8*%	86·9%	—43·4%

Figures in brackets are the actual ones * Gold only.

TREASURY BILLS MATURITIES

(3 Months' Tenure)

(Rs. in lakhs)

Date of maturity	Amount	Date of maturity	Amount
July 2, " ..	4,00	Sept. 19, " ..	2,00
" 9, " ..	4,00	" 26, " ..	2,00
" 16, " ..	4,00	Octr. 3, " ..	2,00
" 23, " ..	4,00	" 10, " ..	86
" 31, " ..	4,00	" 17, " ..	42
Aug. 7, " ..	4,00	" 24, " ..	58
" 15, " ..	4,00	" 31, " ..	47
Aug. 22, 1945 ..	2,00	Nov. 7, " ..	1,50
" 29, " ..	2,00	" 14, " ..	3,14
Sept. 5, " ..	2,00	" 21, " ..	1,70
" 12, " ..	2,00	" 28, " ..	2,00

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	May 1945	May 1944	June 1945	June 1944
Amount (£ in '000) ..	105,310	91,808	—8,451	4,355	—690	6,324

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	Aug. 31, 1945	Aug. 24, 1945
Bombay on London (s.)	1-5 31/32	1-5 31/32
London on New York (Rs.)	332¼	332¼
London on Bombay (s.)	1-6	1-6
Bombay on New York (8)	4,02¼—4,02¼	4,02¼—4,03¼
New York on London (8)	4-03	4,03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	28th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	3%	2%
U.S.A.—New York	29th Oct. 1942	1%	1½%
Red. Rec.	27th Oct. 1942	1½%	1½%

CASH POSITION

(Rs. in lakhs)

	24-8-45	17-8-45	25-8-44	1-9-39	24-8-45 compared with 1-9-39
Reserve Bank of India	10,05	14,02	18,88	35,15	—25,10
Scheduled Banks ..	136,64	123,15	126,5 7	31,37	+105,27

Value Of Trade

INDIA'S FOREIGN SEA-BORNE TRADE DURING 1944-45.

Twelve months April 1 to March 31

VALUE OF TRADE

	Imports			Exports (exclusive of re-exports)		
	1942-43 Rs.	1943-44 Rs.	1944-45 Rs.	1942-43 Rs.	1943-44 Rs.	1944-45 Rs.
I—FOOD, DRINK AND TOBACCO:—						
Fish (uncanned)	1,90,026	1,74,037	3,34,370	78,28,694	1,55,38,419	2,25,78,852
Fruit and Vegetables	1,11,55,506	87,02,058	1,55,02,586	1,97,05,705	2,27,55,027	4,59,14,274
Gram, Pulse and Flour	30,85,190	30,71,844	8,09,17,843	6,93,23,353	2,30,81,647	1,23,22,263
Liquors	1,18,91,876	1,24,09,123	1,08,33,005	46,375	47,774	67,404
Provisions and Stores	70,86,279	55,45,962	1,20,64,916	59,91,592	58,49,152	24,69,438
Spices	1,51,71,964	89,59,598	1,53,83,914	1,94,10,466	1,44,80,634	1,11,44,700
Sugar	1,87,314	12,931	1,864	1,07,96,170	42,27,140	31,71,932
Tea	51,74,354	2,17,233	93,348	31,90,13,342	37,18,82,306	38,11,69,412
Other food and drink	89,72,693	57,51,567	2,43,15,418	52,58,770	70,06,104	26,97,852
Tobacco	1,33,18,699	1,59,70,023	2,90,28,171	1,49,20,233	76,44,594	1,40,00,613
Total ...	7,62,33,704	7,08,11,849	18,84,75,435	47,22,94,700	47,25,12,797	49,55,36,340
II—RAW MATERIALS:—						
Coal	1,07,589	28,800	3,180	35,53,794	21,08,025	22,77,475
Other non-metallic minerals	1,89,45,601	29,34,869	5,40,51,149	2,80,17,486	2,91,07,387	8,03,92,433
Fodder, bran and Pollards ...	329	2,450	43	7,15,138	7,06,157	3,12,294
Gums, resins and lac	27,48,046	19,89,123	48,92,587	3,23,65,529	2,74,83,194	4,74,70,124
Hides and skins	12,11,560	9,89,781	3,27,648	3,38,35,861	4,12,84,116	3,98,53,552
Metallic ores and scrap iron or steel	2,02,675	10,69,028	5,28,559	2,32,49,978	2,23,88,413	1,11,27,634
Oils—vegetables, mineral and animal	27,76,25,477	36,48,01,674	80,70,33,190	1,36,84,213	83,13,132	1,05,57,194
Oilcakes and of all kinds	1,618	4,071	1,050	61,49,042	14,92,379	40,608
Paper making materials	2,75,406	4,33,207	34,07,716	4,69,091	5,37,607	81,468
Rubber, raw or crude	7,70,838	4,89,881	19,225	6,25,754	19,09,226	51,09,596
Seeds (including nuts)	2,27,07,163	1,23,10,949	1,44,56,294	10,51,76,072	11,14,91,786	10,53,35,266
Tallow, stearine and wax	36,84,094	39,11,653	22,87,575	7,61,490	2,92,122	1,69,971
Cotton, raw and waste	15,42,47,727	17,52,77,527	24,00,63,320	5,30,56,265	7,48,78,869	7,70,16,637
Jute, raw	13,421	38,124	108	9,01,56,986	8,32,91,039	7,50,01,446
Silk, raw and cocoons	1,73,599	25,427	11	14,10,824	6,72,316	6,37,359
Wool, raw	2,95,50,191	4,02,24,854	2,09,57,049	1,20,12,943	1,71,81,653	2,27,64,838
Other textile materials	23,40,162	20,60,866	43,30,872	52,38,646	67,32,360	70,46,622
Wood and timber	16,15,281	11,75,871	2,30,567	13,80,794	9,67,004	13,42,766
Miscellaneous	31,07,316	30,42,381	2,00,13,968	1,57,09,577	1,56,14,661	1,68,86,370
Total ...	51,93,27,933	64,08,11,838	1,17,26,05,941	42,75,69,483	44,63,71,446	45,34,23,655
III—MANUFACTURES:—						
Apparel	10,34,099	4,61,870	14,15,301	55,01,179	40,97,593	52,77,061
Arms and Military Stores ...	37,60,503	33,83,180	32,59,652	1,200	2,410	1,400
Chemicals	5,90,79,464	6,85,68,541	10,14,15,942	58,51,557	66,33,183	40,65,759
Cutlery, hardware, implements and instruments	3,26,10,310	2,77,06,270	3,68,87,200	26,73,012	22,54,655	26,22,585
Dyes and colours	5,43,17,989	8,29,61,109	7,92,30,156	36,04,663	34,16,882	50,12,542
Electrical goods and apparatus (other than machinery)	1,60,99,842	1,53,13,766	7,92,30,156	1,70,080	2,45,219	4,35,033
Furniture and cabinetware	6,59,331	5,24,490	7,87,870	7,32,964	7,60,411	11,72,351
Glassware and earthenware ...	36,37,249	22,15,771	59,80,459	4,76,05,032	4,36,40,361	4,21,21,766
Hides and skins tanned	41,82,552	52,27,267	38,36,233	5,90,067	7,51,636	3,39,317
Machinery of all kinds including belting	10,51,78,348	11,30,86,136	16,29,07,563	1,44,78,794	1,05,40,307	90,97,839
Metals—Iron and steel	2,81,28,299	2,02,94,340	3,56,29,082	15,37,672	20,47,253	50,13,444
Metals—other than iron and steel ...	3,35,56,316	2,09,38,365	2,91,40,816	5,47,366	5,30,470	30,08,456
Paper and stationery	2,15,59,154	1,96,32,913	2,90,82,334	30,86,908	34,80,429	82,44,209
Rubber manufactures	18,52,266	5,56,303	14,46,150			
Vehicles (excluding locomotives, etc., for Railways)	5,71,17,666	1,26,97,667	1,77,86,185	98,487	1,16,643	85,290
Cotton yarn and goods	1,36,03,978	1,33,43,323	1,54,41,539	46,19,09,679	42,62,41,836	37,60,20,066
Jute yarn and goods	3,35,583	5,34,476	1,84,552	38,40,93,005	48,47,18,495	60,42,41,720
Silk yarn and goods	1,24,878	20,048	8,507	10,01,359	2,24,867	1,960
Woollen yarn and goods	82,69,992	44,73,232	1,05,15,553	40,89,312	63,15,749	1,63,02,701
Other yarns and fabrics	55,02,160	35,35,447	71,66,485	1,40,63,899	85,83,415	41,03,822
Miscellaneous	4,47,80,055	3,39,89,823	5,71,06,154	2,20,45,195	3,30,90,910	4,34,54,409
Total ...	49,53,80,099	44,94,64,015	62,46,70,864	96,36,81,470	1,04,78,92,726	1,12,86,20,730
IV—LIVING ANIMALS:—						
Horses	3,64,979	38,259		300		200
Cattle, sheep and goats				15,13,810	23,55,075	82,706
Other living animals ...	5,396	50	...	34,837	36,461	27,59,428
Total	3,70,375	38,300		15,48,747	23,91,486	28,44,334
V—POSTAL ARTICLES AND BAGGAGES NOT SPECIFIED:—						
Postal articles	1,27,65,197	1,62,04,734		2,36,58,876	2,12,50,731	3,00,29,472
Articles imported as baggage ...	3,65,852	4,61,920				
Total	1,31,31,009	1,66,66,654		2,36,58,876	2,12,50,734	3,00,29,472
GRAND TOTAL	1,10,44,43,096	1,17,77,92,656		1,87,89,53,476	1,99,03,19,189	2,11,04,54,531

Direction Of Trade

	Imports from			Exports to		
BRITISH EMPIRE:—	1942-43 Rs.	1943-44 Rs.	1944-45 Rs.	1942-43 Rs.	1943-44 Rs.	1944-45 Rs.
United Kingdom	29,55,92,770	29,57,06,524	40,17,26,784	57,31,77,263	60,05,75,741	61,70,78,494
Palestine	...	...	...	1,97,29,503	1,32,21,245	1,43,05,663
Aden and Dependencies	59,10,065	73,19,681	66,09,483	4,13,20,557	3,41,78,093	4,33,69,494
Bassein Islands	4,02,22,303	3,74,94,435	3,15,78,461	66,03,592	64,74,351	77,46,035
Ceylon	4,37,14,394	3,50,47,769	3,71,88,849	14,43,27,506	14,34,03,781	19,16,35,620
Burma	1,44,44,737	2,72,697	13,02,832	33,565	...	...
Straits Settlements	25,42,053	1,05,831	...	...	...	...
Borneo (British)	4,22,508	790	40	...	...	...
Hong Kong	14,20,293	1,56,947	1,525	146	...	...
Gold Coast	...	...	...	69,36,204	79,43,674	40,56,930
Nigeria	...	...	...	2,41,31,914	2,82,83,466	2,10,64,549
Union of South Africa	2,24,46,393	9,00,376	2,98,13,082	10,51,20,535	10,01,13,851	11,87,80,790
Rhodesia	...	...	...	59,25,797	73,17,858	67,60,336
Tanganiya Territory	1,42,51,093	2,00,83,875	1,92,49,180	2,11,33,690	1,98,45,670	1,87,34,926
Anglo-Egyptian Sudan	3,05,13,742	2,81,87,667	1,04,90,000	2,00,56,254	3,37,55,094	3,63,60,261
Mauritius and Dependencies (including Seychelles)	47,580	61,061	53,046	1,18,36,295	89,59,004	1,05,22,483
Zanzibar and Pemba	92,36,881	20,69,159	79,79,976	31,61,508	22,45,638	18,79,638
Kenya Colony	3,86,69,065	3,14,91,116	7,69,25,645	3,51,99,058	4,64,01,783	2,97,60,476
Canada	5,52,84,337	2,51,85,232	3,65,21,189	3,77,93,437	4,87,45,059	6,90,19,140
British West Indies Islands	...	...	...	74,80,980	35,27,605	27,33,652
Australia	3,22,19,664	4,76,82,587	10,25,24,271	16,07,68,705	13,23,67,317	14,67,09,395
New Zealand	38,82,533	27,52,822	9,74,531	1,69,77,000	1,89,65,755	2,33,60,965
Other British Possessions	17,29,593	79,86,982	1,65,80,949	1,64,20,048	2,83,14,513	1,50,65,473
Total British Empire ...	61,25,49,907	56,75,10,563	78,00,19,815	1,25,81,33,577	1,28,46,39,498	1,37,89,44,332
FOREIGN COUNTRIES:—						
Union of Socialist Soviet	...	...	...	86,18,376	1,66,428	63,47,748
Sweden	14,78,722	18,037	3,911	14,72,209	22,12,870	3,88,562
Spain	...	...	...	...	55,000	636
Switzerland	1,05,21,121	1,45,60,931	1,61,00,769	2,14,469	22,931	7,48,708
Turkey, European	...	...	...	1,27,46,646	2,81,54,551	1,40,75,320
Turkey, Asiatic	...	...	...	30,00,285	49,59,373	27,82,818
Syria	...	...	...	2,19,92,420	46,44,535	50,06,863
Arabia	32,91,853	47,22,735	46,72,442	4,22,17,017	2,49,04,470	2,33,23,747
Iraq	22,90,735	54,58,032	1,24,48,977	7,95,00,369	3,63,94,837	2,70,85,075
Iran	17,74,83,934	27,48,95,089	49,32,52,683	4,26,57,289	1,71,82,326	2,74,03,735
Sumatra	...	...	...	175	...	...
Borneo and Java	24,199	15,037	...	...	...	...
Thailand	16,839	...	...	...	...	...
Philippines	...	...	...	...	...	...
China	6,56,699	7,30,944	1,52,319	3,36,857	2,39,866	2,99,889
Japan	3,53,648	16,879	...	...	...	...
Egypt	8,11,79,357	11,27,01,950	17,37,93,249	3,68,48,637	2,97,88,049	3,36,26,234
Belgian Congo	...	...	...	1,35,21,471	1,06,31,588	39,88,112
Portuguese East Africa	1,08,30,398	46,68,790	25,42,937	49,25,130	27,59,308	31,52,017
Italian East Africa	...	...	...	94,25,130	74,55,216	12,36,754
United States of America	19,11,94,497	18,57,06,912	50,46,00,938	27,80,16,142	40,10,88,992	44,79,34,694
West Indies	...	...	...	1,46,91,981	2,38,71,296	2,26,35,343
South America	...	...	...	4,20,17,618	6,34,38,186	7,54,63,559
Hawaii	...	...	...	3,13,865	...	36,75,210
Other Foreign Countries	1,13,16,092	67,86,757	2,22,15,590	56,16,407	4,52,04,969	3,23,32,175
Total Foreign Countries ...	49,19,07,113	61,02,82,093	1,22,97,81,815	61,82,03,401	70,56,79,691	73,15,10,199
Grand Total ...	1,10,44,57,020	1,17,77,92,656	2,00,98,03,630	1,87,63,36,978	1,99,03,19,189	2,11,04,54,531

MONTHLY IMPORTS & EXPORTS (INCLUDING RE-EXPORTS)

(Private merchandise only)

	1944-45 Rs.			1945-46 Rs.		
	Imports	Total Exports	B/T	Imports	Total Exports	B/T
April	8,86,92,228	15,87,47,739	+ 7,00,55,511	19,54,99,713	17,16,95,557	+ 4,61,95,844
May	8,45,59,460	16,75,02,240	+ 8,29,42,780	17,05,55,814	16,24,87,769	— 80,68,046
June	8,67,67,548	18,28,27,623	+ 9,60,60,075	14,21,23,471	19,24,05,675	5,02,82,204
July	7,61,86,310	13,83,04,302			21,99,91,701	+ 2,73,62,061
August	9,35,91,993	17,27,19,531	+ 7,91,17,538	17,26,36,855	18,70,31,721	+ 1,43,94,866
September	8,16,52,527	14,47,21,805	+ 6,30,69,278	13,36,89,123	21,28,40,586	+ 7,91,51,475
October	8,18,15,386	21,00,56,412	+12,82,41,026	16,86,09,226	21,30,81,982	+ 4,44,72,757
November	9,77,24,019	22,99,72,316	+13,22,48,297	18,39,69,082	18,20,39,879	— 33,29,203
December	12,70,17,676	12,19,97,614	+10,29,54,642	16,12,77,226	20,73,53,998	+ 4,60,76,772
January	11,85,67,229	17,05,83,527	+ 5,20,16,298	18,19,71,099	19,46,54,210	+ 1,26,77,111
February	12,74,19,589	23,66,40,767	+10,88,21,178	17,85,12,748	18,35,50,219	+ 50,37,471
March	11,37,98,703	16,58,27,400	+ 5,20,30,697	19,69,29,634	15,02,38,852	— 4,56,90,782
	117,77,92,656	209,99,01,276	+92,21,08,622	200,98,03,630	227,73,72,161	+26,75,68,531

BALANCE OF TRADE 1942-45 (RS.)

	1942-43	1943-44	1944-45	Increase or decrease in 1944-45 as compared with 1942-43	Increase or decrease in 1944-45 as compared with 1943-44
Imports	110,44,43,096	117,77,92,656	200,98,03,630	+90,53,60,535	+83,20,10,974
Exports (foreign)	7,06,84,769	10,96,82,089	16,89,17,830	+ 9,82,32,961	+ 9,92,52,861
Exports (Indian)	187,89,53,476	199,03,19,189	227,73,72,161	+39,84,18,685	+ 12,61,342
Total Exports	194,96,16,245	209,99,01,278	244,63,89,991	+49,67,73,646	+34,74,79,883
Balance of Trade	+83,51,73,150	+92,21,08,622	+43,65,86,361	—39,85,86,889	—48,55,40,091

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

	Commodities		Market	Unit	This week. Rs. a. p.	Last week. Rs. a. p.
1.	*Wheat	Average	Amritsar	per md.	3 0 0	3 0 0
		Superior	,,	,,	3 3 0	3 4 0
		Ready	Lyallpur	,,	3 2 6	3 3 6
		Red	Hapur	,,	10 4 0	10 4 0
		Dara	Cawnpore	,,	..	..
		..	Calcutta	,,	..	..
2.	*Rice	Punjab Basmati New	Amritsar	,,	10 7 0	10 7 0
		Punjab Basmati Old	,,	,,	23 0 0	23 0 0
		Punjab Basmati Sela	,,	,,	23 0 0	24 0 0
		Parmal	,,	,,	21 0 0	22 8 0
		Sona	,,	,,	18 0 0	19 0 0
		Begami	,,	,,	15 0 0	16 0 0
		Jhona	,,	,,	14 0 0	14 0 0
		Common Mixed	Cawnpore	,,	12 10 0	..
		Medium Grade	Calcutta	,,	26 10 8	..
3.	*Linseed	Ready Bold	Bombay	,,	11 12 0	11 12 0
		,, Small	,,	,,	..	..
		,, Bold	Cawnpore	,,	..	..
		,, Small	,,	,,	..	..
		,, ,,	Calcutta	,,	..	..
4.	*Mustard	Yellow	Cawnpore	,,	3 0 0	..
		Black	,,	,,	3 0 0	..
5.	*Groundnuts	Karnel (Coromandal)	Madras	,,	13 4 0 to 13 0 0	12 12 0
		Karnels	Bombay	,,	12 0 0	..
6.	*Potatoes	Desi	Cawnpore	,,	10 0 0	..
		Pahari (Haldwani)	,,	,,	11 11 4	11 10 0
	†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	..	..
7.	†Cotton (yarn)	No. 10½s.	,,	per lb.	13 0 0	..
		No. 20s.	,,	,,	16 0 0	..
9.	†Cotton (piece-goods)	Long cloth (std. quality)	,,	,,	362 0 0	393 0 0
10.	†Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 lbs.)	0 12 10	0 12 10
		Lightnings (Mills)	,,	,,	1 1 0	1 1 0
11.	†Jute (bags)	B. Twills (2¼ lbs.	,,	per 100 bags	79 0 0	79 0 0
12.	†Jute (cloth)	Hessian cloth 8oz.	,,	per 100 yds.	74 0 0	74 0 0
		Hessian cloth 10½ oz.	,,	,,	66 2 0	68 0 0
13.	†Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 2/7 lbs.)	22 2 0	22 2 0
14.	†Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	29 0 0	29 0 0
		Goat skins (good quality)	,,	,,	82 0 0	82 0 0
15.	†Hides & skins (tanned)	Cow hides	Madras	per lb.	170 0 0 to 190 0 0	170 0 0 to 190 0 0
		Goat skins	,,	,,	1 9 0 to 1 13 0	1 9 0 to 1 13 0
16.	†Shellac	T.N.	Calcutta	per md.	2 12 0	2 12 0 to 3 0 0
17.	†Kerosene Oil	Superior	,,	per tin of 4 gallons	3 0 0	3 0 0
18.	†Coal	Selected Jharia A	,,	per ton f.o.r.	71 0 0	71 0 0
19.	†Cement	Indian	,,	full wagon load of 16½ to 22 tons	4 14 9	4 14 9
20.	†Coffee	Plantation A	Mangalore	per cwt.	13 8 0	13 8 0
21.	†Tea	Indian market	Calcutta	per lb.	68 12 0	68 12 0
22.	†Sugar	First Crystals	Cawnpore	per md. (ex-factory)	136 0 0 to 137 0 0	137 0 0 to 139 0 0
					0 13 5	0 13 2
					15 1 6 to 16 12 6	15 1 6 to 16 12 6
23.	*Oils—Linseed	Ready	Bombay	per quarter	14 14 0	11 8 0
	Castor	,,	,,	,,	10 8 0	10 4 0
	Copra	,,	,,	,,	10 6 0	10 6 0
	Groundnut	,,	,,	,,	9 0 0	9 4 0

†Marketing Adviser's Report (weekly), Sept. 1, 1945.
†The Times of India, Sept. 4, 1945.
*Indian Trade Journal, August 30, 1945.

COTTON STATISTICS

A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)	Aug. 30 1945	Aug. 23 1945
Futures:		
Sept. 1945 ..	353	361
Jan. 1946 ..	411½	408
Mar. 1946 ..	418½	413½
Spot:		
Jarila F.G. ..	332	327

NEW YORK (Cents per lb.)	Aug. 30 1945	Aug. 23 1945
Futures:		
Oct. 1945 ..	22.68	22.38
Dec. 1945 ..	22.58	22.28
Jan. 1946 ..	22.62	22.32
Mar. 1946 ..	22.61	22.48
May 1946 ..	22.54	22.48
Spot ..	23.12	22.97

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

	Aug. 18 1945	Aug. 11 1945	This season 1944-45	Last season 1943-44
Receipts at Bombay	7,210	20,166	2,029,436	1,888,087
Receipts at Karachi	11,206	3,992	1,114,410	944,279
Total bales	18,415	24,158	3,143,846	2,782,440
Exports from Bombay	250	3,727	168,843	179,404
Exports from Karachi	23,000	69,000	998,000	999,000
Total bales	23,250	72,727	1,166,843	1,178,404

SUGAR POSITION

Season 1945-45—Figures in tons

Producing Areas	Production up to 15-8-45.	Despatches during the period 6-8-45 to 15-8-45.	Progressive total of despatches up to 15-8-45.	Percentage of progressive despatches to production	Balance stock as at close of 15-8-45.
U.P.	5,31,537	17,123	3,95,171	74.3	1,36,366
Bihar	1,70,496	5,938	1,09,497	64.2	60,997
*Bombay	75,055	1,181	54,143	72.1	20,942
*Madras	48,697	1,261	36,063	73.6	12,817
Punjab	8,243	105	6,732	81.6	1,516
Bengal	11,388	532	10,341	90.3	1,845
N.-W.F.P.	4,127	143	3,414	82.7	713
Orissa	3,556	121	2,033	79.6	522
*Indian States	1,15,010	1,449	89,389	77.7	25,710
TOTAL	9,68,130	27,878	7,07,183	73.0	2,61,848

Note:—(1) Balance stock of 1944-45 and 1943-44 season's sugar as at close of 15-8-45 was 1,078 tons.
(2) Production returns have not been received from 8 factories.

D—Prices

INDIAN STOCKS AND SHARES

	4-9-45 Rs. a. p.	28-8-45 Rs. a. p.
GOVT SECURITIES:		
3¾% (1948-52) (98)	100 2 0	...
3% (1945) (100)	101 6 0	...
3% (1960-68)	98 6 0	...
3% (1952-54) (98½)	101 7 0	...
3½% G.P. Notes	101 10 6	...
4% (1960-70)	117 4 0	...
4½% (1955-60)	...	...
5% (1945-50)	100 11 0	...
Calcutta		
3% Loan (1953-55)	100 7 0	100 5 0
3% Loan (1945-52)	...	...
3% Vic. (1957)	...	...
4½% (1955-60)	...	...
5% Loan (1955-60)	...	...
TEXTILES: Bombay		
Ahmedabad ...	400 0 0	...
Bom. Dyeing (250)	1,987 8 0	1,958 12 0
Central (10) ...	371 8 0	365 0 0
Century (100) ...	890 0 0	890 0 0
Colaba (20) ...	229 0 0	210 0 0
Ind. Bleaching (20)	166 0 0	166 0 0
Kohinoor (100) ...	596 0 0	576 0 0
Phoenix ...	640 0 0	640 0 0
Sholapur (1,000) ...	7,800 0 0	7,800 0 0
Simplex ...	290 0 0	287 0 0
Swadeshi (100) ...	543 0 0	529 0 0
Vishnu (50) ...	475 0 0	475 0 0
Finlay (100) ...	..	
Swan (100) ...	...	
Morarji (100) ...	...	
New Great (100) ...	..	
Apollo ...	...	
Sassoon Ordy. ...	...	
Sassoon Defd. ...	..	
Poddar ...	..	
Gokak ...	...	289 0 0
Calcutta		
Ben. Nag. (10) ...	...	45 15 0
Cawn. Tex. (2½) ...	...	13 0 0
Dunbar (100) ...	341 0 0	338 0 0
Kesoram ...	16 0 0	...
Elgin Mills (10) ...	66 8 0	65 8 0
Muir Mills (50) ...	...	447 0 0
N. Victoria (2½) ...	7 11 0	8 2 0
Basanti ...	13 14 0	...
Madras		
B. & C. Ord. (100)	...	...
Bang. Wool (100) ...	...	...
Pankaja (100) ...	...	...
Cambodia (20) ...	29 11 0	...
Coim. Spg. (50) ...	243 0 0	...
Sitaram Spg. (50) ...	...	...
Vasantha (100) ...	...	...
Madura (15) ...	...	...
Lakshmi Old (50) ...	179 0 0	...
Sharda (100) ...	180 0 0	...
Lahore		
Ajudhia ...	...	...
Cawn. Tex. (2-1/2)	...	...
N. Vic. Ord. (2½) ...	...	7 11 0
N. Vic. Pref. ...	...	9 3 0
Raza (Tex. (10) ...	...	
JUTE: Calcutta		
Alliance (100) ...	...	...
Anglo-India (100) ...	523 0 0	...
Barnagore ...	278 0 0	...
Birla (10) ...	...	...
India ...	768 0 0	...
Champdany (100) ...	...	
Ganges (300) ...	644 0 0	...
Baily (100) ...	49 0 0	...
Budge Budge (100)	604 0 0	...
Cheviot (100) ...	376 0 0	...
Howrah (10) ...	92 4 0	...
Kamarhatty (100) ...	786 0 0	...
Kanknarrah ...	663 0 0	...
National (10) ...	35 2 0	...
Orient (100) ...	306 0 0	...
Presidency (5) ...	...	14 4 0
Nuddea (50) ...	...	140 8 0
TATA SHARES: Bombay		
Chemical (10) ...	...	18 12 0
Oil	...	77 8 0
Power (1,000) ...	1,846 0 0	1,862 8 0
Hydro (100) ...	203 0 0	201 8 0
Steel Ord. (75) ...	422 0 0	407 8 0
Steel Pref. I (150) ...	226 4 0	226 4 0
Steel Pref. II (100)	166 0 0	166 0 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com ...	...	...
Braithwaite (10) ...	...	...
Braithwaite (10) ...	...	14 15 0
National Iron (10)	11 6 0	11 12 0
Seel Cor. Ord. (10)	33 13 0	34 7 0
Jessops Ord. (10) ...	26 0 0	26 4 0
Kumardhubi (10) ...	10 15 0	11 5 0
Bharti Elec. (10) ...	..	...
Ind. Iron ...	...	40 11 0
COAL: Calcutta		
Amalgamated (10)	54 0 0	55 8 0
S. Karanpura ...	35 5 0	22 10 0
Bengal (100) ...	769 0 0	...
Bhalgora ...	23 11 0	...
Burrakur (10) ...	...	44 4 0
East India (£) ...	45 2 0	46 14 0
N. Damuda (1/2) ...	...	46 14 0
Equitable ...	70 14 0	72 6 0
Standard (10) ...	45 0 0	46 9 0
Ghusak & Muslia	17 7 0	17 8 0
Kuardi ...	...	21 3 0
New Beerbhoom ...	103 8 0	147 6 0
Raneegunge ...	61 14 0	63 8 0
Dhemo Main ...	29 10 0	30 14 0
SUGAR: Calcutta		
Buland ..	..	..
Bairampur (10) ...	17 1 0	17 9 0
Samastipur ...	...	20 14 0
Belsund (7-1/2) ...	15 14 0	16 0 0
Carew (10) ...	29 10 0	30 1 0
Murree Brewery (5)	27 10 0	28 4 0
New Savan (10) ..	..	..
Ram. Cane Ord. ...	22 0 0	23 9 0
Lahore		
Pun. Sugar (100)	..	..
Gokulnagar Ord. ...	...	...
Murree Brewery (5)	..	...
Jagjit ..	..	..
Jaswant ...	...	
Madras		
Mysore (10) ..	..	..
Deccan (10) ..	..	..
Deccan (25) ..	..	..
Travn. Sugar (7) ..	..	..
South India (10)	..	..
PLANTINGS: Madras		
Cochin Malabar (3)	17 12 0	...
Chembra Peaks (2)	10 0 0	...
Woodlands (10)	..	..
Thirumbadi (1) ...	4 6 0	...
Travan. Rubber ...	19 6 0	...
TEA: Calcutta		
Bishnauth (20) ...	17 1 0	...
Cen. Cachar (100)	..	
Tezpore (10) ...	21 12 0	...
Eastern Cachar	..	..
East India ...	21 10 0	...
BANKS & INS.: Bombay		
Central (5) ...	82 4 0	80 12 0
Imperial (F.P.) (500)	2,197 8 0	2,192 8 0
Imperial (F.P.) (125)	565 0 0	561 4 0
Reserve (100) ...	137 0 0	136 0 0
India (50) ...	197 8 0	187 8 0
New. Ind. In. (25)	85 8 0	82 8 0
Calcutta		
Reserve ...	135 8 0	137 0 0
United Comm. ...	...	26 0 0
Lahore		
United Com. (50) ...	...	76 12 0
Hind. Com. (50)	..	..
Pun. Na. (F.P.) (50)	..	..
Pun. Na. F.P. (100)	...	228 0 0
Ebecat Bank Pref.	..	..

Hyderabad quotations for 31-8-45.
Bombay quotations for 1-9-45.

	4-9-45 Rs. a. p.	28-8-45 Rs. a. p.
National Bank 'A'	...	11 10 0
National Bank 'B'	..	
New Bank of La. B	..	..
Oriental ...	...	...
MISC.: Bombay		
Ajmer ...	14 12 0	14 14 0
Assct. Cement ...	210 8 0	208 12 0
Bom. Sub. (100) ...	211 4 0	217 14 0
B.I.C. ...	...	7 7 0
Alcock ...	407 8 8	403 4 0
Belapur Sugar (150)	215 0 0	215 0 0
Bom. Bur. (50) ...	550 0 0	562 8 0
Bom. Bur N. (50)	148 12 0	190 2 0
Bom. Steam (250)	590 0 0	587 8 0
Bom. Tram ...	146 0 0	143 8 0
Bombay Petrol ...	5 15 3	6 3 0
Scindia Steam ...	36 4 0	38 2 0
Shivrajpur (50) ...	51 0 0	50 0 0
And. Val. (1 000) ...	1,927 4 0	1,822 8 0
Indian Iron (10) ...	41 0 0	40 8 0
Indian Copper (2s.)	3 5 0	3 5 0
Prem. Cons. (30) .	206 0 0	190 0 0
Burma Corpn. ...	6 7 0	6 9 0
Calcutta		
Bengal Paper (25)	...	225 0 0
I.P.P. (100) ...	223 0 0	...
Shree Gopal (10) ...	18 10 0	17 1 0
Star (10) ...	16 0 0	...
Titaghur ...	32 11 0	31 8 0
Ind. Cop. (2s.) ...	3 4 0	...
Con s. Tin ...	4 10 0	...
Burma Corpn.	...	...
As. Ben. Com. Ord.	...	...
Aluminium Corpn.	...	16 7 0
Rohtas Industries ...	15 10 0	16 6 0
Br. Bur. Petroleum	5 14 0	6 2 0
Ben. Navigation	..	..
Min. Zamindari ...	189 0 0	189 0 0
Dalmia ...	17 4 0	..
Lahore		
Indian Iron ...	...	40 11 0
Dharangdhra ...	...	462 0 0
Rampur Distillery	..	..
National Saltvetre	..	..
North India Oil	..	..
Shree Gopal (10) ...	...	...
Star (10) ...	...	...
Kaycee Glass ...	...	...
Kaycee Industries	...	85 0 0
Jagjit Distillery ...	...	7 5 0
Hind Motors	..	
Delhi		
Rampur Maize	..	..
Rampur Dist.	..	..
Un. Com. (50)	..	..
Dharangdhra (xd.)	463 0 0	463 0 0
Bharat Bank Ord.	...	...
Gwalior Brewery ...	17 8 0	...
Raza Tex. (10) ...	68 5 0	68 10 0
Cawn. Tex. (2-1/2)	..	..
Hind. Com. Ba. (50)	...	53 12 0
Delhi Flour ...	...	
Amrit Ordy. ...	...	...
Amrit Pref. I ...	...	...
Amrit Pref. II ...	...	...
Delhi Cloth Mill ...	...	...
Buland Sugar ...	...	...
Raza Sugar ...	...	...
Cen. Dist. ...	...	
Hyderabad		
Hy. Bank (U.S. 50)	53 0 0	...
Azamjahi (U.S. 100)	667 0 0	...
Hy. Spn. & Wvg. (B.G. 1,000) ...	...	...
Osmanshahi (B.G. 100)	316 0 0	...
Nizam Sugar Ord. (C.S. 25) ...	36 0 0 ...	... ...
Che. and Fer. (O.S. 25) (50) ...	42 12 0	...
Hy. Consl O.S. (100)	365 0 0	...
Hy. Iron & Steel (O.S.) (10) ...	9 0 0	...
Singareni (B.F.) ...	19 8 0	...



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The Politics of Economic Data

IT is now a commonplace of economic text-book writing that economic theories and doctrines are strictly relative—relative to time, place and circumstances. The old notion that economic laws are universally true and transcend time and types of society and that they are applicable under all conditions and circumstances has been discarded. Economics, in so far as it is not merely logic, and is not a set of logical deductions from premises implied or explicit, cannot but be severely circumscribed by the conditions and data that present themselves from time to time and in different regions of the world. The whole concept of wealth has undergone a revolutionary change, and it is widely recognized that nothing by itself is wealth or ceases to be so except that thinking makes it so. A smart-looking motor-car, that highly prized luxury of a comparatively poor man, may not be wealth to him, if there is no gasoline to run it with; indeed it might be the opposite of wealth, if he has to garage it all the time, thus causing a diminution of his income, as many a person discovered it during the depression of 1930-31. A new machine may cease to be wealth, if it has become obsolete long before it is due for replacement by the normal process of wear and tear. Inventions destroy much wealth in the process of creating more wealth. The fact that anything can be produced in a country by laborious work and patient toil does not mean that it can constitute wealth unless it is produced at a cost of resources which cannot be more useful elsewhere. All this constitutes the core of modern economic thought.

But the time has now come when one has even to question the objectivity of economic facts and data. We have been taught to believe that facts are objective and that patient collection and assembling of economic material must inevitably lead to agreement at least as to the nature of those facts. We fear that that is no longer true. Facts and data are no more objective than the conclusions drawn from them. We used to argue that "given these facts, the following conclusions are inevitable." It seems no longer possible to be positive about the facts themselves. The data which the economist and the social scientist have to work on are not merely the so-called objective facts but also the attitudes of mind towards those facts. There is no such thing as a fact or material; the given data are a compound of the facts and our reflections on those facts. Hence it is that the economist finds that the ground is being cut steadily from under his feet. He is fast losing his moorings and is becoming less cocksure and more subdued—except, of course, the neophytes.

These reflections come to our mind vividly as we review recent world economic events. When the conference met at Bretton Woods to consider the proposals as to the International Monetary Fund and the World Bank, Indian opinion expressed itself strongly to the effect that it was putting the cart before the horse and that as long as there were more serious unsolved issues like blocked balances, it would be useless to build an edifice which would collapse even before it is built. The "blocked balances" were regarded in India as a fact of first class importance likely to jeopardize the whole structure of the Fund unless they had been tackled previously. But the Great Powers and particularly Britain though that they were not a relevant or significant fact. Indeed British representatives took umbrage at the persistence with which the Indian delegates brought up the issue before the conference, and firmly took the view that it was solely a matter for Britain and India mutually to decide. That view prevailed because the attitude towards the fact is even more important than the fact itself. The Bretton Woods proposals were finalised by taking out the problem of sterling balances from their purview. Today what has been the result? The United States of America has ratified the monetary agreements. Britain, which more than any other country was responsible for taking out the matter from the agenda of the conference, is now putting forward the view that until the problem of sterling balances is properly solved and Britain can be free of this incubus, she should not ratify Bretton Woods and expose herself to the dangers of international monetary control. She would not even accept a loan from America. If America is so keen on Britain's cooperation in this sphere, she must make a free gift of 6 billion dollars and hand it over on a golden platter; then it would be time for her to consider ratification!

Or take again the question of the sterling debt now owing to us. When India was the debtor, the talk of reviewing the debt so as to ensure that the poor Indian public were not called upon to pay more than was justly due from them was regarded as wicked and monstrous. Indeed no words were considered to be too strong. What was more, the British words were soon backed by action, and on the statute book were printed some of the more unedifying chapters of British economic policy in India. The financial and commercial safeguards were the result. Today when as a result of an agreement between the British Government in Britain and their own nominee in India, a vast debt has accumulated in India's favour, the talk of scaling down goes on and arguments advanced therefor tend from the blatant to the plausible. It is argued without the slightest regard to facts (we apologize, because our thesis has been that there are no facts but only what are reflections on facts) that much of India's accumulation of sterling balances is the result of charging inflationary prices to Britain's purchases and that therefore it must be reduced to one-half or one-third. That a Parliamentary Committee on British expenditure in India has completely exposed the falsity of the view makes no difference to such people; nor the further point that inflation in India, itself largely the result of the adoption of wrong methods of war finance, injured only the people of India, not of Britain.

The same conclusion emerges when we consider the case of India's dollar balances. Now that the war is over, the justification for compelling India to deny herself the necessity of essential imports from America no longer exists. Yet, in some respects India's position is today weaker than ever. President Truman's cancellation of lend-lease supplies created such a furore in Britain that it caused a surprise in America. So it did to the Indian. But the blame for surprise is on us, not on the Britisher. One has only to talk to the Britisher about India's need of dollars to realize how each lives in a different world and how each thinks the other to be blamed for not appreciating the difficulty.

Instances can be multiplied. The British standard of living is something unalterable. It should be maintained at least on its pre-war level, if not raised. Every other consideration is subordinate to this which is the highest order of priority and urgency. It matters not that in the process of securing the end the interests and welfare of other peoples have to be sacrificed. The deaths of millions of people through famine and starvation are not economic data; what is relevant economic data is whether they occur in New York and London or only in Calcutta. When they do occur in Calcutta, they are not significant data because after all India has a vast population and can afford a loss of a few millions.

It is needless to draw a moral. Politics and economics are now so inescapably mixed up that there is no such thing as pure and undefiled economic regions. Hence it is that the much-abused politician is able to play a more vital role in economic affairs than the most brilliant brood of economists. India will not be able solely by the justice of her case or the logic of economic facts to achieve anything. Despite all optimistic references in certain quarters to the unblocking of India's sterling balances, nothing can be done until the right kind of people are able to speak for India when the facts would become significant.

Interim Tariff Enquiry

IT was recently reported that Government propose to appoint a committee of representatives of Supply, Industries and Planning Departments to study the position of industries established in war-time and to recommend the measures of short-term assistance they will be requiring. No official announcement has so far been made, but it is a question which can no longer brook delay. Even the cancellation of contracts on Indian industries under the Hydari deal lent urgency to the need for protection, but the sudden termination of the war and the fact that the transition is already on us demand immediate positive action.

As far as the statement of policy is concerned, there is not much to find fault with. In their important *communiqué* of April last, Government recognized the help which war-time industries have rendered in sustaining the national economy during a period of exceptional difficulty, and conceded that pending the formulation of long-term tariff policy and the establishment of a permanent machinery for the purpose, the question of short-term protection was urgent during the transition. This, indeed, was better than the disappointingly narrow and limited assurance given by Sir A. Ramaswami Mudaliar, in 1940, which confined protection to only about half a dozen industries which had developed at the instance of Government and for their own war requirements. Nevertheless, even the April statement on industrial policy does not give any positive assurance of protection to all war-time industries. We would urge that as a general rule assistance should be extended to *all* the industries which have grown during the war, irrespective of long-term considerations and that Government should make an immediate declaration to this effect.

The assistance recommended is really not so sweeping as might seem at first sight. If Government are committed to rapid industrialization, it should not be difficult to admit that barring industries purely of a war-like nature, there is practically no industry which is not entitled to a peace-time existence, given the time and the facilities to improve and establish itself. Again, the question of assistance is not to be treated as if the industries should survive only for the transition, *i.e.*, until such time as imports are resumed or until the long-term policy is settled. In fact, for the purposes of protection, no "transition" period is recognizable, unless it be that until such time as imports begin to flow in, no tariff protection may be necessary. For the rest, Government help must aim at improving the industries in such a way as to entitle them to permanent existence. In no case should the so-called transition period be utilized as a period of preparing the ground for denying the industries protection in the name of long-term tariff policy, whenever that comes to be determined. From this point of view, we would prefer the long-term tariff enquiry straightaway and suggest that Government lose no time in concretizing the so-called liberalization of discriminating protection which they have promised more than once. The war is over and by Government's own admission, the long-term tariff policy appropriate to the post-war needs of the country has been under active consideration, at least since Sir Ardeshir Dalal assumed office. How much more time will they take to come to a decision?

If Government think that it is a matter for further enquiry, let them at once appoint a second fiscal commission, predominantly of non-officials, representatives of trade and industry, to investigate and lay down the criteria of protection in the light of the needs of an expansionist economy. The commission can report within six months. Meanwhile, let a general assurance of protection be extended to all war-time industries. In any case, we cannot muster much enthusiasm for a departmental committee of officials dispensing justice, divorced from experience of industry. The least that Government should do is to co-opt as members of the committee non-officials representing trade and industry in deciding immediate measures of assistance. The committee in considering the claims of each industry, must also make it a point of taking counsel with the spokesmen of that particular industry. The officials of the Supply Department will, no doubt, be useful because they have been actively connected with the placing of war orders on those industries and are conversant with their needs and difficulties. But they are the least qualified to take it upon themselves entirely to decide whether an industry is fit to survive or not. Association of spokesmen of the industries affected is the first condition of realistic policy-making.

Objections will, no doubt, be raised to a policy of blanket protection in the name of the consumer. The consumer has undoubtedly suffered a great deal due to the war-time scarcities and needs immediate relief over a wide category of commodities, even if it be by means of imports. To concede the justification for imports up to a point is not necessarily to secure them at once. Within the last several months, an easing in the imports has been widely proclaimed and the legal position was obligingly facilitated by the Government of India. British export interests, for their part, have frequently advertised their capacity to sell goods abroad immediately, but actually, however, home scarcities and difficulties connected with the balance of payments are unlikely to render immediate export revival especially to India, an easy matter. Though an export offensive in certain chosen lines is a probable danger which cannot be discounted, but guarded against, by special anti-dumping devices, an import flood in the next two years is hardly likely to materialize to relieve the war-starved Indian consumer. This only emphasizes how necessarily we are thrown back on our own production possibilities.

As regards those lines in which imports will be available, every care should be taken to regulate the imports in the light of actual production and immediate potential. It is regrettable that so far it has been little realized how quantitative import control can be utilized to this end. More than once spokesmen of the Commerce Department have been at pains to make clear that import control is not intended as an instrument of protection. This is nothing but a doctrinaire obsession that quantitative trade control is vicious. In July last, the Commerce Secretary, speaking at Bombay, indicated a slight departure from this attitude, when he agreed that "in regulating the pace and extent of de-control, regard should be paid to a number of considerations, of which not the least important was the need for avoiding undue injury to India's existing industrial structure." Import control has hitherto aimed largely at rationing scarce currency and shipping and getting war needs met. At the present time, quantitative regulation can be usefully wielded to secure imports without injury to domestic industries. Sir Akbar Hydari, at his press conference on the conclusion of his mission, recognized the principle that imports under his deal would not affect domestic producers who would be guaranteed their costs. However that might be brought about, whether by bounties or guaranteed markets or some means of price equalization in consequence of pooling, it must be done. There are many industries—whose productive capacity is already considerable and capable of expansion, but too small relatively to the needs to warrant the banning of imports—that can properly be protected only by quantitative import control and price assurance as suggested above. It would be well for Government explicitly to recognize this. For the rest, Government could take prompt measures to continue the facilities regarding transport, raw materials, technical aid, etc., to the industries which were receiving them in their war effort. Here again, the principle has already been conceded. What is needed is immediate positive action.

Disposal of War Surpluses

SINCE we wrote on this subject last, the war in the Far East has suddenly ended and made the problem one of immediate and practical importance. The disposal of war surpluses belonging to the Government of India, the Government of the United States, the Government of Great Britain and other Allied Governments has now to be tackled on a systematic and co-ordinated basis. The Government of the United States has already taken up the task in earnest to implement the "Surplus Property Act of 1944." The Government of the United States has sent staff to this country to set up an organization for the proper disposal of the United States war surpluses. Meanwhile the Government of India has also issued a statement giving some little factual data and enunciating a number of guiding principles for the Disposals Board which has been set up for the purpose.

In order to assess quantitatively the economic significance of the disposal of war surpluses and its bearings on our economic and monetary policy we have first to get an idea of the amount and classes of such goods which are likely to be available for disposal. We still do

not know much about this. It is said that the war scrap and surplus stores valued at between Rs. 100 to 200 crores and ranging from steel scrap to the most modern war factory plant capable of easy conversion to civil industry await disposal. These surplus stores are either 'salvaged' stores or 'surplus stores' so called. But they have not been tabulated in their economic classifications and until that is done it is not clear how their disposal is likely to impinge on the market. Sales proceeds of surplus stores up to the end of June 1945 was only 55 lakhs. But now that the war has ended the rate of disposals must necessarily be very much higher. Assuming that the total volume of goods belonging to the Government of India awaiting disposal is about Rs. 200 crores, how much of it would be immediately useful to meet the urgent needs of the consumers who have been severely starved during the war years? Disposal of articles of food and textiles will be the responsibility of the present Food Department and the Textile Commissioners, respectively. But other articles will be disposed of through the Directorate General of Disposals. Some of the salvaged articles are textiles (cotton, wool and silk) including cotton cuttings, cotton rags, garments, mosquito nets, felt cutting, blankets, woollen rag, etc., rubber, leather, footwear, paper, card-board and other miscellaneous items. Many of these can be easily worked into utility articles and serve to satisfy urgent consumers' needs. There are also such items as machine tool parts, ferrous and non-ferrous scrap and aero-scrap. Machine tool parts include parts from breakdown depots consisting chiefly of radiators, axles, vehicles, lorries, cars, trucks, etc. Ferrous scrap includes mild steel scrap, fabrication scrap, galvanized iron scrap, cooking utensils, miscellaneous hardware etc. It is clear that many of these salvaged items can be utilized to cater to the consumers' market and already small industries have been set up for their utilization. Railways are also experimenting in the use of many of these salvaged items for the manufacture of carriage and wagon fittings. At some of the salvaged depots the Government is exhibiting items like furniture, tyre pumps, rotating hospital lamps, small tools etc., all made from salvaged aircraft material. The average rate of sales of such salvaged materials has amounted to barely a quarter of one crores of rupees per month recently. Some of the surplus stores can be sold as it is in the consumers' markets; others may be easily converted into useful goods. On the other hand, there would be a large amount of capital goods, plants, equipment and surplus factories, which would be ready, handy for our industrial and agricultural development. The Government should publish detailed figures, by economic categories, of the amount of surplus stores which would be thus available. Again, the fate of the goods which have been received as lease-lend aid has not yet been decided. We have received about Rs. 600 crores of goods in lease-lend. If even a small part of this now remains standing and has to be made over to the American authorities for disposal it is clear that this would constitute another big factor in the market. We have also no quantitative idea of the amount of war surpluses belonging to the American Government, which would be put for disposal in the India, Burma and Ceylon theatres by the Army and Navy Liquidation Commission which has now been set up here. It will probably take some time before the American organization has been fully set up and full details are available of the amount of goods, again by economic categories, that would be available for disposal in India.

But it would be clear that the war surpluses which would be available for disposal in India now would be very large and would have decisive effect on our economic and monetary policy. Much has been made of the amount of purchasing power which has accumulated in the course of the war and which will now exert itself on the market. But the accumulation of war surpluses in fact constitutes the "real" or physical side of the monetary purchasing power which has accumulated in the course of the war. We do not know how much of this latent purchasing power will be presently coming to pour on the consumers' and capital goods market. Nor do we know how these war surpluses are divided as between consumers' goods and capital goods. It would be clear, however, that these war surpluses belonging to the various Governments would be able to take care of a very large part of the pent-up purchasing power and back-log of consumption and investment demand. The Government of India's disposal machinery has been very slow-moving. While imports of consumer and capital goods may take some time to come in adequate volume to relieve the acute scarcities prevailing in the country, the Government can do much by speeding up the disposal of its war surpluses and thus afford very welcome and early relief in some measure particularly to the long-suffering consumers.

Our monetary policy has, therefore, a clear bearing on the policy which should guide the disposal of war surpluses. At the same time, the disposal of these war surpluses will have from the economic point of view virtually the same effect as the import of goods from abroad. The disposal of war surpluses should, therefore, also be co-ordinated with our import policy and the Government should immediately associate non-official representatives with the Disposals Board in the same manner as non-officials have been associated with the policy governing imports. Even the First Report of the Reconstruction Committee of the Council had recommended the establishment of an Advisory Board for disposal. So far the Government has not yet done anything to attach proper industrial advisory committees truly representative of industry and trade to the Disposals Board. As we have urged, all facts relating to surplus supply including the information as to grades, qualities, divisions and location of the supply should be placed before such advisory committees and the further question of the manner and method of disposal of surplus plant and other stores should also be properly worked out in full co-operation with industrial and commercial interests. In so far as prospects of import of consumers' and capital goods from abroad remain tenuous the most rational utilization of the war surpluses belonging to the various Governments must be attempted in the interest of the consumers as well as the early re-equipment of our industries. The six guiding principles of operating policies which the Central Government has enunciated for the Disposals Board, cannot of course be taken exception to, in general terms, but in order to assure the public that the disposals policy will in actual operation be continuously helpful to the best interests of our commercial and industrial development, the Government should lose no time to associate actively Indian commercial and industrial interests at all stages in the formulation and execution of the disposal policy and to give detailed and continuous information to the public about the amount class and location of goods which would be available for disposal from time to time. Clearly when such a huge volume of surpluses owned by the various Governments are concerned there is need for close inter-Governmental co-ordination in the interest of general economic stability. "The Surplus Property Act" has established a mandatory priority for the benefit of United States Government agencies. They have also established additional but discretionary priorities for non-profit institutions, American manufacturers and distributors in respect of goods bearing their trade names, foreign Governments for relief, reconversion and for rehabilitation and lastly ordinary trade channels. The Government of India can, therefore, press its claim on the United States Liquidation Commission for relief, reconversion and rehabilitation before surplus stores are put on the market after satisfying all other claims enjoying higher priority. It is noteworthy that one of the objectives of the United States disposal policy is as stated in the Surplus Property Act of 1944 under Section 2 (i), "to establish and develop foreign markets and promote mutually advantageous economic relations between the United States and other countries by the orderly disposition of surplus property in other countries" and (j) "to avoid dislocation of the domestic economy and international economic relation." However, whatever be the enunciated general principles governing the disposals policy of the various Governments, they can only be judged by their actual effect in practical operation on the stability and development of our economy. It should be clear that the disposals policy of the vairous Governments if properly formulated and co-ordinated will have a dominant part to play in the coming year or two. The public must be taken into full confidence not only by means of a properly constituted advisory body associated at every stage in the formulation and execution of the disposal policy but also by means of publication of all information with regard to volume, nature and location of war surpluses that would be put into market from time to time. It is only necessary to add again that in the final analysis the short-term financial considerations have always to be subordinated to the long-term economic considerations.

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The Week's Notes

A TARIFF BOARD

As we go to the press, a report is published that Government are appointing a tariff board of four members, to investigate into the scope for the peace-time expansion of war-time industries and determine State assistance for them. If this were authentic, the tariff board, not the inter-departmental committee of officials (we invite attention to our leading article on the subject this week), will decide the question of protection. Even the appointment of a tariff board at this stage betrays a lack of understanding of the issues; indeed the idea suffers from a grave confusion of thought. A tariff board investigates the claims to protection of a particular industry in the light of the policy of protection already laid down. This is what the tariff board used to do before, the policy having been laid down by the Fiscal Commission. Is it suggested that the proposed tariff board is asked, first, to liberalize the policy of discriminating protection, and then to apply it to the war-time industries which put in their claims for protection? Surely, a tariff board cannot do both tasks at once with competence or expedition. On the contrary, in the absence of a definite mandate to the board to take a liberal view of industrial possibilities, it will inevitably be guided by the obsolete rules of discriminating protection, in which case many industries might not become entitled to any assistance at all. There seems to be grave confusion on this issue in Government quarters. It behoves them to clarify it without delay.

GOVERNMENT AND THE INNDUSTRIAL DELEGATION

The report of the Industrial Delegation, which returned recently after a long tour of the U.K. and the U.S.A., will be published sometime next week. But in the meanwhile, Mr G. D. Birla has made an important statement for which an immediate explanation is due from the Government of India. He is reported to have said that British textile manufacturers themselves had told him that the Government of India instructed them not to quote or even give a preliminary estimate to Indian delegates. "....the Government of India, intentionally or otherwise, appeared to have planned to obstruct us in our work abroad." The full story of the doings of the Delegation abroad and how far the Government helped or hindered them in their mission, will be out on Monday next; and till then we must reserve our judgment. But the charge against the Government is serious; and it is made by a man who is not in the habit of making violent political statements. It, therefore, warrants an immediate explanation from the Government of India.

FULL EMPLOYMENT IN THE U.S.A.

Roosevelt, it was, who proposed to the Congress a post-war man-power budget providing 60 million jobs. This meant full employment of all available labour. His able lieutenant, Henry Wallace, now Secretary for Commerce, has worked out a division of man-power resources between various occupations so as to provide 60 million jobs. He expects Government to abolish some 4½ million and the armed forces, another two and a half million. Agriculture would take up about 8 million. A high-level economy would require a considerable army of domestic servants and Wallace provides another 2 million for it. This may prove wrong, for in such an economy, domestic service would be a hated occupation and consequently it will have to be dearly paid for. Both these will be severely limiting factors. Wallace's estimate that this economy would have a large class of "self-employed", which he puts at 6 million, is certainly nearer the truth and may well prove to be an underestimate. Manufacturing and mining will, according to Wallace, absorb some 15 million, construction 3 million and trade 9 million. It is too early to say anything about the first two estimates. As regards the third—trade—there will certainly be a considerable expansion. But the trading system in the U.S.A. is reported to be exceedingly wasteful and if there is to be some rationalization, Wallace's calculation may prove to be an over-estimate. Similarly about Finance and service, absorbing some 6 million, appears to be a bit too much. There remains some 3-1,2 million, which would probably be taken up by miscellaneous occupations. The estimates are all right, but Wallace forgets that Roosevelt is dead. All this requires a new New Deal, which a Roosevelt alone is capable of pushing through. It is, however, heartening that Wallace is working up to it. Recent reports had it that he was moving to the right of centre and that he had intellectually joined the Truman team. If he has any say in it and as Secretary for Commerce, he must have—then the threatened deflation may not materialize. After V-J day, pessimistic reports were coming in that the United States may shortly face an unemployment problem of the magnitude of anywhere from 6 to 9 million. If the U.S. Government accepts Wallace's suggestions, the problem will not appear. In a book, *Sixty Million Jobs*, that he has recently written, he makes various suggestions for maintaining a high level of employment. His scheme does not interfere with the main structure of private enterprise economy with all its incentives. But he is for curbing monopoly and helping small business with the help of State mechanism. He would also plan for preventing runaway booms. His plan also provides for keeping up farm prices through stabilized purchasing power. It is thus obvious, where it will lead to logically; but it is historically necessary that this highly developed economy must pass through the transition of a planned boom before reaching its logical conclusion. And it must also be confessed that American capitalism provides the highest level of wages in the world and the highest standard of living for the masses as also for the classes. It is, therefore, natural that for providing full employment the Americans will try to exploit its possibilities to the limit before experimenting with any dangerous innovation.

A CENTRAL BODY OF HONEST EXPERTS

Gandhiji has, in the current issue of the *Gram Udyog Patrika*, analyzed the causes of the failure of institutions like the All-India Village Industries Association. His remarks are of very wide applicability: "....we must dot India with experts of the type wanted. Therefore, the first thing is to have *a central body of honest experts*. (Italics ours.) There is no other royal road to success. Committees or even agents can show no results unless they are experts who know their work. Can an M.A., however brilliant he may be, introduce, say, the *charkha* among the villagers or *gur*-making from palm trees or manure-making from village refuse, including human excreta and cattle dung? We must have experts in these and such other branches. If we had our own Government, however inefficient, we would have technical institutes, where every one of the useful activities now going on, or even yesterday were going on, in the 700,000 villages could be studied...." It is, of course, questionable, if the *charkha* economy will really secure the welfare of the rural masses on any modern scale, but the other remarks, specially about the need of a central body of *honest* experts, are unexceptionable.

The Government at present empolys quite a large number of experts, including expert economists. The result has not been any increase in efficiency, but rather a muddle. Hence Gandhiji's insistence on securing not merely experts, but honest experts; for the *expertise* of an expert, who does not honestly pursue his craft, whether it is one of the technical sciences or a branch of sociology like Economics, is of no use to the community.

AMERICAN HOSPITALS IN INDIA

Recently Pandit Nehru made an appeal to the army authorities, specially American, to make over for civilian use, military hospitals, with their equipment, built all over India during the war. The U.S. army authorities have no power of disposal, but they can make a recommendation through the American Army and Navy Liquidation Board to the U.S. Government. It is reported that the American army authorities desire to make a free gift of their hospitals, along with their equipment, to American Missionary Societies operating in India. To this, if it is true, there need no objection, provided the American Missionary authorities make a non-discriminating use of the gift. But this apart, the Government of India ought to be on the alert for the acquisition of such as properties on reasonable terms. It is reported that there are thirteen well-equipped American military hospitals in India with a total accommodation of 8,975 beds. It would take the Government of India enormous time and money to build such hospitals with so much equipment and accommodation. The American forces, unlike the British, will be leaving this country for good, and there is no dearth of such equipment in their country. Besides, they cannot remove structures, and it would cost them a good deal to transport the movable equipment, besides being difficult these days. It is therefore, expected that these things would go cheap, probably free, if pressed on humanitarian grounds. The Government should, therefore, not miss the bargain.

JOB PREFERENCE IN U.S.A.

With the return of about fifteen million men and women from military services, and with their eventual rush-in in the labour market, one of the difficut tasks before the U.S. Government, as in every other war affected country, would be to decide as to what criterion should be followed in selecting men for new appointments from between labour unions and ex-servicemen. While the valuable service rendered by servicemen in carrying war to a successful end are to be recognized in seeing them properly resettled, care is to be taken to see that this objective does not come in clash with the interests of the workers, already working in the field. Organized labour in the United States claims a membership of more than 15,000,000 and the ex-servicemen's organizations about 3,000,000. One of the tough problems is whether a soldier's period of service should be counted as seniority along with other workers, irrespective whether he is qualified for the work or not. The soldiers' and workers' organizations have expressed opinion over a proposed law that would grant seniority rights to soldiers applying for a job which they had never worked. It appears from Press reports that American labour unions and ex-servicemen's organizations are heading for a clash over these peace-time jobs. The Labour Union groups are in favour of legislation that would count the soldiers' service-period as seniority, when they return to a job they held before going on military duty but they object to extending the rights to a new job. One of the measures offered for a solution is a provision that would give seniority to an ex-serviceman on a new job provided he was 'qualified' to hold it. Though, according to Mr Green, President of the Federation of Labour, no major post-war depression is expected in the U.S.A., one awaits with curiosity to see how this problem is solved without friction.

A TIMELY LESSON

The recent award of the Bombay Industrial Court in connection with the dearness allowance dispute between the Textile Labour Association, Ahmedabad, and the Ahmedabad Millowners' Association should come as a timely lesson to those employers who with the end of war are getting restive to restore the pre-war wage level irrespective of any consideration of the fabulously risen cost of living of the worker. Strangely enough, though the war is over, post-war period has not yet begun, and so far as the cost of living of the worker class is concerned, we remain between two worlds, one dead and the other powerless to be born. Cost of living index has not shown any considerable decline, though the war, which set it in motion, has come to an end. It is not, therefore, reasonable and justifiable to discontinue dearness allowance to workers, unless the cost of living is restored to pre-war level. It might be recalled that, after the termination of the war in Europe, the dearness allowance was discontinued by the Millowners' Association as per the agreement entered into with the Textile Labour Association. The latter, therefore, approached the Industrial Court for the continuance of the dearness allowance for three months more on the old scale. This was granted by the Industrial Court. But, again, after the expiry of three months, for the same reason, the Textile Labour Association made a plea for the continuance and once again, by the present award, the Industrial Court has granted it. The allowance would be paid for a period of one year from August 8, 1945, and would further vary according to the rise or fall of the Ahmedabad index number. The scale of the dearness allowance, according to the award, rose by four rupees for every eleven points in the cost of living index, over the datum index number 73 for the month of August 1939. This scale neutralizes the rise in the cost of living to the extent of nearly 76 per cent. Ahmedabad Millowners have been now gracious enough to include even the category of workers, earning more than Rs. 75 p.m. which was excluded for dearness allowance in the said award. To avoid unnecessary friction, let the other employers be not slow to take this quite sane and resonable lesson. ....

SUGAR SHORTAGE

Addressing a meeting of his Sugar Advisory Committee, the Sugar Controller for India is reported to have ascribed the present shortage of sugar in the country to the rapid rise in the sugar consumption on the part of the Indian people. He asserted further that there was a popular misapprehension that military demand and exports of sugar were the real reasons for the present shortages experienced throughout the country. He pointed out that the current demand of the Defence Services amounted to 81,000 tons and exports accounted for the insignificant amount of 18,000 tons. It cannot be questioned that with the war-time expansion in employment the consumption of sugar in the country has tended to go up. But to excuse Government bungling which has contributed to no inconsiderable extent to the present state of affairs is to shut one's eyes to facts and to lose all sense of balance. There has been an actual fall of some 25 per cent. in sugar production this season as compared with the previous season. In the U.P., production of sugar fell from 7.26 lakh tons last season to 5.31 lakh tons this year. In Bihar production declined from 2.12 lakh tons to 1.70 lakh tons in the same period. The main reason

for this shortage was the inadequacy of cane supplies due to uneconomic prices offered to the cane cultivators. Deduction of compulsory savings from the price paid to the grower made him switch over from sugar-cane to other food crops. Then, thanks to the inadequate supply of wagons for purchase centres beyond 25 miles and under 10 miles of factories, cane supplies to the factories were cut down. In Bihar, factories depending on rail-borne cane supplies were prevented from switching over to motor transport for lack of petrol and tyres. In brief, it may be alleged against Government that it did not seem to think that sugar was an important energy-yielding item of food and that consequently its production also needed some little encouragement. To this must be attributed the resulting shortage that we experience now. It is, however, welcome news that prospects for the future are brighter. The Sugar Controller has expressed the hope that as a result of the measures taken by the various provinces to increase sugar production the next year's output would amount to about 11 lakh tons as against last year's 9.7 lakh tons. It may be added that the Sugar Controller himself feels that in view of the present volume of demand it is necessary that sugar production is increased by 50 per cent. over current levels.

A FIVE-YEAR PLAN FOR BARODA

The Government of Baroda have drawn up a five-year plan for post-war development with special emphasis on transport, agriculture and education. An extension of the State railway by 157 miles is proposed at an estimated cost of Rs. 2 crores. A sum of Rs. 2.86 crores is to be expended on the development of roads covering 1,245 miles and divided into four categories: National highways, 76 miles; State highways, 97 miles; District roads, 515 miles; and Village roads, 557 miles. Two major irrigation projects have been planned. The Sabarmati project, which is to be spread over two five-year periods, will involve an expenditure of Rs. 1.93 crores and will irrigate 36,000 acres. The Sankhri project intended for an area of 28,000 acres is estimated to cost Rs. 1.35 crores. The other schemes for the development of agriculture provide for sinking 4,000 new wells, construction of contour bunds for protection of soil from erosion, opening 12 new centres for rural reconstruction in 600 villages and consolidating and extending the activities of co-operative multi-purpose societies. An intensive drive is to be made against illiteracy by compulsory elementary education. The educational development scheme contemplates the opening of three colleges and 60 secondary schools. The plan also aims at extension of electric supply, resettlement of demobilized personnel, labour housing, etc. Although comparatively little attention seems to have been paid to industrial development, probably the most striking feature of the whole plan is the creation of a two-unit ship-building yard at Port Okha with an initial outlay of Rs. 54 lakhs. The first target is to construct four ships a year with a capacity of approximately 8,000 tons each.

DEVELOPMENT OF CAWNPORE

Speaking at a meeting of the Friday Club, Cawnpore, Sir Edward Souter, President of the Cawnpore Development Board, held out the promise that after five years, at a total cost of about Rs. 2 crores, Cawnpore would become a cleaner city than it now is. He told his audience that some Rs. 1½ crores will be spent on the drainage system and the remaining half a crore on roads. In six months the city would, he said, have a two-mile long promenade from the Bhairon Ghat to the Jageshwar Temple. To begin with, water supply for the city's population, along with the drainage system, will be given the greatest attention and in the course of the next four or five years all the houses in the city will be connected with the sewage system. Short-term schemes covering these items will cover from five to 2 years each. But filth is only part of the city's malady. An equally, if not more, serious curse is that of terrible congestion and overcrowding in the inferno which are Cawnpore's slums. To this problem, Sir Souter told the Club they would give their attention presumably only after the first five years and then the question of these unhealthy slums will be thoroughly dealt with and in the course of the next ten years most of these slums will be cleared off. It is difficult to reconcile oneself with the perpetuation of the terrible slums for another ten years and when we recall that the Cawnpore Improvement Trust claimed it could change the "face of the city" with £750 a year. There is enough justice in the demand that the task of slum clearance should be, first of all, taken up in hand. There are then apparently some more omissions in what Sir Souter calls the Board's comprehensive programme. Thus education and other items of social uplift do not seem to have found a place therein. And finally, while it is true that 50 years are but a ripple in the life of a nation, the idea that pressing and urgent reforms in a single city will take not less than 50 years to be fulfilled is difficult to stomach. Thus Sir Souter said that within the next 45 years they would have green belts, ardens and shrub forests. But it is clear there are some difficulties to be faced. Thus, for instance, if the finances of the Board were adequate, and there was in existence a strong national Government, efforts at improvement could take the form of shifting the factories from their present sites and thus room made for the building of houses that would go to solve the problem of the slums within 15 to 20 years.

BIDDING FOR MONOPOLY

Indian insurance companies occupy a place of minor importance, compared to the British companies operating in India, in fields other than life business. This is specially the case with regard to marine insurance. It is largely a consequence of the domination exercised by foreign houses over our foreign trade. Indian companies are now undertaking non-life insurance business also and it would have been gratifying to note that Indian firms have a substantial share of the insurance business arising out of the Indian coastal traffic and the East African traffic. But it appears the British companies apparently are not prepared to allow their Indian contemporaries to figure prominently even in this business. At an extraordinary general meeting of the Bombay Underwriters' Association the Royal Insurance Company, a British firm, moved a resolution that the tariffs for the Indian coastal traffic and for the East African traffic should be abolished. The removal of this tariff would mean that the foreign firms would be able to start a rate war and hound out the Indian firms out of the only sphere of marine insurance in which they have any sizable share. The Indian companies number only 34 as against the foreigners numbering 49. The ruling of the chairman, also a foreigner, that the proposal was only a minor question to be decided by a bare majority clearly showed the spirit that was behind the proposal. The Inidan firms have rightly registered their protest by walking out *en bloc*.

MADRAS GOVERNMENT'S TRANSPORT POLICY

The Madras Government have recently announced that they adhere to their decision in favour of State ownership as the ultimate goal of their policy regarding motor transport service. No hasty action, however, is to be taken at once. Joint road-rail companies are to operate on roads parallel to railways and on feeder roads for passenger traffic. Railways and the Provincial Government will take equal shares in the new companies. Existing operators on these roads will not be forced to join the new road-rail companies nor will discrimation be used against them in any way. Advantages of merger or futility of competition is expected to convince them to take the right course. The immediate objective, however, is to secure improvement of existing services and their co-ordination particularly with railways. The minimum restrictions to be imposed on private bus services are that they must own at least 20 vehicles and they must have adequate facilities for repair and maintenance. Companies with smaller strength than this must either amalgamate with the aforesaid bus services or choose to go out of the scene. Disputes over terms of amalgamation are to be referred for arbitration to the Provincial Motor Transport Controller. The announcement, however, makes two serious omissions, *viz.*, how much share in the capital of the proposed joint road-rail companies is reserved for private companies desirous of participating in them and whether any allowance for good-will is to be made in assessing the value of their assets. It will be remembered that other Provincial Governments have taken clear decisions on these points.

HYDERABAD'S AGRICULTURAL EXPERIMENTS

An *Associated Press of India* report says that the Hyderabad Government are embarking on a policy of co-operative farming in the State. Agricultural land is to be divided into plots of one hundred acres each and cultivators are to carry out operations under the supervision of the Agricultural Department. The age-old plough is to be replaced by the tractor. Government have placed orders for the supply of 30 tractors which will be available in 1946. Five tractors at a cost of Rs. 25,000 each are expected to arrive before the end of this year. The experiment is to be made first in the Karnatak region and will then be extended throughout the State. Agricultural holdings in this country are small and scattered and their cultivation uneconomic. It is often urged that co-operative farming would prove an excellent remedy. Crop planning, common labour, improved and scientific methods of cultivation and co-operation marketing of the produce would certainly embrace the income of the farmer in this light, Hyderabad Government are certainly launching an ambitious and progressive scheme. Important details of the scheme are not to be found in the Press report. However, it may be pointed out that the scheme will give rise to a number of problems which must be handled with tact and decision. The success of co-operation depends on voluntary effort, hence intense educative propaganda will be required to persuade the peasant to forgo his individual freedom and work for the common effort, of course, to his own individual advantage. On the other hand, too much reliance on force and authority will only lead to discontent, opposition and obstruction. Officials entrusted with supervision must not act as task-masters, but rather as guides and instructors. An important aspect of this scheme is that it aims at mechanization of agriculture. Machine is essentially a labour-saving device and as a result of its wholesale introduction several hundreds of landless workers in the villages will be thrown out of employment. Co-operative and mechanized farming by itself will only result in a lop-sided growth. Simultaneously with it, the State must open up new avenues of employment. Anyway, Hyderabad's bold experiment will be watched with interest.

NEEDS OF IRON AND STEEL INDUSTRY

The Bihar Chamber of Commerce has recently addressed a letter to the Government of India in which it indicates the direction in which the development of the iron and steel industry should proceed. It also points out certain special measures of State interference. Iron and steel being a basic industry, indiscriminate formation of new companies should not be permitted as that would result in ruinous competition. The Tata Iron and Steel Company at Jamshedpur, which ranks as one of the two premier steel companies in the Empire, and other companies which have proved their capacity and efficiency under the stress of war conditions should be allowed to expand to the maximum size before licences are granted to new concerns. These factories worked at top speed during the war. Now that war orders have been cancelled, the question is not how to increase production but how to maintain it at the war level. This is of course a problem only during transition. Certain kinds of steel such as long strip for rolling or pressing and die and tool steel which are vitally necessary for industrial development are not yet manufactured in this country. Future expansion should be directed towards their production. The Chamber feels that should it be found necessary to finance a major steel work, capital to the tune of 25 or 30 crores of rupees can be raised in this country. A guarantee of 3 or 4 per cent. dividend would be enough to attract capital. Private enterprise has fully vindicated its claim. However, there should be no objection to Government subscribing to a small number of shares and appointing one or two directors on the Board of Management. Government should assist the industry by means of protective tariff, facilities for procuring capital goods, obtaining expert technical assistance, etc. The Chamber recommends that production should be standardized and minimum prices fixed. It also recommends that imports should be allowed only to the extent of a deficit that cannot be covered by indigenous production. The Chamber rules out the formation of a cartel, but favours a Federation of Iron and Steel Manufacturers.

....

TWO MORE HERD BOOKS

The Imperial Council of Agricultural Research announce that Central Herd books for the Gir and Kankrej breeds of cattle have been initiated by the Animal Husbandry Bureau of the Council. The Bureau has already been maintaining for some time past herd books for other well-known breeds, such as Hariana, Sahiwal, Sindhi and Murrah. Any animal in India above six months of age, satisfying the minimum milk yield qualifications, is eligible for entry in the books. It is unnecessary to dilate upon the importance of Central Herd Books for the proper development of selective breeding. Ever since Coate's Herd Book for Shorthorns, the first of all herd books, was established a hundred years ago, the value of herd books for guaranteeing the genuineness of pedigree stocks has come to be more and more appreciated. The herd book enables breeders and buyers to trace the lineage of the stock in which they are interested and to select animals with some guarantee that they are descended from certain families with certain desired characteristics. It helps the seller to secure the proper premium for superior stock and the buyer to buy with a certain measure of assurance that he can reasonably expect high standards of performance from the stock he is buying. In either way, it helps the cause of selective breeding and gives a filip to the activities of individual breeders as well as of breeding societies. It is to be hoped that Central Herd books will be establish for other fine breeds such as Tharparkar, Orgole, Dhani, Deoni, Amritmahal, Kangayar, etc.

SPECIAL ARTICLE

Food Control in the Madras Province—

FOOD PRODUCTION AND CONSUMPTION

The six years of war, which are now happily behind us, have seen bold and far-reaching experiments in wartime food administration. It is true that the same degree of success did not attend the efforts of all countries, nor was the same high level of efficiency exhibited everywhere. If Great Britain managed to improve her food and nutrition standards during the war, parts of India witnessed food muddles of the worst sort, which, in Bengal, led to a famine of massive proportions. Nevertheless, some at least of the Provinces and States have succeeded in building up fair standards of efficiency. In this group may be placed the Madras Province, whose experience of food control under war conditions may well prove to have a value for the correct planning of long-term food and agriculture policies. The current article is the first of a series dealing with the various aspects of Food Administration in the province.

MUCH of the agricultural resources of the Madras Province is devoted to the cultivation of food crops. In 1941-42, out of the total sown area of 36.4 million acres, as much as 28 million were under these crops. They occupy more than 90 per cent. of the arable land in four districts, between 80 and 90 per cent. in six districts, between 70 and 80 per cent. in ten districts, between 60 and 70 per cent. in three districts, and less than 50 per cent. in only one district.

Rice and the various varities of millets and pulses are the principal food crops. In 1941-42, rice occupied 10.2 million acres, millets 13.3 million acres, and pulses 2.9 million acres. The primacy of the paddy crop in the provincial agriculture is obvious; the rice acreage in the largest under any single crop, food or non-food. In four districts, it is far and away the principal crop, while in a number of others, it is of considerable importance. Only in eight districts, the acreage under rice falls below a fifth of the total area sown. Seven of these districts have a low rain fall, with poor irrigation facilities. The northern districts included in this group are even more severely handicapped than the southern. In all the seven districts, millets take the place of rice as the principal crop. The eighth district, the Nilgiris, is a hilly tract, where tea and coffee plantations occupy most of the hill slopes, and the total area devoted to food crops is only 18.2 per cent. of the cultivated area.

Equally striking is the importance of rice as the chief staple food. Rice constitutes about 63 per cent. of the total cereal consumption of the province. In as many as five districts, it is almost the sole cereal in the diet. In six districts, the percentages of the population depending on rice range from 65 to 83 per cent. and in seven from 40 to 58 per cent. Only in the remaining six districts does one find that the figures are between 17 and 36 per cent. Generally speaking, the districts heavily dependent on rice are also the main producers of the cereal.

In the dry crop areas, a good portion of the population depends on millets, and only the well-to-do classes, living mostly in the towns, take a diet in which rice is the sole, or even the main cereal. Over the province as a whole, the millets are the poor man's food grain, and their consumption is highest among the poorer artisans in town and country, and the labourers in farms and factories. *Cholam, Cambu* and *Ragi* are the main varieties of millets grown and consumed in the province. They substitute for rice both in the kitchen and in the field. Families too poor to afford rice take millets. And, where the soil and water resources are unsuitable or inadequate for paddy cultivation, millets are grown.

Pulses, unlike millets, are not a substitute for rice; they supplement it. The chief varieties are redgram, blackgram, greengram, Bengalgram and horsegram. They are grown as catch crops in paddy fields, as well as jointly with other dry food and non-food crops. In the Vizagapatam and the East Godavari districts, they occupy as much as 9.6 per cent. and 8.1 per cent. respectively of the total area sown; but their comparative importance is much less in other districts, although large areas are sown to them in the districts of Coimbatore, Trichinopoly, Tanjore and Tinnevelly.

Wheat, which is the chief foodgrain of the world and the staple food of the population in many parts of Northern India, is used in the Madras Presidency more as a supplement to than as a substitute for rice. Local production is inconsiderable, and the total wheat area in the province is, on an average, a mere 13,366 asres. Natural conditions do not seen to admit of any considerable extension of cultivation.

Although the province has about 77 per cent. of its cultivated area under food crops, it is still deficit in all the foodgrains which it consumes. The following table gives figures of local production and net imports during the last five pre-war years:

(In Thousands of Tons)

Year	Rice		Millets		Grams & Pulses		Wheat & Wheat Flour	
	Production	Net Imports	Production	Net Imports	Production	Net Imports	Production	Net Imports
1935-36	4,741	543	3,774	1.3	287	200	..	..
1936-37	4,794	354	3,646	5.4	285	190	..	61.5
1937-38	4,850	388	3,242	14.6	240	289	..	63.7
1938-39	4,100	428	3,381	27.4	222	251	..	65.6
1939-40	4,467	543	3,673	0.9	270	239	..	64.2
Average	4,590	451	3,543	9.6	261	234	2	63.8

During the period, rice production was at its highest at 4.8 million tons in 1937-38, and was at its lowest at 4.1 million tons in the next year. Between 1918-19 and 1941-42, it has been less than 5 million tons in 20 out of the 24 years. Roughly speaking, it may be said that the province depends on outside sources, mainly Burma, to the extent of 10 per cent. of its consumption of rice.

The figures of millet imports given in the table are for Cholum and Cambu, the two varieties in which there is an import trade of any consequence. The figures fluctuate widely from year to year as is natural in the case of dry crops. Local conditions of rainfall in the importing and exporting areas would determine the extent of demand in the former, and of availability in the latter. On the whole, it would appear that the net imports are of the order of 10,000 tons annually and if this quantity is compared with the 3.5 million tons, which is the average domestic production, the broad conclusion that the province is more or less self-sufficient in millets seems accurate enough under normal conditions.

The province has been importing nearly as much grams and pulses as it has been producing within its own frontiers. In other words, its dependence on outside sources has been to the extent of 50 per cent. of its consumption. For wheat and wheat products, it has to rely mostly on imports, local production being only 2,000 tons as against the consumption of some 70,000 tons.

According to the above analysis, the Madras Province is deficit in cereals to the extent of 6 per cent and in pulses to the extent of 50 per cent. of its actual consumption of these food-grains. But, the question arises whether the actual level of consumption corresponds to the optimum, which nutrition experts consider desirable. From the point of view of a long-term food and agricultural policy, it is obvious that what is significant is not the relation, which the province's food resources bear to actual consumption, but the relation which they bear to optimum consumption. Adding net imports to domestic production only gives the amount available for consumption, which may not be the same as the amount physiologically necessary for the population.

An attempt has been made recently to estimate the *real* deficit in terms of the relation which domestic production bears to the quantity necessary to provide the people with an adequate diet. The calculations run as follows:

(1) Estimated population of the Province in 1944 (on the basis of the growth of population between 1931 and 1941) ..	50,990,000
(2) Population in terms of adults (on the assumption that, from the point of view of food requirements, a given population of all age groups may be taken as three-fourths its size in terms of adults)	38,248,000
(3) Millets produced annually (after allowances have been made for loss by husking and for seed purposes) ..	2,950,000 tons.
(4) Per capita requirement of millets per day (as considered necessary for a sufficient diet)	28 oz.
(5) Population in terms of adults for which the millets would be sufficient	10,345,000 tons.
(6) Balance of population in terms of adults that require rice ..	27,903,000 tons.
(7) Per capita requirement of rice per day (as considered necessary for a sufficient diet)	24 oz.
(8) Quantity of rice required for the population in (6) above per year ..	6,820,000 tons.
(9) Rice produced annually (after allowances have been made for the quantity converted into rice products and for seed purposes) ..	4,750,000 tons.
(10) The provincial cereal deficit in terms of rice	2,070,000

The above figures are self-explanatory, and in the main, accurate. Local production falls short of physiological requirements of the population by 2.07 million tons. Even after allowing for the quantities of rice and millets imported annually, it would be very near the mark to say that the people of the Madras Province are underfed to the extent to 2 million tons of cereals expressed in terms of rice. Incidentally, this conclusion tallies with the findings of nutrition experts, according to whom field investigations reveal that about 30 per cent. of the population of the province does not have enough to eat. Local production will have to record a 40 per cent. increase before the province can be said to have become self-sufficient in cereals from the nutritional point of view.

The present consumption of pulses and grams is about 500,000 tons, to which local production and net imports roughly contribute half and half. As, according to nutrition experts, the present consumption is less than 1 oz. per head per day, whereas the physiological minimum is 3 oz., local production of pulses is now only a sixth of what is needed for a balanced diet.

(To be continued)

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THE WORLD ABROAD

Truman's Transition Programme

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, Sept. 10, 1945.

THE nation which had waited since Mr Truman took office in April to learn how closely his social, economic and political philosophies would approximate those of Roosevelt once the war had been won, got its answer rather plainly last week when the President addressed his first "State of the Union" message to Congress. In forecasting the "greatest peace-time industrial activity we have ever seen," Mr Truman gave Congress a programme of twenty-one legislative recommendations for facilitating the transition from war to peace and paving the way for long-range peace-time prosperity. The republican party members of Congress were lavish with their commentary that the New Deal had been resurrected and given a new life. From now on partisan politics will colour the actions of the Congress as in the pre-war days when Roosevelt was pushing through his reforms. Thus judged by the re-action to his -message to Congress, which was expressed mostly in black and white by Congressmen and political commentators. President Truman's course in domestic affairs will be dictated by consideration for the same objectives which motivated his predecessor.

In the opinion of some more cautious critics, however it would be well to defer ultimate conclusions until it is seen how Mr Truman will act when inevitable controversies over his programme become really heated in Congress. In such circumstances Roosevelt was accustomed to invoke various pressures and occasionally handed down virtual ultimatums to obtain desired ends. Till now Mr Truman has demonstrated an intellectual regard for basic New Deal precepts; but how far he will go to achieve his desiderata is something that the public will learn only in the coming months. This much however is known. Mr Truman is disposed more than Roosevelt to recognize Congress as a partner in running the Government and consequently should prove more amenable to compromise on many issues.

In his message President Truman has laid down the following policies to be pursued during the transition; (1) demobilization of the armed forces no longer needed as soon as possible; (2) cancellation and settlement of war contracts as quickly as possible, (3) clearance of war plants so as to permit contractors to proceed with peace-time production. (4) retention of control on prices and remits until fair competition can operate in order to prevent inflation and undue hardship to consumers; (5) stabilization of wage levels where their increase would cause inflationary price rises. Where price ceilings would not be endangered collective bargaining would be restored. (6) Removal of all possible wartime Government controls in order to speed up and encourage reconversion and expansion and the retention of only those controls which are necessary to help re-conversion and expansion by preventing bottlenecks of shortages of material and inflation; (7) prevention of a rapid decrease of wage incomes, and of purchasing power.

President Truman stated that these policies are already in force. To continue them and to implement others which he asked Congress to frame, the President noted that retention of various wartime statutes was essential and he urged Congress therefore to approach with selectivity and caution in the matter of of terminating such statutes and powers. He informed Congress in detail of the statutes and which granted wartime powers and set up agencies by submitting to it a comprehensive report on the subject by the Attorney General Mr Tom Clark.. Because the sudden end of war had made the matter more urgent than otherwise might have been the case, President Truman gave a special prominence to his recommendations for unemployment compensation to war workers who may suffer temporary lack of jobs during the process of reconversion. He also proposed abolition of the forty cent per hour minimum wage and an increase in minimum wage standard, noting that because of the return to a forty hour week there will be lower incomes for many workers. Among his long-term proposals were full employment legislation. an expanded and liberalized social security system, national housing and slum clearance programmme, essential public works, assistance for farmers and small business men, a permanent Fair Employment Practices Act designed to prevant racial and other types of discrimination, and Government assistance and direction for scientific research. Congress has it shifts to peacetime operation. Partisan politics however, will become intensified as specific provisions of this programme of the President are taken up..

As an appendix to his message President Truman has submitted a report from Mr John W. Synder, Director of the Office of War Mobilization and Reconversion surveying the opening phases of re-conversion and presenting an extremely optimistic picture. This picture was duplicated in field reports to the Committee for Economic Development, a nationwide organization of business men dedicated to joint action for facilitating the re-conversion of industry and business men were encouraged by what they regarded as diminished emphasis in Washingfon upon public work. They felt that the emphasis has shifted from public works as a major re-conversion factor to the greatest possible reliance upon private enterprise to produce jobs and the encouragement thereof to take business risks from which employment results. Some professed even to find less extravagant views in this regard than might have been expected in Henry Wallace's book 'Sixty Million Jobs' which appeared last week. This book incidentally has started controversy as Wallace's words always do but some analysis have discovered that Wallace's estimate of what labour force should be was not far afield from, in fact was substantially in agreement with, what business men as exemplified in the findings of the committee for economic development estimated.

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(Sd.) F. M. INNES.
Chief Controller of Imports.

London Letter

Bevin's Dilemma

FROM OUR LONDON CORRESPONDENT

Mr. Churchill has briskly reorganized Conservative members of the Parliament into a series of committees designed to harrass the Labour Government and "show them up".

While the old "1922 Committee" of the Tory backbenchers which is nominally still in existence he is not bothering with it—for one thing. because its Chairman and Ex-Chairman were both defeated in the General Election which clearly suggests that the post carried little prestige with the Electorate. As against this, Mr. Churchill's present scheme to divide his Party's diminished ranks into Committees covering the various aspects of Governmental work seems more effective as it multiplies the number of Conservative gadfiles at his command.

Nevertheless, political pundits believe that the old Conservative Party as the spokesman for all "vested interests" is finished and Mr Churchill's main efforts will be concentrated in reshaping its remnants into a rather moderate party, perhaps akin to the continental idea of a "Centre Party" than has been the practice in Britain. But if this is his plan, he must encourage his extreme Right-wing to split up and thus leave him occupied with a really "Centre" position. In addition, he must study afresh the programme hammered out by the "Tory Reform Committee" sometimes styled the "young Tories." This committee was more or less ignored by the Conservative Party, prior to and during the General Election.

In the meantime the new Labour Government is working frantically to straighten out the tangled skein of public business left by the "Care-taker Government." The chief problem at the moment is the slowness of demobilization. Mr Bevin's original plan drafted during the life of the coalition Government leaned backward to give fair play to men and women in the armed forces, stationed in the Far East; provided that no one would be demobilized from European or Home stations except in numbers exactly equal to those demobilized in the Far East, thus preventing the latter feeling that they are severely ill-treated. But owing to the acute shortage of shipping in the Far East, it is proving impossible to demobilize rapidly with the result that several millions of soldiers, airmen and sailors in Western commands are compelled to continue in service. The Trades Union Congress demanded that Government should 'reconsider' the whole scheme. But this is very difficult to do without creating alarm and discontent among the armed forces stationed in the Far East—in short an unenviable dielmma.

Second big problem is that of interim arrangements regarding lend-lease which has been cancelled recently in Washington. American conservatives are taking openly hostile attitude towards the Labour Government according to Press reports and the outcome of discussions is awaited with considerable grimness. If the terms of settlement are harsh or apparently harsh, it is considered that they will not help British Conservatives much, for. they will tend to consolidate British public opinion behind Labour Government.

The chief constructive event of the past fortnight has been Sir Stafford Cripps' energetic handling of the present situation regarding Lancashire cotton industry. Instead of calling for still another exhaustive investigation. he announced that a small "working group" will be appointed to study all reports which the various sections of the industry made in the past two years and draw up a short agreed programme. He is prepared to adopt this programme, resorting, if necessary, to compulsory powers to direct the entire industry and make it move smoothly into a conquest of export markets. His biggest single problem will be the shortage of man-power. He might overcome it by installation of modern labour-saving machinery, but the industry has neither capital nor apparently much inclination towards machinery entailing mass production of strictly limited number of "lines." The second handicap, according to some authorities, is that excessively large expensive machinery is inconvenient for distribution. Just how the proposed "working group" will tackle these two problems cannot be forecast. They are perplexing big question regarding which there is virtually no speculation.

Mr Shinwell"s private discussions with colliery owners regarding terms under which the industry can be nationalized still continue, but so far nothing has been divulged. Presumably, there are two issues involved—first, on what terms shall shareholders be bought out and, secondly, are the 1,886 directors of colliery companies. who have been drawing substantial fees for their services to their companies, entitled to any special sums in compensation for "loss of office." Both these issues are considered to be very important as they provide precedents which may prove highly useful in view of the Labour Party's long-term programme of gradual nationalization of key industries. The practice of giving the directors special fees for office has been a grievance with shareholders for many years, but directors show considerable pertinacity in demanding substantial remuneration. In case of proposed amalgamations of building societies, the authorities have occasionally intervened and banned the proposed amalgamations on grounds that the directors' compensation is highly excessive—in one case a few years ago it was so substantial that the remaining assets were considered to be too depleted to justify amalgamation.

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A DELHI DIARY

LORD Wavell's return tomorrow is not being looked forward with any enthusiasm in the city. The Wavell bag is said to be empty this time, at least so far as an interim solution is concerned. It is understood that Cripps' post-dated cheque has been brought upto date with slight modification. Earlier private advices had given rise to some expectations that the Labour Government would go forward with the reconstitution of Government at the centre and the revocation of Section 93 in the provinces. The latter, of course, is now legally impossible with the provincial assemblies dissolved. As regards the centre, it seems Lord Wavell's Tory affections have prevailed over his earlier anxiety for a *divorce* from his present colleagues in Council; and he is now anxious to retain the *status quo* as he was to abandon it at the time of his first visit. By the by, did he meet Mr Churchill sometime somewhere in London? The second Wavell plan—which we understand is a plan to put off the solution of India's urgent problems by the ancient Tory trick of a long-term solution—will be Comrade Attlee's present to India. But the people of this country are in such a desperate mood that they would prefer the atom bomb to this empty shell of a present —or to put it more accurately—the promise of a present. As there is no actual present to be immediately made, people are not anxious to see the non-existent. As for a promise, they are not prepared to hear it. They have heard it *ad nauseam* since 1919.

New Delhi, whose main industry is Government service, is naturally agog with excitement as to the future of the various personnel, which increased enormously during the war. A lot of advice is being received by the Government from its own experts as well as from unofficial sources and some of it is, as is inevitable, divergent and contradictory. It is natural for the Government officials to think that full employment means continued employment of themselves. That, of course, is a serious mistake. What is significant is that the total employment in the economy as a whole be kept up, and in any case not allowed to decline seriously. A policy of maintaining employment in Government departments at its present level without regard to the usefulness of the work would not merely be wasteful but highly injurious. It would be more economical in the long run to dismiss them with a pension for even three to five years rather than keep them in various kinds of work, which would have a hampering or restrictive effect on the economy of the country. For instance, they might begin to create work for themselves and seek to continue bad and injurious forms of control merely for the purpose of maintaining employment. These dangers are not unreal. If rumour is true, there are proposals for the bulk purchase of goods, monopoly distribution, continuance of controls, so as to ensure continuous employment for controllers and so on. It is hoped that Government will not listen to such advice, nor forget the face that what the country needs is not merely employment but employment plus restoration of at least the pre-war standards of consumption. In war time we had, of course, better employment but lower standards of consumption. What the country to-day needs is better employment and better standard of consumption. Maintenance of employment even of Government servants should not be regarded as an end but only as a means towards fuller employment in the country as a whole plus better standard of consumption.

Most of the industrialists who went on a mission last May have returned, with the exception of Mr Laik Ali who is due shortly. It is understood that their joint report will be released on the 16th. While we must await its publication, it is not difficult to anticipate, judging from the various speeches of those who have returned, the trend of their conclusions. American industry is well ahead of British industry in efficiency and equipment, although in the field of research Britain is as advanced as America. Mr Birla has pointed out that except where mass manufacture of standard articles is concerned, American costs are generally higher than British costs. Mr Tata and Mr. Sarker have pointed out that India would need the importation of the ready made technique and the 'know-how,' but as regards financial participation and control, we shall wait for what the report says. Apparently the prospects of getting capital equipment from either country are not bright, although it is expected that within two years conditions in respect of delivery and prices might become easier. It would appear that the industrialists feel that it would be inadvisable for India to be in a hurry to purchase equipment now, except to meet the most urgent needs, or to buy obsolete plants which might be available. The implication of this for immediate replacement and reconstruction is far-reaching. It is believed that one of the recommendations is that an organization should be set up, particularly in the U.S.A. to buy, after inspection, such capital goods and equipment as may be sold by the Surplus Disposal Board.

The future of cement control seems to have been decided upon recently at a Conference of representatives of the industry with the officers of the Supply Department. Both the industry and the Government are reported to be agreed that control will have to be continued for a futher period of 6 to 12 months. Although the Government are cancelling war contracts, they expect that post-war reconstruction demands may soon be upon them, and would therefore like to have the control machinery handy in order to be able to procure at reasonable price the enormous supplies they might require. On the side of the industry, the consideration seems to have weighed is that the continuance of 'control' would mean the continuance of the Government's priority assistance in the matter of transport, fuel, and machinery. Pending post-war building, road and irrigation development, there is likely to be an immediate increase in the supply of cement available for the public and it is expected that the current price of Rs. 67-12 per ton may fall by Rs. 10 to Rs. 15 by the end of the year.

At a recent meeting of the Publicity Advisory Committee it is reported that Hon'ble Sir Sultan Ahmed delivered a long-winding speech of fulsome praise for his department, justifying its continuance in the post-war period in undiminished strength. It looks as though the members were absolutely unconvinced and quite a good many demanded an immediate winding of the war propaganda sections, specially external publicity. Some went so far as to condemn Lord Halifax's part in anti-Indian propaganda in the U.S.A. One member, it is said, actually suggested that Mrs. Vijaya Laxmi Pandit should have been appointed to do the work for Sir Sultan's department. All this talk seems to have frightened the Hon'ble Member for Information. There will probably be another meeting shortly, when rain may follow thunder. Incidentally, what may interest the profession, newsprint control order is, according to knowledgeable circles, on the agenda for the next meeting.

ARGUS.

MONEY MARKET

Rise in Bank Deposits—Gilt-edged Steady

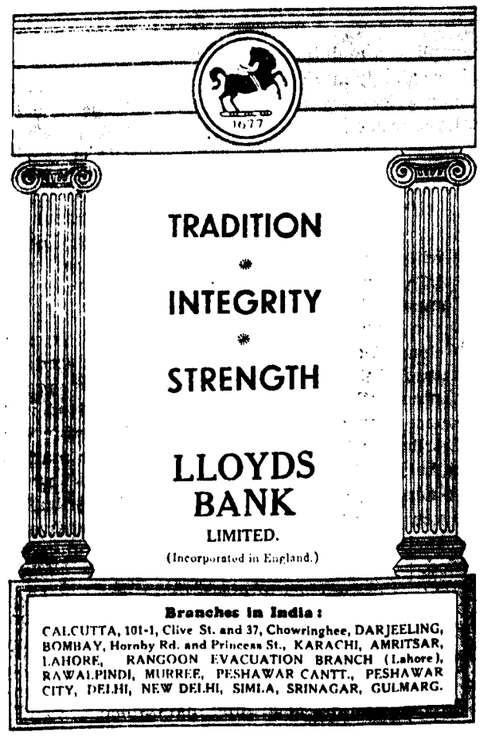
(From Our Correspondent)

BOMBAY, Sept. 9, 1945.

Easy money conditions to prevaiil during the week under review. Though call money rate was quoted at the usual rate of ¼ per cent. and three months and six months at ½ and ⅝ per cent. respectively money was almost unleadable. The surfeit of funds was reflected in the results of the Government of India three months treasurp bills. Against an invitation of Rs. 2 crores Rs. 5.18 crores were offered, an increaase of nearly Rs. 33 lakhs over the last week's offerings. Tenders at Rs. 99.14.9 were accepted in full and those at Rs. 99.14.6 were allotted approximately 93 per cent. The total amount accepted was Rs. 2 crores and the average rate of interest 5as. 11ps. per cent. which compares with 6as. 9ps. last week and 7as. a fortnight ago. It is said hat for other proper investments some of the institutional investors evinced interest in the Treasury Bills during the week under review.

The tender limit for the forthcoming week has been kept unaltered at Rs. 2 crores. The Returns of the Reserve Bank of India for the week ended 31st August, 1945 shows decrease of 4.14 crores of rupees in circulation, while total notes issued show an increase of 61 lakhs. Notes held in the Banking Department are up this week by Rs. 6.86 crores, while last week they were down by Rs. 4.16 crores. Central Government deposits show an increase to Rs. 16 crores which must be attributed chiefly to the payments made by His Majesty's Government as reflected by the increase of 11 crores. Bills payable have gone up by Rs. 60 lakhs and other liabilities show an increase of Rs. 2.01 crores.

The Scheduled Banks' statement for the week ended 31s August shows that demand liabilities in India have increased by Rs. 53 crores. Balances with the Reserve Bank show an increase of Rs. 3.75 crores. Advances in India have declined sharply by Rs. 7.08 crores. Bills discounted have slightly increased by Rs. 8 lakhs ever last week.



Gilt-edged

The undertone of the Gilt-edged market was steadier than last week owing to gold demand for both long-term loans. 3½ per cent. Paper received a number of enquiries from institutional investors. On Wednesday 5th September paper touched Rs. 101.13.6, an increase of 3as., but owing to profit-taking it receded and closed at Rs. 101.10. 3 per cent. non-terminable paper recorded a remarkable rise over Rs. 2 to close at Rs. 97. This rise is stated to have been due to substantial short-covering. The dated loans were firm during the first half of the week but closed a shade easier. 3 per cent. 19 51|54 loan was done at Rs. 101.10. 3 per cent. 1957 First Vicory loan was quoted at Rs. 100.6 and the second Victory loan 1959|61, at Rs. 99.14, showing an improvement of 2as. over the week.

The outstanding feature of the gilt-edged market was the floatation of loans by three Provinciial Governments, namely Madras, U.P., the Punjab, to the tune of Rs. 8½ crores. Last year six Provincial Governments raised loans to an aggregate value of Rs. 18.28 crores. The noteworthy feature of the current years' provincial loans is the uniformity in the price. Last year, Bombay, Madras and C. P. were able to float their loans at Rs. 100, while the Punjab Sind U.P. could do so only at Rs. 99.8. The provincial loans are generally negotiated, the Reserve Bank inviting tenders. Tenders were invited and Underwriters quoted Rs. 100 for Madras loan. As the applications at this rate did not cover the entire requirements of the Madras Government, the Reserve Bank fixed the issue price at the uniformity rate of 99.8. Last year the Provincial Governments borrowed money to return their debts to the Central Government, but this year the Punjab and Madras are borrowing money for productive post-war re-construction work, while the U.P. is doing so far returning its last instalment due to the Central Government.

Bullion

Since Monday last (September 3) the bullion market has worked only for one day partly due to domestic circumstances and partly due to public holidays during the week. There was a strike in the Exchange by the clerks as a protest against continuation of trading beyond the official hours. The strike lasted for three days. Tuesday was a public holiday. On Wednesday night the strike was settled and market opened on Thursday. Friday was again a public holiday.

Only the gold section was opened on Thursday. There were heavy arrivals, about 50,000 tolas, from upcountry during the first three days of the week. Hence gold opened rather weak at Rs. 71-8 and eased to Rs. 71-2. At this level there was good support from public and the price improved and closed on Thursday at Rs. 72-4.

Total stocks are estimated at 1,50,000 tolas. The daily average offtake has been affected by the holidays and is estimated at 15,000.

There were no transactions in the silver market. The decision of the Exchange authorities abolishing penalty proved a check on speculators as buyers had

been extended the option to auction the contract whenever the delivery was not effected. Ready silver was quoted at Rs. 121 and met with good demand at lower levels. Arrivals from up-country were comparatively very small. Total silver stocks are estimated at 45,000 bars and the daily average offtake at 60 bars. Future trading in silver will commence during the coming week.

The Stock Exchange

A holiday mood prevailed in the Bombay Stock Exchange. Two holidays during the week under review and another two during the coming week induced the operators to take things easy.

The market opened steady but prices declined on Wednesday. Speculators and jobbers entered the field and most of the scrips recovered to last week's closing level due to speculative buying.

Tata Iron and Steel as usual assumed command. Opening at Rs. 2,265 prices tapered off to Rs. 2,247-8. On Thursday forenoon the lowest level of the week Rs. 2,241-8 was touched when there was an orgy of buying. Prices went up again and closed at Rs. 2,265. Ordinaries likewise moved between Rs. 422 and Rs. 418-8 but closed at Rs. 425.

Bombay Dyeings opened at Rs. 1,957-8. They were done up to Rs. 1,971-8 and then came down to Rs. 1,948-12. Later they closed at Rs. 1957-8. Variations in Kohinoors too ranged beween Rs. 595 and Rs. 600 and closed at Rs. 595 after touching the lowest level of the week Rs. 591. Colabas were on the upward grade and closed at Rs. 235-8, registering a rise of 12 points. Swadeshis were in good demand which gained five rupees and closed at Rs. 547. Sholapurs were quoted Rs. 800 lower at Rs. 7,000 owing to anticipations of lower dividend.

In the hydro-electric section, Tata Powers and Andhra Valley lost a few points owing to lower dividends declared. Tata Powers came down from Rs. 1,865 to Rs. 1,800 but next day prices again recovered and closed at Rs. 1,840. Andhra Valleys closed at Rs. 1,812-8, ten points lower than previous closing. Trams remained steady at Rs. 147.

In the miscellaneous section Associated Cements gained four rupees and closed at Rs. 214-8. Bombay Burmas received a spate of enquiries and improved by Rs. 27-8 to close at Rs. 577-8. Scindias witnessed very narrow fluctuations and closed at Rs. 36-6.

Stock Exchange Irregular

CALCUTTA, Sept. 10, 1945.

THE Calcutta Stock Exchange has been rather irregular in the past week with business passing on a very restricted scale. The irregular tone of the markets was due to the complete absence of outside support and the usual tapering off in business with the approach of the holidays. Investors seem to have a feeling that post-war planning might not be vigorous for sometime and that with the talks about retrenchment in the various departments earnings of industrial units might decline. But, on the other hand, there is some hope of tax relief. It may, therefore, be that before the Puja holidays there will occur no large fluctuations in prices and business will continue on a restricted scale.

The feature of the week is the announcement of the terms of the provincial loans. For sometime it was known that the three Provincial Governments of Madras, the Punjab and the U.P. would be coming on the market for loans aggregating Rs. 8.5 crores. It was also known that the loans would carry interest at 3 per cent. and that they would be repayable at par in 1960. The issue price of all loans is at half discount. The lists open on September 12 and will remain open for three days. The U.P. is raising the loan for repayment of part of the dues to the Centre under the Niemeyar Award while the other Governments are asking for the loan amounts for productive expenditure. Prior to the announcement there was a firming up in prices in the gilt-edged securities section on official support but the expectations of the rather favourable terms of the loan from the point of view of the borrower led to buying of some near-dated issues in the early days of the week so that the Reserve Bank has been able to dispose of some of the holdings purchased earlier from the market. Money conditions are extremely easy and greater interest is shown in treasury bills. Three and a half per cent. Paper was steady at Rs. 101-12 while among terminable loans 3 per cent. Victory Loan quoted Rs. 100-7, 3 per cent. 1966-68 Rs. 98-6 and 3 per cent. Development Loan Rs. 97-2.

The coal section was inclined to be easier earlier in the period with Burrakur noted lower at Rs. 43-2 and South Karanpura at Rs. 35-12. But buying by prominent operators has resulted in a sharp rise in the quotation for South Karanpura to Rs. 36-12. Expectations regarding a good dividend by Burrakur also resulted in a rise to Rs. 43-12 from Rs. 43-2. Central India and Western Bengal resisted selling pressure while Equitable were steady at Rs. 72. New Beerbhoom came down to Rs. 47-6 but recovered to Rs. 48.

Curiously enough, there has not been much activity in the jute section and business has been very restricted. While on the strength of the jute manufactures market and the reports that coal supplies had improved considerably there should have been a rise in prices, quotations have been fluctuating within narrow limits with Howrah marked at one time as low as Rs. 92. There has been a recovery to Rs. 92-12 but some of the shares are lower on balance, Nudea being Rs. 137, National Rs. 35-8 and Reliance Rs. 83-8. If the present rate of coal supplies is maintained and if the expectations of mills to be able to market all their production at around maximum prices are realized, mills would be able to make large profits.

In the engineering section Indian Irons and Steel Corporations have been fluctuating in narrow limits. There is a tendency to await the dividend announcement of the Indian Iron and Steel Company. Even though with the maintenance of the divideds by both the Steel Corporation of Bengal and the Tata Iron and Steel Company, it should be said that there is no reason to expect a cut in the dividend of Indian Iron, a certain element of uncertainty has been introduced by the increased interim dividend and the reports spread out by interested quarters that the final dividend will not be more than one rupee. A slight reduction in the total distribution is expected by a few but the market will not be surprised if the final dividend is one rupee and two annas per share to make the total distribution for the year ended March, 1945, one rupee and twelve annas per share—the same as for the previous accounting period.

There is nothing of importance in the sugar section, though it should be said that there was some enquiry for Cawnpore in expectation of the dividend distribution. In the tea section there was slightly more enquiry and values have been fully maintained.

The important development in the miscellaneous section is the announcement of an agreement between the Calcutta Electric Supply Corporation Limited and the Bengal Government. The controversy between the Calcutta Corporation and the Bengal Government on the one hand, and the C.E.S.C., on the other hand, has thus ended. That the Bengal Government has succeeded in its effort in spite of the unhelpful attitude of the Central Government speaks well of the sincerity of the Provincial Government authorities. The terms of the agreement have not yet been announced but it is believed that the purchase price would be substantially lower than the figure prescribed in the agreement and that the settlement will be fair to both parties. It is stated that the Corporation will be taken over at an early date. So far the market has not been affected by the news of this agreement. The quotation is around Rs. 45. Calcutta Trams, on the other hand, is higher at Rs. 55 cum-dividend. It is said that when the C.E.S.C. is to be taken over every effort would be made to acquire the C.T.C. as well before the end of the year. Midnapore Zemindary Company has paid a dividend of eight per cent. and a bonus of two per cent. -- the same as for the previous year. The imposition of the Bengal agricultural income-tax has prevented any increase in the distribution, even though there was an increase in earnings.

The raw jute market has been quietly steady with mills taking only small interest. The improvement in the coal situation and the expectations of more orders have kept the market steady. Sellers, however, are anxious for business for near positions as imports are coming in larger quantities. Mills will have to buy on a larger scale than at present if they want to execute their orders fully and want to be useful to the ryot. In the loose jute section Supervised Jat Middles and Bottoms sold on the basis of Rs. 15-4 and Rs. 12-4 per maund with District Tossa Middles and Bottoms at the same prices.

In the jute manufactures market steady conditions have prevailed in spite of the reports that steam-driven mills had been able to resume production. Mills were not sellers below maximum rates and the market would seem to be expecting orders especially for sacking.

In the heavy goods section steady conditions have prevailed with B Twills quoting Rs. 66-12 for ready and Rs. 64 for October|December shipment. Business has been mostly on account of inter-bazar operators.

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THE BUSINESS WORLD

TANNING MATERIALS

TANNING is a very old industry in this country, but even a cursory review would reveal the almost thoroughly unorganized state in which it continues to be. Two wars have come and gone and they brought with them special impetus for setting the industry on a proper footing especially with reference to the procurement of the vegetable tanning materials in which a thorough survey would show that India is not deficient.

Tanning of hides and skins is the foremost industry of Madras Presidency and quite a considerable capital is sunk in it affording employment to thousands of men and women. Avaram (*Cassia auriculata*) is by far the most important of the tanning materials used in this presidency and it grows almost in every district but specially in the Anantpur, Bellary, Chittoor, Nellore, Kurnool and Cuddapah. But during the last war and the present war there has been a switch over to wattle bark largely imported from South Africa mainly due to the fact that the indigenous stuff was in short supply for the increased demand. The tannin content of the avaram bark is generally accepted to be 18 per cent. and non-tannin 10 per cent. The tannin content is often said to increase with the age of the tree but this is not borne by all analysis so far made. It is however, derived from the available data that the size of the twigs from which comes the bark is of great importance and that twigs of over lead-pencil size are the best. Avaram is collected by coppicing the wild bushes, generally from November to May. The avaram tracts are generally far removed from the inhabited villages and the unscientific basis of the trade is that the bark merchants are generally interested only in the outturn of bark rather than the tannin content and so harvest it once a year. The lack of any simple machinery to do the stripping is felt. Such a machine would be of immense use in preserving the bark for its tannin content and the rest of the tree for the use of the agriculturists, especially the leaves and the twigs for bedding and manure. The avaram bark has to be stripped soon after the felling for otherwise the bark dries up and sticks up to the wood so that it becomes impossible to remove it. The sticks are generally brought to the home in the evening and the women in the house strip off the bark during the day. There is also no preparation for market and the bark is sent to the tanner whose interest it is to remove the dirt and dust and then crush it.. If it could be made possible to crush the bark before being dispatched there would be a good deal of saving of space in the railway wagons and also saving of one or two annas per lb. in the price. Improved methods of packing and marketing, especially Government marking of approved consignments will ease the difficult problem of procurement. The leather making properties of avaram are exceptional. The leather is tough and almost untearable. The leather, however, takes a red colour on being exposed to sun. But this defect is successfully removed by completing the tanning with myrobalans which are also locally available in the province. But the imported wattle bark is now being used in place of avaram and quite many tanners seem to have a considered preference for the former. But wattle does not really make such a suitable tannage as avaram and improvement in the marketing of avaram will definitely show the better tanning properties of avaram. The displacement of avaram by wattle bark is almost complete in the case of hides though so far as the light coloured skins are concerned avaram maintains its position.

One main difficulty with avaram as well as any other tanning material in India is that there is no centralised planned growing. The lack of a proper indigenous substitute and the inadequate supplies have caused some plantation experiments to be undertaken. The cost of the avaram is ruled wholly by the costs of collection of the product from the wastelands where it grows often densely with no expenditure. If plantation is to be tried it must be possible for the product to bear the costs of labour, supervision, etc. Further it is to be realized that avaram trees are useful only for their bark, for the plants have to be cut comparatively early to obtain the maximum utilization. So long as wattle is available it is considered that growing of avaram in plantation system will be an economic waste. But a more practical suggestion would be the subsidization of the collection of the scattered wild avaram. Though the Indian Tanning Industry in its present dimensions cannot completely do away with the South African wattle bark, the predominance of place it has recently gained can however be held in check.

Babul (Acacia arabica) is cultivated or self-grown in the drier parts, but is plentiful in Sind, the United Provinces and the Central Provinces. Both the babul bark and pod have been in use for tanning. The bark is generally accepted to have a tannin content of 12 per cent. and with improvement in collection may be made to show 18 per cent. There is an unsettled dispute as to whether young or older trees give barks having better tannin content. But it is now generally recognized that the important factor determining the variations is really the bark thickness as in the case of many other barks also but this point is also yet to be investigated in India. The longest plantations of babul are in Sind. The babul bark is usually a by-product of firewood, the bark being stripped wherever trees are felled for firewood. The marketing process is primitive her also, the trees being merely cut into small pieces and packed without any grading with regard to colour, size, or thickness. The difficulties of colour, crack and tearing of leather, generally suggested as defect of leather tanned with babul have been largely overcome. Wattle is the chief rival for this containing over three times of tannin. Here again improvement lies in the field of collection, marketing, etc. The chief use of babul is, however, for the heavier leathers for which it is very good indeed. And for soft light coloured leather babul and myrobalans may be used together. Babul continues to be the predominant tanning material in Northern India. The difficulties of shortage have, however, made it necessary to substitute wattle for babul, especially in the controlled tanneries in Cawnpore. It is estimated that even for the peace time requirements of the industry, the maximum available indigenous supply will not be sufficeint. The planting of ravine lands with babul trees was suggested long ago and the work is being taken in hand only now by the Forest Department. Since the bark is a by-product of timber or firewood cheap supply can be maintained with better organisation of marketing. There is a suggestion that the contractors who are directed to dispose off the timber in a specified manner should also be directed to dispose off the bark similarly.

The babul pods are also used or tanning and it is now known that the ripe pod picked up under the tree show a greater tannin content than the pod collected green. The main reason for the use of the pod is that it imparts a beautiful colour to the leather and is also often used in dyeing along with other materials. But the chief use for the babul pods is for cattle fodder and its use for tanning is reduced to very modest proportions on account of high proportion of non-tannins.

Myrobalan is found in the greater part of India in mixed deciduons forests and ascands to elevations up to even 6,000 ft. The average tannin content is 33 per cent. The bark contains much tannin but the tree is more valuable for its fruit and the removal of bark destroys the tree. As regards the fruit it is found the ripe fruits contain the largest portion of tannin. It is also found by investigations that fruits collected in January generally show greater tannin content that those collected in March. It is not however decisive to say that the fruits are ripe in January. Research has still scope in analysing the tannin content at various stages of growth and at different places. The dependence of the variation in the tannin content of the whole fruit on the relative size of its stone is also yet to be verified. Collection of the fruits is done by leasing the righ tto a contractor for a season over an area. Drying of the fruits is most important after collection and often the contractors have one or two temporary sheds to keep the material safe from sudden rains. The myrobalans are graded according to the place wherefrom they come. Myrobalan from Salem, in South India is the best in India on account of its high tannin content and colour. Myrobalans are more useful in tanning in mixture with other materials especially for their fermentative, acid forming power which causes satisfactory plumping of the leather. They also impart a certain mellowness to the leather. Myrobalan extract is the only extract made in India Research and Selection have scope in this field for the extract that is now made is not as good as can be made. Most of the extract is however exported to South Africa, Australia, etc. Lack of standardization has meant the loss of the American market.

Wattle (Acacia) grows in a number of species which are indigenous to Australia and have been introduced elsewhere, especially in South Africa. The only species that has been fairly successful in India is the Black wattle planting in Nilgiris tea estates. Another variety is also being grown in this region. If successful results are obtained it may well pave the way for a complete independence from imports of black wattle from South Africa. The imported wattle contains 33 to 35 per cent. of tannin and trials and analyses so far conducted with the home grown stuff shows that it has the same average value as it reaches the tanner. Work is still in an experimental stage and the best sites and methods of planting are not fully known. Wattle makes a good blend with acid-producing tanning materials, such as myrobalans. Wattle leather is also firm and durable. The value of wattle as a tanning material especially lies in its combination of astringency with a fairly high rate of diffusion. The weight producing qualities of wattle are however not anything appreciable. The possibility of extraction in India cannot be decided as yet until substantial success crowns the present plantation attempts.

It cannot be forgotten that it is the importation of the wattle that has now been mainly responsible for the expansion of the tanning industry and trade. Though our own indigenous materials may be good as far as they go. wattle is a very valuable tanning material and if plantation is properly looked after and proper marketing organization is ensured from the beginning the dependence on imports can be wiped out. The attempts at plantation of the indigenous vegetable tanning materials have not been successful for often economic reasons. Hence the importance of naturalizing the wattle in India.

NOTES

THE WOOLLEN INDUSTRY

The woollen industry is reported to be pressing for 'decontrol'. It is one of the few consumer goods industries, which have come in for a strict measure of control over production and prices. Till recently, the Government have been taking the entire output for the Defence Services at prices determined on a cost plus profit basis. Spokesmen of the industry hold the view that the transition to peace production will be held up and even prejudiced if the Government do not remove the control and set the industry free to prepare and push through post-war plans. These plans are already said to be more than half-formed. War experience has convinced the manufacturers that they can expand production to cover a wide range of woollens, which were formerly thought to be beyond the resources of local mills. With industrial disorganization in post-war Japan, domestic demand for hosiery and the cheaper kinds of woollen textiles will provide a profitable market for existing as well as new units in India. In fact, three new mills may be established in the near future. The Birlas, the Singhanias and the Sassoons are reported to be each having a new mill up their sleeves. Schemes in the interests of the industry as a whole are also being canvassed. The British India Corporation, who have two well-known woollen mills at Cawnpore and Dhariwal, are said to be taking the lead in the establishment of a permanent statistical and research organization in Bombay to serve the needs of all the units in the industry. .

WORLD COTTON PRICE

An international cotton conference is meeting some time this month at Washington. All the principal producers and buyers will be represented—India, U.S.A., Egypt, Britain, France and Brazil. British textile manufactures seem to be feeling nervous. A *Globe* report has it that they are feeling so nervous as if their future is at stake. The Americans are reported to be anxious to fix a world-wide cotton price. It is to be expected that our representatives will press effectively for our varieties to enjoy the benefits of a stable world price. There is a reasonable fear that we may be excluded by some clever trick. Now that Japan ceases to be a buyer of our cotton, we have got to find markets elsewhere. It is, therefore, essential that we should be strongly represented. It should not happen, as it occurred at the world sugar conference, that our representative willingly agreed to the exclusion of India from the sugar export market.

CAPITAL ISSUES CONTROL.

Since its inception in the middle of 1943 till the first quarter of 1945 3,381 applications out of about 4.414 received for capital issues were approved, involving a capital expenditure of Rs. 120,80,00.000. Of the applications granted 2.919 were for industrial issues and 462 for non-industrial purposes. Industrial issues related

mainly to cotton textile, iron and steel and engineering, chemicals, drugs and stationery, soaps and vegetable oils, leather goods, timber, public utilities, transport and film while non-industrial issues comprised agricultural, financial, trade, transport and other services. These issues were further classified under two classes, immediate and long-term, the criterion for this classification being whether or no a particular scheme could be put into operation during the war itself. Schemes which would normally require the import of machinery which, due to the shipping shortage, was not possible, were treated as long-term. Out of 96 applications for long-term industrial issues only two were rejected. Capital issues amounting to Rs. 45,30,00,000 was permitted for the purpose while 452 non-industrial applications were allowed as immediate and involved a total capital of Rs. 18,70,00,000 while ten were granted as long-range projects involving a capital of Rs. 420,00,000. 362 of the approved applications for immediate industrial schemes were for initial issues by new companies while 502 were for applications for further issues by old companies and the capital involved amounted to Rs. 16,10,00,000 and Rs. 20 50,00,000 respectively. Chemicals, engineering ventures of all kinds, spinning and weaving, mining and quarrying, sugar factories and breweries were some of the industries for which consent orders covering a total exceeding Rs. 1,00,00,000 by way of initial and further issues were passed.

THE TATA IRON & STEEL CO. LTD.

Behind the facade of progress in purely monetary terms indicated in the directors' report and accounts of the Tata Iron & Steel Co. Ltd., for the year ended 31st March 1945 lies a story of difficulties and set-backs which should be properly appreciated. It seems pity that the Government have not thought fit to allow the publication of statistics of output though the war has ended. From the standpoint of the industry and of the country, the figures of production are invested with far more importance than the figures of earnings. For, the fact remains that production could not be maintained at the peak level of 1942-43 neither last year nor the year under review owing to a number of factors with which the management contended in heroic fashion. The chief among these is, of course, the acute shortage of coal, particularly of good cooking coal. It is more than likely that the fall in production during the year was as much as 10 per cent. The sale proceeds in 1945 were Rs. 20,95 crores as against Rs. 204 crores in 1944. The increase, despite the fall in production, has its explanation in the facts that the Government's purchase price was raised and that the company drew upon its previous stocks which had been valued on a conservative basis. Actually, total sales should have made an even more impressive showing but for the extension of price control to the steel supplied for the civil purposes with effect from July, 1944. The total working expenses were, however lower at Rs. 12.8 crores as against Rs. 13.2 crores in 1944. This decline is derived mainly from the lower War Risks insurance from Rs. 53.29 lakhs to Rs. 28.21 lakhs. Wages and salaries were also slightly lower to the tune of Rs. 3 lakhs. In the result, the gross profit in 1945 is higher at Rs. 4.47 crores as against Rs. 4.44 crores in 1944. The increase in the profit has been utilized to raise the allocation to reserve from Rs. 57 lakhs to Rs. 85 lakhs and to increase the amount set aside for depreciation from Rs. 120 lakhs to Rs. 125 lakhs The bonus to employees, in according with the profit sharing scheme, is naturally higher at Rs. 50 lakhs as against Rs. 44.50 lakhs last year. The carry forward is larger at Rs. 11 lakhs as against Rs. 8.58 lakhs last year. The amount distributed to shareholders is unchanged at Rs. 2 crores being on the same basis as last year. The gross block has risen to Rs. 34.21 crores from Rs. 32.74 crores as a result of the installation of a structural galvanising plant for work of the Post and Telegraph Department. The wheel, tyre and axle plant has also been expanded by the addition of new boring mills and lathes. A new boiler and generator are the additional items of machinery, all of which have increased the block by Rs. 1.48 crores. The highlights of the balance sheet are the keeping of the cost of production low and the efficiency high. The company should do much better in the current year since the coal supply may improve and since its subsidiaries, the Tata Locomotive and Engineering Co. and the West Bokaro Ltd., will help to absorb the manufactures. The import control may be lifted, but that should have no terrors for the Company which is really strong enough to withstand the keenest competition from abroad. The Company is in need of additional capital and the hold-up of the scheme for the conversion of the Deferred shares into Ordinary shares is really unfortunate.

WAR RISK INSURANCE SCHEMES

The Government of India has announced the termination of the War Risks Insurance Scheme as it applied to factories from 1st September. The scheme as it affects goods will also terminate on the 1st of October. Suitable ordinances will be issued. The premiums falling due for the current instalment will be recovered as the schemes lapse in any case before the 1st October. The obligations under the above scheme will however have to be met for those who had defaulted on their liability under the Acts. The defaulters will be dealt with by suitable personnel appointed for the purpose. The repeal should afford substantial relief to the business communities. For Instance a Company like the Tata Iron & Steel Co. paid Rs. 53.3 lakhs as premium in 1943-44 and Rs. 28.2 lakhs in 1944-45. The next question is the disposal of the premium received by Government under the schemes. The figures make interesting reading. For the period 1st October 1940 to 30th September 1942, the premiums amounted to Rs. 17.1 crores while the claims met till March 1945 amounted to Rs. 4 lakhs only. Similarly under the factory scheme for the period 1st June 1942 to 1st December 1944, the premium collected amounted to Rs. 19.26 crores while claims paid upto March 1945 were only Rs. 2.6 lakhs. The final figures in these funds should be still larger. In fact on insurer's estimate of the total funds available to Government under both schemes, after discharging its obligations, is Rs. 35 crores.

JUTE PROSPECTS.

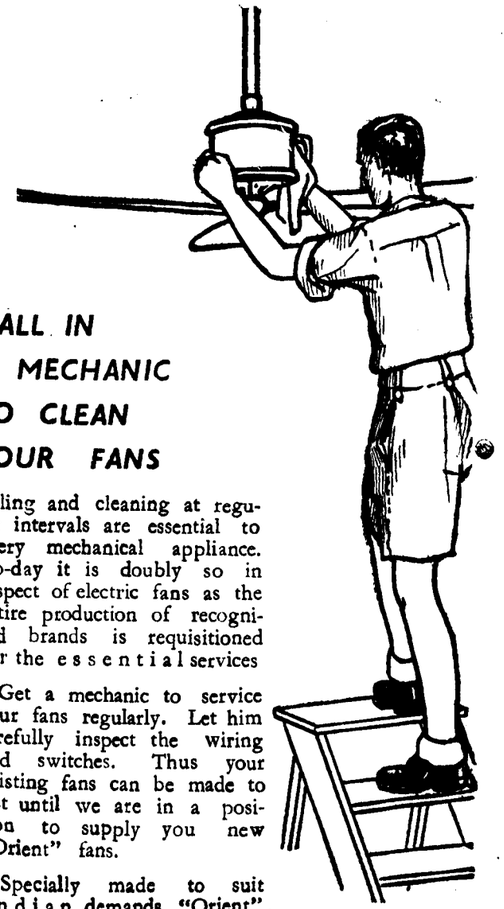
The war hit raw jute exports hard. Prior to it India used to export, on an average, some 40 lakh bales per year. 53.2 per cent. of these went to the countries that were ranged as enemies in the war with the result that exports of raw jute inevitably suffered a catastrophic fall. The position, in regard to jute manufactures was better. The loss in exports amounted to 20.7 per cent. and America came to its rescue. Indeed, but for the bottle neck in respect of shipping space and the shortage of coal which prevented the Indian jute mills from maximising their output exports might have been expected to rise. What are the prospects for the future now that the war is over? England has so far been the chief purchaser of raw jute. There is a general labour shortage in the U.K. but it is reported that the labour force in the Dundee jute mills has increased in recent months. Besides Dundee manufacturers are anxious to win back their old trade and for that purpose are contemplating the execution of a renewal and re-equipment programme. Demand for raw jute from the U.K. may, therefore, increase. But the demand from the European continent is expected to recover only slowly, for the working of continental jute mills may not due to the

coal famine be resumed very soon. But after a few months, however, the situation may be expected to improve and the demand for raw jute may expand. It may be questioned here how far it is advisable to expand raw jute exports. Will the country not be better advised to augment its own jute manufactures? It is quite reasonable to assume that her manufactures will find a ready market in the Middle East where, as agricultural development takes place, the demand for bags, etc., is bound to rise appreciably. Moreover, the internal market itself may be expected to absorb a substantial proportion of our jute manufactures.

WORLD OIL CO-OPERATIVE ORGANISATION.

A proposal that the United Nations organization should set up a World Oil Commission to distribute the world oil supply to all nations on an equitable basis will be placed for discussion at the International Co-operative Alliance Conference which opens at London next week. A world wide oil co-operative organization is envisaged to act as the agent for member organizations to obtain petroleum and sell it to members at the prevailing prices in the area. It is suggested that the sales will be effected on the co-operative principle and that the profits earned are to be returned to the members in proportion to their purchases. Democratic organization is to be ensured through the principle: one member, one vote. There is also a long term development plan attached to the proposal, namely that the proposed organization would eventually operate its own oil fields, refinieries, and tankers, and sell oil on a non-profit basis.

The development of such a co-operative enterprise among many nations may be welcome but its utility cannot be guaranteed from the beginning. The several international commercial organization have generally restricted themselves within sphere of production limits and they are competitive organizations. Since most of the oil resources of the world are in the hands of the Allied countries, the suggestion may be looked upon as practicable but in the field of international politics the stability of such apparently beneficial regulations, especially when the war emergency is over, is extremely doubtful.



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(Sd.) F. M. INNES,
Chief Controller of Imports

BOOK REVIEW

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FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT:

Madras Letter

MADRAS, Sept. 9, 1945.

THE Government adhere to their decision in favour of State ownership as the ultimate aim of their policy," states a communique issued by the Madras Government setting out their policy regarding the development of public passenger motor transport. However, it is stated in the communique that it has been difficult to take any far-reaching steps towards this ultimate objective due to shortage of vehicles and trained personnel and the possibility of an elected Government coming into office which will have the right to take a decision on this important question. Therefore, in order to improve the present transport services certain interim measures are being taken. According to them, new permits for new routes or for new services on existing routes will be granted only to operating concerns owning at least twenty buses and having facilities for their repair and maintenance. Small owners have been urged to amalgamate before the close of the year. The communique adds: A well organized road transport system is of paramount interest to the Provincial Government and the co-ordination of road and rail passenger services is of not less interest to the Central Government of which the railways are now a department. The Central Government propose to prevent wasteful competition between road and rail services by forming with existing operators joint road-rail companies to run bus services on roads which are parallel to or act as a feeder to a railway. The Madras Government have agreed to the promotion of such companies and will be a partner in them normally taking a share equal to that of the Central Government.

Sterling Balances

Addressing the study circle of the Servants of India Society, Mr T. T. Krishnamachari, M.L.A., said that it was only in Britain's prosperity and in her capacity to rise up as a first rate power in the post-war period lay India realizing her sterling balances. When Britain herself finds it difficult to get facilities in America, it might be difficult for India to get her requirements from America, attached as she was to the United Kingdom. Besides, it was profitable to buy goods in Britain if that was possible as prices were likely to be higher in the U.S.A. The suggestion that with American intervention India might realize her sterling balances since America was interested in building up her trade with India was of doubtful value as America had larger interests in China. Mr Krishnamachari regretted the lopsided nature of post-war planning in India and pleaded that industrialists should get together and draw up a plan of requirements in the various spheres. More than anything else he stressed the urgent need for a National Government at the centre. It was only such a Government that can negotiate successfully with the British Government on this question of India realizing her sterling assets.

Wartime Controls

The need for the relaxation of the war-time controls and resumption of normal trade has been urged by various commercial bodies and conferences held in various parts of the province. While some would prefer the immediate withdrawal of all controls, the more practical view has been that the relaxation should be governed by the speed with which the scarcity in regard to several commodities and goods could be made to disappear. It is urged that Government should regulate their price control policy so as to induce an early recession of prices as the country's economy would not be assisted by attempts to peg wages and prices on their present levels. Any executive policy to stabilize price levels, it has been pointed out, would result in the country losing its competitive power in international trade and also in serious difficulties in the post-war adjustment of exchange parties.

Taxation Of Agricultural Incomes

The Madras Government have decided not to proceed with the further stages of the bill to levy a tax on agricultural incomes in this Province. It is stated that this decision has been taken due to the confused political situation and the uncertainty as to how long Section 93 regime would continue in the Provnice. The official view is therefore that it should be left to any new Government that will take up office. It may be remembered that the bill was published for eliciting public opinion in March last and evoked opposition from all quarters. The present decision of the Government has been generally welcomed.

Collective Farming In Hyderabad

Plans for collective farming and introducing tractor cultivation have been approved by the Hyderabad State Government. For the purpose of collective farming, it is stated that agricultural lands will be divided into plots of hundred acres each and cultivators will work on these lands under the supervisoin of the Agricultural Department. A beginning is to be made with tractor ploughing in Karnatak region. It is understood that orders have been placed for thirty tractors to take the place of the plough and bullocks. Five of the tractors are expected by the end of the year and the remainder next year. Each tractor is estimated to cost Rs. 25,000.

The Stock Exchange

Very firm conditions prevailed in the Government Securities market. 3½% Paper was steady at Rs. 101-11. As had already been anticipated, the announcement regarding the Provincial Loans was published this week. The 3% Madras Loan 1960 is for Rs. 3 crores out of which Rs. 280 lakhs are offered to the public, the balance being taken by the Government. The issue price is Rs. 99-8 per cent. After the announcement, Madras Loans experienced some selling and the quotations of all the six three per cent. loans were marked down by two annas. There was continued support for textile shares. Bangalore Woollens and Buckinghams were firm with few sellers at Rs. 500 and Rs. 345 respectively. Mettur Industries rose sharply to Rs. 260 on special buying. Pankajas were quoting higher at Rs. 270. In the planting section, buying was still confined to old established companies and those that have provided substantial amounts for agricultural income tax. Cochin Malabars were higher at Rs. 18. Travancore Rubbers declined on up-country selling to Rs. 19. Malankars were neglected at Rs. 86. In the tea and coffee group, Peermades, Periakaramalais and Kalasas were actively supported as also Consolidated Coffees and O. Valleys. In the Miscellaneous section, the Mysore group was again easy with no buying support. Kirlampudis were bought upto Rs. 112. Andhra Cements continued firm at Rs. 123-8. Mettur Chemicals were keenly bought and the quotation rose to Rs. 15-12. Bruntons encountered selling and declined to Rs. 10-10 c.d. on lower dividend.

Bombay Letter

BOMBAY, Sept. 8, 1945.

A survey recently carried out reveals the unemployment prospects created by the end of the war. In Bombay City alone, there are 200,000 individuals engaged in war work of one kind or another and the number in the Province is several times greater. Practically all of them are now facing the almost immediate prospects of discharge from their jobs with little or no hope of finding work for several months. Plans here, as everywhere else, had been under way, but before they barely got beyond the paper stage. the war suddenly ended. It will take sometime to give them practical shape and still more before they can be put into effect. The successful solution of this grave problem depends almost entirely upon the speed with which post-war plans for economic, industrial and agricultural development are brought to realization by Government, industrialists and large-scale employers.

The only machinery in existance at the moment in Bombay consists of the office of Director of Re-settlement and Employment and the office of Regional Employment Exchange. Mr Temple, the Manager of the Exchange, states that he very soon expects a steady rise in the registration chart and a corresponding fall in employment. The closing of the Tata Aircraft Factories at Poona and Santa Cruz has already put out of work 2,700 specialized technical workers who cannot be absorbed in any other industry. There are nearly 50,000 men engaged in different Ordinance Factories and Depots in the Province and they are about to be discharged. The engineering industry which includes motor and railway workshops and other similar establishments engaged in direct war work will throw out of work several thousands of skilled and semi-skilled technicians Timber Depots, Saw-mills, clothing factories, dockyards and other large and small establishments engaged in direct war work for various military needs will disgorge an equally large number of workers including even some of the Bevin Trainees. The unemployment however, will not affect the textile industry. The R.I.N., will release about 10,000 seamen who are likely to remain unemployed for months, if not years. Large numbers of Indian seamen here employed on ships owned by other countries have no chance of being taken back on their jobs unless India develops a shipping of her own which is unlikely. The Employment Exchange which sought the help of shipping companies was told that the R.I.N. men have no chance because there are thousands of experienced seamen already on the waiting list. The Manager of the Employment Exchange stated that there have been instances of applicants being sent back as many as five times by employers because they were not willing to accept the terms offered to them. Invariably they came back to the Employment Exchange in the end ready and willing to accept any job on any terms. The task is to classify thousands of technicians according to their trades and to fit them into categories required by employers; to induce employers to give preference to persons going through the Exchange and to persuade them to take jobs against their choice. Added to this, there are about 12,000 clerks and assistants who will be discharged from the Textile Directorate, the Supply Department, etc. Undoubtedly, some of them will find jobs in the Post-war Reconstruction and Development Departments, but their turn will come only after the men discharged from the Services have been absorbed.

Black Market In Cloth

Disclosures made of the black market in cloth have led to certain localities being cleaned up by the police. Mostly, it is through hawkers that a brisk trade is carried on in cloth openly on pavements. Some of these hawkers are even licensed by the Municipality and the hawkers say that they are not troubled by anybody because they have a municipal licence. Some of the hawkers buy a pair of dhoties stamped at Rs. 5 by paying Rs. 2 premium, i.e., Rs. 7, which they sell at Rs. 9 to their customers. Most of these black market customers are from up-country provinces who expect to sell the cloth at twice the rate. Asked by a correspondent as to how he was able to manage to get a particularly attractive array of cloth such as shirtings which could only be obtained now on ration-cards, the reply was that it came from the Mulji Jetha and other markets and he stated that he could get these in any quantity provided black market rates are paid. Asked how the Mulji Jetha market people got these materials which they are supposed to sell only to ration cloth shops, the reply was that the cloth merchants got from the mills who have their own secret sources of supply and the quantity of cloth coming from the mills into black market, according to that hawker, is amazing. When the hawker was asked whether he knew that it was an offence to sell rationed cloth, he replied that it was, but that everyone had to do something for one's living and the police knew that they were a poor lot and always had a soft corner for them. Another gainful trade is in ready-made cloth which offer an extremely profitable investment for the black-market traders.

Cotton

The September contract touched the floor level of Rs. 350 at which Government came out to make purchases. Altogether the Government's survey is found to be somewhat strict with the result that depression in the September contract continues. During the week, the ICC January dropped to the level of Rs. 396, but the cessation of lend-lease coincided with export demand mostly from Spain and to a small extent from the U.K. and this export demand had a toning effect on the market and the ICC January is now back to the level of Rs. 411. Rains all over are good and the quality of the next crop promises to be quite good and the quantity would be larger than last time, owing to the slight increase of acreage in certain parts of the Bombay Presidency and expected better outturn per acre owing to more favourable weather.

As a result of certain efforts made by the East India Cotton Association, the Directors of the Liverpool Cotton Association have decided to include Indian cotton in the new Liverpool contract. The basis of the new contract in Liverpool would be American, Brazilian and Argentinean and among the tenderable varieties will be Indian, Peruvian and Russian. The inclusion of Brazilian and Argentinean in the basis is meant to counteract any disturbance that may arise from subsidies and the like to American cotton. However, the American export subsidies are an emergency measure and they will be abolished in normal course. Hence the inclusion of Brazilian and Argentinean is poor counterbalance for the Americans inasmuch as they are produced in countries which are politically unstable. It is quite possible that on a further consideration of the matter, Liverpool may drop including Brazilian and Argentinean in the basis. Sir Stafford Cripps's statement that the Labour Government does not propose to nationalize the textile industry has created satisfaction in manufacturing circles, but it is well known that the Labour Party has declared itself completely opposed to the functioning of Futures markets generally. Hence, there is considerable uneasiness in Liverpool that Futures trading may not be reopened. In fact, Sir Stafford Cripps omitted to make any reference to the method by which the Government intended to make purchases of cotton in future. At present the Cotton Controller buys cotton in bulk and then distributes it to the mills. When and whether or no this will be modified, is keenly awaited.

Bengal Letter

CALCUTTA, Sept. 9, 1945.

In his address at the second quarterly generally meeting of the Bengal Mill-owners' Association held on 8th September, Mr B. M. Bagri put forward a strong plea for the relaxation of the war-time economic controls. Referring to the problem of post-war re-construction and re-equipment of the textile industry Mr Bagri stated that the burden of war-time taxation has weighed heavily upon the industry, and if the mills were to bear the financial burden of post-war re-construction and re-equipment it was necessary to introduce special measures of relief from taxation in the interest of mills. Our progress, Mr Bagri pointed out, is everywhere restricted because of our dependence on foreign countries for the supply of textile machinery Without delay he urged a strong textile machinery industry should be built up in India in order that we may be able to meet our requirements in respect of textile machineries without depending on any foreign country.

Panel For Heavy Machinery

The first meeting of the panel for heavy machinery and industrial plant constituted by the Department of Planning and Development, Government of India, was held at Calcutta, August 28. There was a full preliminary discussion regarding the necessity and possibility of fostering the growth of a heavy machinery industry in India concurrently with general industrial development..

The question as affecting the different industries, particularly the textile industry, was considered. It was felt that in view of the difficulty of importing capital goods from U.K. and U.S.A. in the years ahead of us, it was all the more essential to establish the manufacture of machinery within the country so as not to be completely dependent on outside sources for our capital goods. The panel decided to issue questionnaires to industrial and engineering association and firms as well as Provincial Governments and Indian States making specific enquiries about the present position and prospects of machine industry.

City's Transport

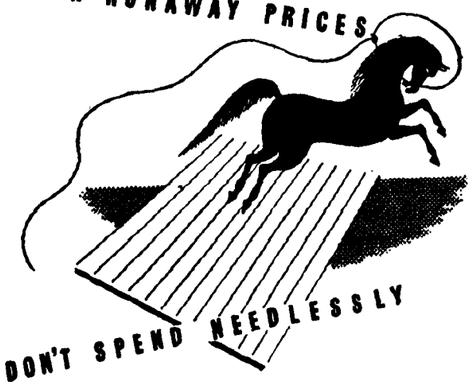
The transport position in Calcutta was one of the major war-time problems. There has hardly been any improvement in this position since the end of the war. The Bengal Government, however, have recently announced that with a view to relieving the existing passenger traffic congestion they are releasing 169 controlled vehicles which are expected to strengthen the bus services on different routes in the city of Calcutta. While on the subject of city's transport, reference may be made to the projected scheme for the establishment of a Transport Board which is expected to institute a co-ordinated control over the transport systems in Calcutta. It may be recalled that it was in December last that the Government of Bengal suggested to the Calcutta Corporation that it would be desirable to form an autonomous Transport Board which would control manage and carry on the administration of tramways, buses and other forms of transport that might come into existence in Calcutta. And this year Government stated that the necessary draft legislation for the establishment of the proposed Board was being worked out. But in the course of a recent letter addressed by the Bengal Government to the Calcutta Corporation, it has been pointed out that in view of the diversity of interests affected by the scheme for setting up a Transport Board there are several complicated matters which require detailed and careful examination. These matters are still under active consideration.

Buy Swadeshi

The need for starting a "Buy Swadeshi" movement was stressed at a conference held by the Indigenous Manufacturers' Association held at Calcutta. It was pointed out that with the end of war many small industries are likely to be hard hit by foreign competition . Government help was necessary for the maintenance and preservation of these industries, but at the same time the people could do their bit in protecting the industries by resolutely adhering to the principle- "Buy Swadeshi."

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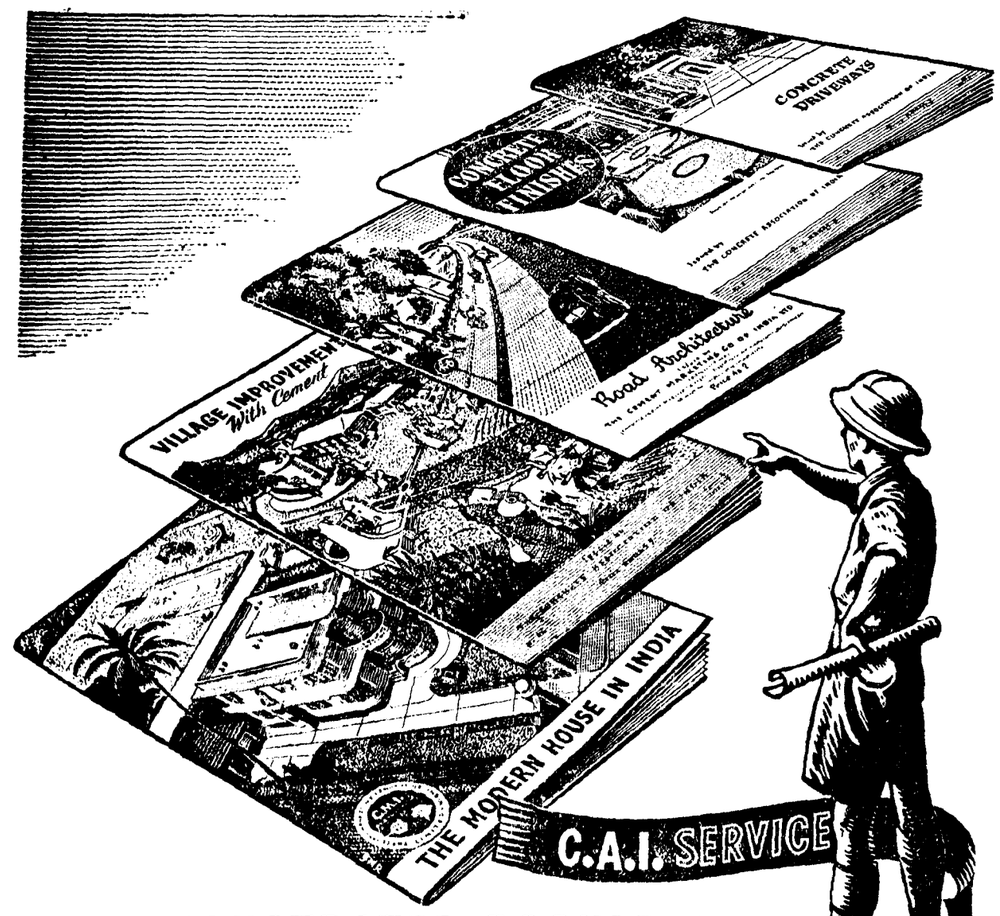
COSTLY RELATIONS



HERE are the loathsome rat, his cousin the rabbit, and that unwelcome relation, the squirrel. What is the connection between them and the British chemical industry? All rodents are the enemies alike of the farmer and fruit grower, the market gardener and merchant. The damage they do has been estimated at many lakhs of rupees a year — and almost all of this is foodstuffs. It is characteristic of rodents that they destroy even more than they devour. Thus rats not only eat the grain in stack and granary; they render an even greater quantity unfit for human consumption by fouling it. Besides eating the eggs and young of birds, squirrels play havoc in orchard and garden, wantonly nipping off fruit or vegetables and laying by stores which they often forget all about. All such pests must be ruthlessly kept down and it is here that the British research chemist and the chemical factory enter, by evolving new and more effective ways of attacking them. To trapping, snaring and shooting have been added methods of chemical warfare. Rats are poisoned by the use of baits containing such chemicals as arsenic, phosphorus, zinc phosphide, barium carbonate and red squill. They can also be gassed with sulphur dioxide or the exhaust gas (carbon monoxide) of car or motor-cycle. For the most humane as well as efficient way of exterminating rodents is by cyanide-gas poisoning. It is also safe and simple — a level tablespoonful of cyanide dust is placed in the entrance to the burrow, which is then sealed with earth. The rodents within are rapidly and painlessly killed. As for the squirrel, the best two methods of settling accounts remain trapping and shooting. But in the total war against rodent pests, chemical warfare is most effective.

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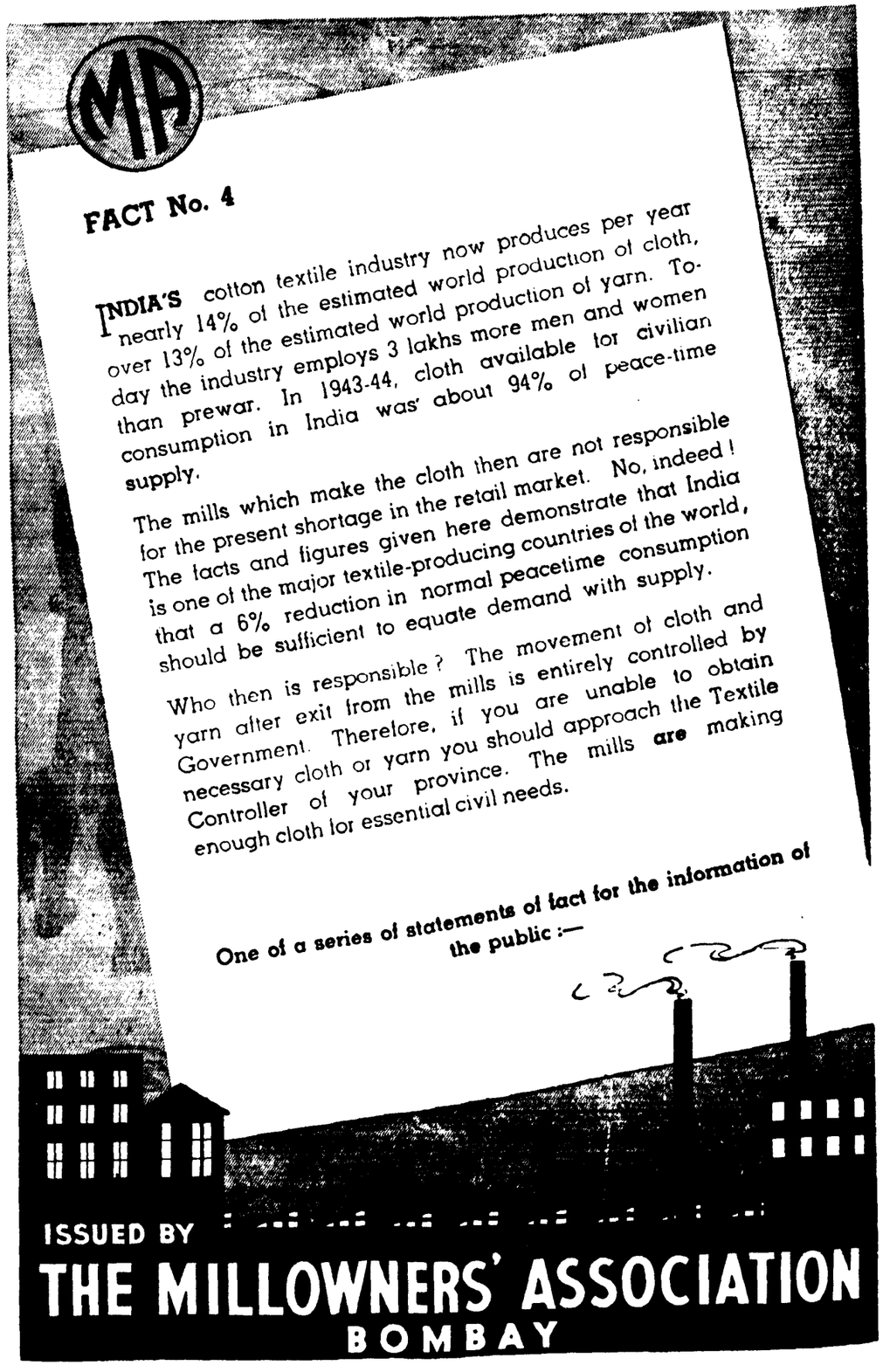
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BANKINGS

Commercial Banking at Home and Abroad--1
(1913-1929)

NOW that the joint stock company system has for long been established rather firmly in all parts of the world the typical commercial bank in most countries is a very large and important institution spreading its network of branches all over the country. The present commercial joint stock banks were started in the middle of the last century in the case of most countries. In the initial stages the Government took active part in floating and establishing them, but later withdrew themselves and left the baby in the arms of the private capitalists. It was after the Revolution of 1848 that a number of temporary institutions of the name of Discount offices (Comptoirs d' Escompte) were established in France by the Government in collaboration with the private capitalists, who later on not only looked after these banks alone, but also started Banques d' Affaires and banks of other types. In Germany, Schaffhausen 'scher Bankverein was the first joint stock commercial bank established in 1848 and was followed up by the Darmotadter Bank in 1853 and the Diskontogesellschaft and the Berliner Handerlagesellschaft, both in 1856. In Italy, though the first true commercial banks were established in the fifties of the last century, some banks of issue were already carrying on commercial banking in various States of the Appennine peninsula and Sicily. Soon after the political unification of Italy a large number of joint stock banks, 107 in number, came into existence by 1873. England took a lead in the field of commercial banking in other countries of the world. Till 1833 the Bank of England enjoyed the monopoly of joint stock banking within 65 miles of London but afterwards other banks could also be opened there in that radius. There were small joint stock banks working in other countries but the foundation of the real English joint stock banking system was laid during 1832-36, when some 56 banks were established in the nerve centre of world business of limitted liability accelerated the pace of new floatations of banks. In Canada, the Bank of Montreal was the forerunner of other banks, being founded in 1817 and followed up by the Quebec Bank, the Bank of Canada and the Bank of Upper Canada in 1818, the Bank of New Brunswick in 1820, and the Halifax Banking Company and the Bank of Nova Scotia in 1825. The British North American Act of 1867 was a landmark in the history of commercial joint stock banking in Canada, which brought about a tide of banks. In U.S.A. the national banking system was organized about 1863 which marked the beginning of sound and unified commercial banking in the States. The State and National banks both worked in the country simultaneously. In Mexico the general commercial law was adopted only in 1884. Before that there were few commercial banks. The most important was the Banco National de Mexico founded a few years earlier. The Act of 1897 inaugurated a new period in the history of credit institutions there. The Lombard and Loan Bank was the first to be set up in the Union of South Africa in 1793 with a view to financing the exports of merchandise to Holland and the Dutch East Indies. This was a Government owned and controlled bank. The Cape of Good Hope Bank was the first private bank to be established in that country in 1837. In 1862, private joint stock banks numbered about 29 with a paid up capital of £940,000 and deposits of about £2 million. In Australasia efforts to establish commercial banks proved desultory in the last century. The Bank of New South Wales was, however, established in 1817 in Australia. In India the Act of 1813 was the first act, which provided a sort of real stimulus for the establishment of joint stock banks since it removed the restrictions on the Europeans settling in India. The banks were generally started on the basis of unlimited liability and many of them went to Wall in 1829-33 owing to the faulty mixing of speculative business with the main business and also due to mismanagement. The year 1860 marked the beginning of another important and distinctive phase in the history of Indian banking. By an act passed in this year the starting of joint stock banks on the basis of limited liability was made possible. The Allahabad Bank and the Alliance Bank of Simla were started in 1865 and 1875, respectively; and then began a slow but steady growth of joint stock banks, coming up to 9 (with paid-up capital and reserve over Rs. 5 lakhs) having Rs. 1-1/4 crores and Rs. 8 crores of paid-up capital and deposits respectively at the end of the century. In India, joint stock commercial banking was started by the foreigners and it was only in the first decade of this century that Indian public took interest in them, although a large number of nidhis and chetties and moneylenders have been doing business since very early days.

The joint stock commercial banking born in the fifties of the last century, gathered momentum in the closing years of the last century all the world over but made distinct progress in the present century. Its importance lies not only in the large numbers of banks in existence in the various countries but also in its increased usefulness to the public by taking over many and varied functions. The extent to which the banking has developed in recent years could ge known by the following figures:

	Approximate amount of Dollars per head of population in respect of deposits in 1929.	Population per commercial bank in 1929.	Population per banking office in 1929.
U.S.A.	351	5,000	4,500
Canada	229	896,000	2,400
U.K. (England & Wales)	238	1,993,000	4,000
Germany	62	135,000	2,500 to 30,000
Australia	229	321,000	1,900
France	30	70,000	8,000 to 13,000

The comparable figures for 1929 in the case of India are not at hand. Out of 2,500 towns having a population of 5,000 and more, only 140 had each a banking office in 1916 but this number increased to 339 and 514 in 1926 and 1936 respectively. A picture of comparative development of banking in India, England and Wales, France and U.S.A., however, could be had for the year 1936.

	Average area for a bank (square miles).	Population covered by banking office.	Deposits per head.
India	1,392	276,000	Rs. 7.2
England Wales	5.79	3,900	$ 1,164
France	102.7	20,000	,, 165
U.S.A.	242.6	7,900	,, 1317

Today the joint stock commercial banks occupy a very high place among the various types of credit institutions conducting banking transactions in most countries, such as Central Banks, opened and managed by the State, Commercial banks, Savings banks—ordinary and post office, People's banks or credit institutions, Trust or finance companies, building and loan associations, mortgage banks, agricultural banks, public banks, local government and cantonal and Insurance companies. The fact that the commercial banks are the most important institutions is shown by the following table giving the percentage of deposits and assets of the commercial banks to the aggregate deposits and assets of all the credit institutions combined, excluding only the Central banks. The accounts of the Central banks have not been taken into account because they do not carry out such transactions done by the other credit institutions.

Percentage share of commercial banks in:

	Aggregate deposits of all institutions considered (1)			aggregate assets of all deposits receiving institutions (2)			Aggregate assets of all Banking institutions considered (3)			Aggregate assets of all Banking & Ins. institutions (4)		
	1913	1925	1929	1913	1925	1929	1913	1925	1929	1913	1925	1929
France	54	67	56	61	64	62	61	64	52	51	59	49
Germany	30	54	40	29	52	33	29	52	33	..	50	33
Italy	32	44	42	38	48	47	38	48	47	..	47	45
U.K.	70	69	69	76	79	77	76	79	77	56	61	57
U.S.A.	79	85	83	84	87	86	80	78	75	68	67	62
Canada	92	92	92	93	93	94	93	93	94	76	69	63
Union of S. Africa	84	78	71	..	63	53	..	63	53	..	48	40
Australia	63	57	56	64	57	57	64	56	57	..	46	46
New Zealand	57	50	50	56	51	48	56	51	48	45	43	41

The foregoing figures reveal two facts, the first being that the commercial banks are the most significant group as compared with other credit institutions combined; and the second, that a tendency of decline in their relative importance set in after 1925 and it became all the more strong in the post-depression years.

International comparisions may now be made in respect of the following details in the commercial banking field.

(1) Capital resources,

(2) Deposits: movement from year to year and composition.

(3) Credits, movement from year to year and composition.

(4) Cash Ratio.

From 1913 to 1943 it is 30 years' period which has been divided into two viz, 1913-1929 and 1929-1943. The year 1929 gives a new turn to the commercial banking all the world over and hence has been chosen as a dividing year.

CAPITAL RESOURCES

Capital resources of a bank consist of capital and the reserves. It is registered with a certain amount of capital of which whole or part is subscribed and paid up. Reserves of the bank accumulate as the years pass by. The percentage ratio of these items to the banks' public liabilities (excluding acceptances and sundry accounts) could be compared for the various countries It has been varied from country to country depending upon the national customs, legal requirements and individual principles of the banks. It would be found from the figures given in the Annexture that the ratio was as high as 39.2 and 31.1 in the case of Germany and Italy respectively in 1913. It was 14.8 for deposit banks in France while that for the investment banks was 55.2 which was only exceeded by that of Chile being 62.3 and closely followed by Netherlands and Greece being 50.8 and 52.5 respectively For the banks in U.S.A.—all banks and the national banks ratios were 19.8 and 18.9 respectively and the one for the Canadian banks was 17.5 It was lowest in the case of the banks in England and Wales being only 10.1. This ratio diminishsed in almost every country in the post-war years and was generally below 20 per cent. The only significant exception was Mexico which had a ratio of 48.8 in 1929, but this figure too was too low as compared with 90.8 in 1925. It is significant to note that the fall in the case of England and Wales and U.S.A. was the least when there was a reduction in the case of banks in Germany and France to the tune of 50 per cent. This drop, all the world over, is due to the rapid increase in deposits in the post-war years; but in Germany and France currency inflation has also played its part.

DEPOSITS: Movement and composition.

The deposits of the banks are undoubtedly the most important factor in all the operations. A large part of their income is from loans and investments financed out of deposits. It is the aim and ambition of every bank to build up huge deposits. But with all this it must also be realized that they are a very real liability which may land a bank in peril. The sudden seepage and run of deposits in many a critical period in various countries are well known. By 1913 deposits in all countries had increased almost by double as compared with the last quarter of the 19th Century. The tendency in the post-war years, however, was not uniform in all the countries. The indices of deposits with 1913 as base were high in Italy, Netherlands. Norway, England and Wales, Scotland, U.S.A., Australia and Newzealand and this indicated a quantitative development of the commercial banking system in them. It is also found that the increase in the case of India in this respect has been highest, ranging between 350 and 388. There has been a fall in the case of France, both deposit and invesment banks, separately and combined, till 1927 when they began to go up. Indices for Germany were probably lowest in the world for a long time but appeared to touch the pre-war level in 1929. The composition of deposits, demand and savings, and others also provides an interesting study for different countries during the period of 15 years under review. Current and sight deposits constituted a high percentage of the total deposits in France and Italy, being 93.0 in 1913 in the former and 73.0 in 1926 in the latter country. The percentages in the case of other countries were betwen 40 to 60 in 1913. But in the post-war years the general trends indicating a shift of deposits from sight or short-term to savings and long-term accounts were noticeable. In 1929 the ratio of sight deposits to total deposits for England and Wales, Canada, U.S.A., South Africa, Australia, Newzealand were 54,1, 30.4, 56.6, 49.5, 36.5, 44.8 respectively as compared with 63.8, 36.2, 77.0, 52.6, 58.6 and 51.4 respectively in 1913. The dimunition in this respect was the gain for the savings and other deposits.

CREDITS: MOVEMENT AND COMPOSITION

The credits of the banks consist of discounts, loans and advances, investments and other participations. In many a country the movements of total deposits and these credits were on parallel lines. There have been discrepancies between the two, which could be explained by the fact that "sometimes an absolute or relative decline in note circulation has led to compensatory increase in deposits not reflected in the loans and a greater substitution of discounts and loans for cash and investments had sometimes resulted in a more rapid increase in the former than in the deposits." As regards the composition of the credits, discounts represent chiefly short-term loans and advances which are self-liquidating, whereas other loans and advances etc. are for longer periods. From the figures given in the annexture it would appear that there has been a general tendency towards a shift of credits from short to long term, similar to that noticed in the case of deposits.

CASH RATIOS

Cash Balances are kept by the banks either in their chestboxes or with the central bank and other banks. This proportion of cash reserves is very often determined by the law or practice in different countries and much depends upon the nature of accounts with the banks. These are to meet the sight and demand deposits which are withdrawable at short notices. The cash ratio has generally been 25 per cent. to 40 per cent. in most of the countries in 1913 but the relative importance of cash and similar assets has declined in recent years as compared with 1913. High ratios were noticeable in the case of countries like Norway, Chile and Australia. The ratio of cash to total deposits in Germany, England, Wales, Canada and U.S.A. was 12.1, 25.2, 16.1, and 12.6 respectively in 1929 as compared with 8.1, 29.1, 19.0 and 19.9 in 1913 India was no exception to this general tendency. Here too, the cash ratio was lower in 1929 as compared with 1913. The ratio for banks with more than Rs. 51 lakhs of capital and reserve and those with less than that, were 14 and 13 respectively in 1929, which were lower than those in 1913. A limited study of 4 leading banks revealed that the ratio was only 15.9 in 1929 as compared with 19.6 in 1913.

(To be continued)

ANNEXURE TO COMMERCIAL BANKING AT HOME AND ABROAD—I

	INDIA			UNITED KINGDOM						UNITED STATES OF AMERICA						CANADA			MEXICO		
				England & Wales			Scotland			All Banks			National Banks								
	1913	1920	1929	1913	1920	1929	1913	1920	1929	1913	1920	1929	1913	1920	1929	1913	1920	1929	1913	1920	1929
A	..	..	..	10.1	6.5	7.4	12.7	5.7	10.1	19.8	12.0	15.6	16.9	11.0	14.2	17.5	9.6	9.8	..	90.8	48.8
B	..	100	..	384	100	92	17.8	100	84	150	100	94	227	100	92	218	100	..	157	..	..	..
C1	..	..	..	..	100	91	180	100	73	149	100	91	198	100	87	163	100	82	136	..	..	..
C2	..	..	..	..	100	108	162	100	103	186	100	96	261	100	90	247	100	165	286	..	..	..
D1	..	..	..	..	..	63.2	54.2	..	..	..	77	..	568	91.2	73.3	56.3	36.2	32.5	30.4	..	92.0	80.4
D2	..	..	..	..	..	36.2	45.9	..	..	..	23	..	43.4	8.8	26.7	43.7	63.8	67.5	69.6	..	8.0	19.6
E1	..	..	..	..	14.4	20.2	14.6	15.6	16.7	9.1	..	..	..	..	..	..	..	..	..	..	31.7	38.3
E2	..	..	..	..	66.8	59.6	68.4	51.6	43.1	55.7	..	..	..	..	..	..	..	..	..	..	30.5	47.9
E3	..	..	..	..	81.2	78.8	83.0	67.2	59.8	64.8	77.6	76.6	72.4	77.1	76.6	69.0	91.4	84.0	83.3	..	62.2	86.7
E4	..	..	..	..	18.8	21.2	17.0	32.8	40.2	35.2	22.4	23.4	27.6	22.9	23.4	31.0	8.6	16.0	16.7	..	37.8	13.3
F1	..	..	..	..	..	..	..	..	..	..	25.3	..	21.7	33.0	21.3	20.7	44.6	56.4	46.0	..	25.9	31.2
F2(1)†	..	19.8	16.9	15.9	29.1	22.9	25.2	25.1	23.2	22.6	19.9	11.5	12.6	30.5	16.4	12.1	19.0	21.7	16.1	..	24.5	25.7
F2(2)‡	..	..	23	14	..	..	..															
F2(3)*	..	..	18	13	..	..	..															

†—For 4 leading banks.
‡For banks with capital of over Rs. 5 lakhs.
*—For banks with capital of less than 5 lakhs.

	FRANCE			GERMANY			ITALY			UNION OF S. AFRICA			AUSTRALIA			NEW ZEALAND		
	1913	1920	1929	1913	1920	1929	1913	1920	1929	1913	1920	1929	1913	1920	1929	1913	1920	1929
A ...	24.7	11.5	9.5	30.3	4.4	8.0	31.1	7.8	13.3	16.2	8.4	12.2	22.2	13.5	20.2	...	...	...
B ...	100	67	122	100	...	97	100	...	202	100	133	232	100	65	125	100	116	158
C1 ...	100	58	104	100	...	93	100	...	172	100	127	194	100	63	94	100	76	141
C2 ...	100	33	43	100	...	42	100	...	171	100	135	479				100	194	248
D1 ...	93.0	95.5	92.3	56.9	...	38.4	...	89.8*	87.2	52.6	49.4	56.3	41.6	52.6	36.5	51.4	61.0	44.8
D2 ...	7.0	4.5	7.3	43.1	...	61.6	...	10.2*	12.8	47.4	50.6	43.7	58.6	47.4	63.5	48.6	39.0	55.2
E1 ...	58.2	68.7	64.5	27.2	59.1	25.8	47.5	49.3	48.7	24.7	28.6	22.2	...	...	...	8.1	3.0	1.9
E2 ...	39.4	30.1	34.8	57.1	37.6	66.5	41.4	45.6	40.2	69.6	66.5	59.8	...	...	...	84.6	80.2	87.0
E3 ...	97.6	98.8	99.3	84.3	96.7	92.3	88.9	94.9	88.9	94.3	95.1	82.0	...	94.1*	92.0	92.7	83.2	88.9
E4 ...	2.4	1.2	0.7	15.7	3.3	7.7	11.1	5.1	11.1	5.7	4.9	18.0	...	5.9*	8.0	7.3	16.8	11.1
F1 ...	10.9	14.4	16.3	14.3	...	6.7	...	...	...	32.1	26.5	29.2	59.1	45.4	44.4	36.7	20.6	23.7
F2 ...	10.1	13.7	15.1	8.1	...	2.6	7.3	7.3	10.0	17.6	14.6	15.0	24.9	24.1	16.6	20.0	13.5	12.0

N.B.—In the case Italy, D1 & D2 figures under 1920 are for 1923.
Australia E3 & E4 figures under 1920 are for 1927.

Capital Resources—
A—Percentage Ratio of Bank's own resources to their public liabilities, excluding acceptances and sundry accounts at the end of each year.
Movements of Deposits, Credits & Investments—
B—"Corrected" percentage movement of total deposits.
C1—"Corrected" percentage movement of total discounts loans and advances.
C2—"Corrected" percentage movement of securities and participations.
Composition of Deposits—
D1—Current accounts, sight deposits and savings accounts as percentage of total deposits.
D2—Other deposits as percentage of total deposits.
Composition of Credits—
E1—Discounts as percentage of total discounts, loans and advances.
E2—Loans and advance as percentage of total discounts, loans and advances.
E3—Total discounts, loans and advances as percentages of total of (Discounts, loans and advances, Investment and participations.
E4—Investments and participations as percentages of total discounts, loans and advances and investment and participations.
Cash Ratio—
F1—Cash and other items of a cash nature as percentage of demand deposits.
F2—Cash and other items of a cash nature as percentage of total deposits.

Income-Tax Free Loan (1945-55)

The outstanding balance of the 5% Income-tax Free Loan, 1945-55, will be repaid on the 15th October 1945 and no interest will accrue thereon from the 15th Oct. 1945. At places where the 15th October is a public holiday under Section 25 of the Negotiable Instruments Act, 1881, the discharge value will be paid on the next preceding working day. To facilitate discharge of the loan on the due date, holders may tender their securities at the Public Debt Office, Treasury or the branch of the Imperial Bank of India at which they are enfaced or registered for payment of interest, on and after the 15th September 1945. Full details of the procedure for obtaining discharge value can be obtained on application to any Public Debt Office, branch of the Imperial Bank of India or Treasury.

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CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. in lakhs)

	31-8-45	24-8-45	1-9-44	1-9-39	31-8-45 compared with 1-9-39
Notes held in the Banking Depot. ..	14,57	9,71	16,98	35,04	- 20,47
In circulation ..	1139,45	1143,59	928,28	182,13	+957,32
Total Notes ..	1154,02	1153,31	945,26	217,18	+936,84
A Gold Coin and bullion	44,41	44,41	44,41	44,41	...
Sterling Securities ..	1034,33	1034,33	828,33	59,50	+974,83
Total of A ..	1078,74	1078,74	872,74	103,91	+974,83
Rupee Coin ..	17,41	16,72	14,08	14,69	+ 2,75
Rupee Securities	57,84	57,84	57,84	37,39	+ 20,45
Silver bullion under coinage ..	..	..	..	..	..
% of Reserve to Liabilities ..	93,477	93,535	92,328	63,149	+30,328

IMPERIAL BANK

(Rs. in Lakhs)

	31-8-45	24-8-45	1-9-44	1-9-39	31-8-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts ..	242,44	242,88	232,10	87,26	+ 155,18
Govt. Securities ..	138,93	139,13	133,62	51,03	+ 87,90
Other Investments ..	4,74	4,83	3,60	96	+ 3,78
Loans ..	16,48	18,06	12,31	7,66	+ 8,77
Cash Credit Overdraft	39,19	40,22	41,35	19,76	+ 19,43
Bills discounted ..	4,19	4,06	7,65	2,98	+ 121
Cash in hand with R. B. I. and other Banks	48,66	46,35	43,41	14,69	+ 33,97

BANK OF ENGLAND

(£ '000)

	5-9-45	29-8-45	6-9-44	30-8-39	5-9-45 compared with 30-8-39
Total Bullion ..	593	592	1,779	269,700	269,107
Public Deposits ..	10,200	10,000	9,300	31,000	- 14,800
Other Deposits ..	207,500	203,200	230,700	129,100	+ 138,400
Of which Bankers Deposits ..	214,800	238,200	171,800	90,100	+ 124,700
Govt. Securities ..	263,000	272,100	187,000	113,000	+ 150,000
Other Securities ..	12,000	28,200	14,400	31,000	- 19,000
Of which Discounts and Advances ..	6,200	7,200	4,000	6,400	- 200
Notes and Coins ..	19,700	21,800	52,000	36,200	- 16,500
Notes in circulation	1,330,900	1,325,900	1,149,800	29,000	+ 1301,900
% of Reserve to Liabilities ..	6,9%	8,%	21,66%	21,38	- 14,48

BANKING DEPARTMENT

(Rs. in lakhs)

	31-8-45	24-8-45	1-9-44	1-9-39	31-8-45 compared with 1-9-39
Cash	14,93	10,05	17,24	35,15	- 20,22
Balances held abroad* ..	472,78	461,50	358,67	10,08	+462,70
Investments	24,93	28,05	11,52	6,81	+ 18,12
Bills discounted—					
(a) Internal and External	...	...	...	...	...
(b) Treasury Bills ..	3,93	3,93	6,99	1,16	+ 2,77
Loans and Advances to Government ..	..	37	..	31	..
Deposits—					
(a) All Govts. ..	382,97	366,79	157,27	14,89	+368,08
Of which G. of I. ..	363,53	347,53	..	14,89	+348,64
(b) Banks	105,19	99,82	100,75	26,91	+ 78,23
(c) Others	13,23	24,63	15,65	1,24	+ 11,99

*Including Cash and Short-term Securities.

SCHEDULED BANKS

(Rs. In Lakhs)

	31-8-45	24-8-45	1-9-44	1-9-39	31-8-45 compared with 1-9-39
Demand Liabilities in India ..	643,56	640,00	593,30	134,36	+509,20
Time Liabilities in India ..	251,80	251,26	188,71	102,24	+149,56
Cash in India ..	34,46	36,49	26,11	6,70	+ 27,76
Balances with Reserve Bank ..	103,90	100,15	99,78	25,17	+ 78,73
Advances in India ..	263,68	270,27	202,64	101,52	+162,16
Bills discounted in India ..	13,57	13,50	9,47	3,57	+ 1,000

U. S. FEDERAL RESERVE BOARD

(Million dollars)

	6-9-45	30-8-45	7-9-44	31-8-39	6-9-45 compared with 31-8-39
Resources—					
Total Reserve ..	17,920	17,926	18,993*	14,661	+3,259
Total Bills Discounted ..	377	442	105	6	+ 371
Bills bought in open market ..	..	..	..	(550,000)	..
Total U. S. Govt. Securities ..	22,435	22,358	16,030	12,426	+ 10,009
Liabilities :—					
F. R. Notes in actual circulation ..	28,939	28,865	19,865	14,609	+ 9,330
Reserve Account ..	16,180	16,070	13,221	10,951	+ 4,229
Total Reserve to Deposits and F.R. Liabilities ..	43·8%	43·9%	54·0*%	86·9%	—43·1%

Figures in brackets are the actual ones * Gold only.

TREASURY BILLS SALES

(3 Months Tenure)

(Rs. in lakhs)

Date of Issue	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
1945					
May 29, ,, ..	7,38	2,00	0 6 0	..	2,45
June 5, ,, ..	8,86	2,00	0 4 11	..	4,56
,, 12, ,, ..	..	2,00	0 4 0	..	8,11
,, 19, ,, ..	4,11	2,00	0 4 0	..	3,31
,, 26, ,, ..	5,80	2,00	0 3 11	..	4,09
July 3, ,, ..	2,26	86	0 3 11	..	1,04
,, 10, ,, ..	2,42	42	0 4 0	..	1,11
,, 17, ,, ..	70	58	0 4 0	..	...
,, 24, ,, ..	57	47	0 5 1	..	1,45
,, 31, ,, ..	2,03	1,50	0 5 11	..	..
Aug. 7, ,, ..	3,14	3,14	0 6 8	..	..
,, 14, ,, ..	3,20	1,70	0 7 0	..	..
,, 21, ,, ..	3,84	2,00	0 7 0	..	..
,, 28, ,, ..	4,85	2,00	0 6 9	..	..
Sept. 5, ,, ..	5,18	2,00	0 5 11	..	..

CLEARING HOUSE RETURNS

(Rs. in lakhs)

	1943-44	1944-45	June 1945	July 1945	Aug. 31 1945	Sept. 7 1945
Bombay ..	24,42,31	22,36,97	2,02,23	216,02	40,4	..
Calcutta ..	17,40,12	23,51,59	2,16,04	244,89	54,81	..
Cawnpore ..	1,02,41	1,12,95	8,05	8,44	1,59	1,78
Delhi ..	1,02,41	1,20,04	10,10	11,83	2,04	2,15
Karachi ..	1,02,64	1,24,54	11,51	10,92	253	2,46
Lahore ..	78,82	74	8,48	8,21	1,47	2,02
Madras ..	2,00,02	1,27,37	21,27	23,57	5,54	..

NON-SCHEDULED BANKS

(Rs. in lakhs)

Date	Liabilities Demand	Time	Total	Cash Balances	% of Cash Balances to Liabilities
31-12-1943 (530) ..	17,52	17,27	34,79	4,88	14.0
30-6-1944 (572) ..	21,06	23,37	44,43	5,29	11.9
28-7-1944 (572) ..	20,81	15,58	43,42	4,85	11.1
25-8-1944 (579) ..	22,12	23,81	45,93	5,15	11.2
29-9-1944 (579) ..	22,27	23,24	45,51	5,07	11.1
27-10-1944 (565) ..	22,18	25,78	47,96	5,30	11.1
24-11-1944 (566) ..	22,22	24,48	46,80	5,61	11.9
29-12-1944 (618) ..	24,84	28,29	53,13	6,04	11,4

Number of banks submitting their returns within brackets.

TREASURY BILLS MATURITIES

(3 Months' Tenure)

(Rs. in lakhs)

Date of maturity	Amount	Date of maturity	Amount
July 2, ,, ..	4,00	Sept. 19, ,, ..	2,00
,, 9, ,, ..	4,00	,, 26, ,, ..	2,00
,, 16, ,, ..	4,00	Octr. 3, ,, ..	2,00
,, 23, ,, ..	4,00	,, 10, ,, ..	86
,, 31, ,, ..	4,00	,, 17, ,, ..	42
Aug. 7, ,, ..	4,00	,, 24, ,, ..	58
,, 15, ,, ..	4,00	,, 31, ,, ..	47
Aug. 22, 1945 ..	2,00	Nov. 7, ,, ..	1,50
,, 29, ,, ..	2,00	,, 14, ,, ..	3,14
Sept. 5, ,, ..	2,00	,, 21, ,, ..	1,70
,, 12, ,, ..	2,00	,, 28, ,, ..	2,00
		Dec. 5, ,, ..	200

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	July 1945	July 1944	June 1945	June 1944
Amount (£ in '000) ..	114,549	80,803	3,608	8,229	44	9,843

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	Sept. 14, 1945	Sept. 7, 1945
Bombay on London (s.)	1-5 31/32	1-5 31/32
London on New York (Rs.)	332¾	332¾
London on Bombay (s.)	1-6	1-6
Bombay on New York (S)	4,02¾—4,02¾	4,02¾—4,03¼
New York on London ($)	4-03	4,03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay ..	28th Nov. 1939	3½%	3%
London ..	26th Oct. 1939	2%	2%
U.S.A.—New York Red. Res.	29th Oct. 1942	1%	1½%
	27th Oct. 1942	1½%	1%

CASH POSITION

(Rs. in lakhs)

	31-8-45	24-8-45	1-9-44	1-9-39	31-8-45 compared with 1-9-39
Reserve Bank of India	14,93	10,05	17,24	35,15	—20,22
Scheduled Banks ..	138,36	136,64	125,88	31,37	+106,99

B—General

STATISTICS RELATING TO INDUSTRIAL DISPUTES IN BRITISH INDIA IN 1944

(A) By Provinces and Industries.

	Number of disputes.	Number of worker involved.	Man-days lost.	DEMANDS: Wages.	Bonus.	Personnel.	Leave and hours.	Others.	RESULTS: Successful.	Partially successful.	Unsuccessful.	Indefinite.	In progress.
I. Provinces													
Assam	3	1,038	1,494	1	..	..	..	2	..	1	2	..	..
Bengal	202	2,13,674	7,84,725	142	15	31	8	6	32	84	81	..	5
Bihar	23	18,933	52,022	17	2	1	2	1	6	4	6	6	1
Bombay ..	230	1,71,063	7,14,927	113	24	38	14	41	38	60	113	15	4
C.P. and Berar ..	65*	73,388	16,25,049	29	2	..	7	26	2	7	37	15	2
Delhi	2	763	977	2	..	..	..	..	..	1	..	1	..
Madras ..	59	20,994	1,03,679	30	3	9	3	5	13	10	31	4	1
N.-W.F.P. ..	1	16	64	1	..	..	..	..	1	..	..	..	..
Orissa	3	1,265	5,866	2	..	..	..	1	1	1	..	1	..
Punjab	3	125	314	2	..	..	..	1	..	..	3	..	..
Sind	6	1,205	2,781	6	..	..	..	..	3	..	2	1	..
United Provinces	61†	47,551	1,55,408	18	4	3	1	35	23	7	22	6	..
Total ..	658‡	5,50,015	34,47,306	372	50	82	35	118	119	175	297	49	13
II. Industries													
Cotton, silk and woollen mills ..	138*	1,55,826	19,88,344	53	8	26	13	38	15	11	95	11	7
Jute mills ..	44	1,30,351	4,27,308	28	1	7	4	4	7	15	22	..	..
Engineering workshops ..	74	55,719	1,77,599	34	16	12	5	7	13	24	35	1	1
Railways, including railway workshops	25	68,076	1,88,150	12	..	1	..	12	1	6	6	12	..
Mines	10	4,486	19,733	1	4	..	1	4	2	4	3	1	..
Others ..	367†	1,35,565	6,46,163	244	21	36	12	31	81	115	136	24	8
Total ..	658‡	5,50,015	34,47,306	372	50	82	35	118	119	175	297	49	13

*—Result not known in two stoppages.

†—Result not known in there stoppages and demand not known in one case.

‡—Result not known in five stoppages and demand not known in one case.

INDEX NUMBERS OF SECURITY PRICES*

(1927-28=100)

	Government Securities	Industrial Fixed yield.	Securities Variable yield.
1939-40	114.1	135.3	111.7
1940-41	114.6	147.5	117.4
1941-42	115.9	155.9	129.0
1942-43	115.0	144.9	138.6
1943-44	117.2	164.3	182.2
1944-45	118.0	176.2	197.3
January 1945 ..	117.8	180.2	200.8
February	117.7	180.5	204.6
March	117.6	181.2	199.9
April	117.6	181.9	199.8
May	117.7	181.5	202.2
June†	118.2	183.5	207.3

†—Provisional.

*—Source: Office of the Economic Adviser to the Government of India.

TEA STATISTICS

	Production.	Exports*.	Price (Internal consumption) (average sale price per lb.)	Exports (clean broken (per lb.)	Average Index of export price (Base Aug. 1939 =100).
	(Mn. lbs)	(Mn. lbs.)	Rs. a. p.	Rs. a. p.	
1939 ..	384.67	359.31	..	..	..
1940 ..	390.70	349.49	..	..	..
1941 ..	415.36	381.95	..	..	..
1942 ..	475.39	322.91	..	..	..
1943 ..	452.33	408.86	..	..	..
1944 ..	409.26	..	..	..	..
April ..	19.55	..	0 11 1	0 12 5	140
May ..	21.36	..	0 8 7	0 12 5	140
June ..	51.79	..	0 11 9	0 12 5	140
July ..	62.92	..	0 10 2	0 13 9*	155**
August	77.40	..	0 10 5	0 13 9*	156**
September	67.35	..	0 9 5	0 13 9	155
October 62.69	..	..	0 9 4	0 13 9	155
November 35.21	..	..	0 10 6	0 13 9	155
December 10.99	..	..	0 10 8	0 13 9	155

Note.—Production season lasts for nine months April to December. Export year is April to March.

**—Revised.

ELECTRICAL ENERGY GENERATED AND SOLD IN INDIA

	Generated	Sold
	Units (millions)	
1939-40	2,189.3	1,837.7
1940-41	2,453.4	2,057.3
1941-42	2,828.1	2,401.8
1942-43	2,864.6	2,414.6
1943-44	3,126.3	2,649.0
1944-45 (11 months)	3,121.0	2,636.7

INDEX NUMBERS OF WHOLESALE PRICES*

(Week ended 19th August 1939=100)

(Average weekly figures)

	Agricultural commodities.	Raw materials.	Primary commodities.	Manufactured articles.	General	Chief articles of export.
1939-40† ..	127.5	118.8	124.2	131.5	125.6	130.5
1940-41 ..	108.6	121.5	113.4	119.8	114.8	114.1
1941-42 ..	124.2	146.9	132.5	154.5	137.0	157.3
1942-43 ..	156.2	165.9	166.0	190.4	171.0	161.7
1943-44 ..	208.7	185.0	232.5	251.7	236.5	236.4
1944-45 ..	265.4	206.0	240.5	258.3	244.2	243.9
January '45	275.3	211.6	248.5	257.1	250.3	249.7
February ..	274.5	209.0	246.9	255.7	248.8	249.1
March ..	273.6	208.7	246.2	255.7	247.8	249.8
April ..	267.9	208.5	243.1	239.8	242.3	246.8
May ..	256.3	208.7	237.8	239.0	238.1	241.8
June† ..	256.2	208.7	236.6	240.7	237.4	239.6
July† ..	268.3	212.0	244.8	242.8	244.4	248.6

*—Source: Office of the Economic Adviser to the Government of India.

†—Seven months ended March 1940.

†—Provisional.

WORKING CLASS COST OF LIVING INDEX NOS. IN INDIA 1945

(Base: August 1939=100)

	Jan.	Feb.	Mar.	Apr.	May	June	July
Bombay ..	218	218	214	215	219	224	..
Ahmedabad	282	267	256	256	262	263	..
Sholapur ..	273	267	267	266	268	271	..
Jalgaon ..	282	288	281	277	282	293	..
Cawnpore ..	301	301	302	311	294	302	307
Nagpur ..	249	249	247	248	256	257	..
Jubbulpore	287	282	281	277	275	282	..
Lahore ..	283	285	303	302	292	291	299
Madras ..	217	230	229	224	227	227	227

FOOD INDEX

Week Ended	Index No.	Increase or decrease week to week
July 1945 ..	236. 6	..
14th July. 1945 ..	236. 2	..
21st July. 1945 ..	237. 7	+1.5
28th July. 1945 ..	238. 3	+0.6
4th Aug.. 1945 ..	237. 9	—0.6
11th Aug.. 1945 ..	240. 7	+2.8

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities		Market	Unit	This week. Rs. a. p.	Last week. Rs. a. p.
1. *Wheat	Average	Amritsar	per md.	8 4 0	8 0 0
	Superior	..	..	8 8 0	8 8 0
	Ready	Lyallpur	..	8 8 0	8 8 0
	Red	Hapur	..	8 10 0	8 9 6
	Dara	Cawnpore	..	10 4 0	10 4 0
	..	Calcutta	..	..	..
2. *Rice	Punjab Basmati New	Amritsar	..	21 8 0	20 7 0
	Punjab Basmati Old	..	..	22 8 0	22 0 0
	Punjab Basmati Sela	..	..	26 0 0	23 0 0
	Parmal	..	..	18 8 0	21 0 0
	Sone	..	..	15 8 0	18 0 0
	Begami	..	..	13 8 0	15 0 0
	Jhone	..	..	12 8 0	14 0 0
	Common Hisel	Cawnpore	..	..	12 10 0
	Medium Grade	Calcutta	..	..	26 10 8
3. *Linseed	Ready Bold	Bombay	..	13 5 1	11 12 0
	,, Small	..	..	13 2 2	..
	,, Bold	Cawnpore	..	..	..
	,, Small	..	..	..	..
	,, ,,	Calcutta	..	..	..
4. *Mustard	Yellow	Cawnpore	..	..	..
	Black	..	..	..	..
5. *Groundnuts	Karnel (Coromandal)	Madras	..	..	13 0 0
	Karnels	Bombay	..	..	12 0 0
6. *Potatoes	Desi	Cawnpore	..	..	10 0 0
	Pahari (Haldwani)	..	..	..	11 11 4
†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	..	16 0 0
7. †Cotton (yarn)	No. 10⅓s.	..	per ½lb.	362 0 0	362 0 0
	No. 20s.	..	..	..	..
9. †Cotton (piece-goods)	Long cloth (std. quality)	..	..	1 12 10	0 12 10
				1 1 0	1 1 0
10. †Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 lbs.)	79 0 0	79 0 0
	Lightnings (Mills)	..	..	74 0 0	74 0 0
11. †Jute (bags)	B. Twills (2¼ lbs.	..	per 100 bags	66 12 0	66 12 0
12. †Jute (cloth)	Hessian cloth 8oz.	..	per 100 yds.	22 2 0	22 2 0
	Hessian cloth 10½ oz.	..	..	29 0 0	29 0 0
13. †Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 82 lbs.)	82 0 0	82 0 0
14. †Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	170 0 0 to 190 0 0	170 0 0 to 190 0 0
	Goat skins (good quality)	..			
15. †Hides & skins (tanned)	Cow hides	Madras	per lb.	1 9 0 to 1 13 0	1 9 0 to 1 13 0
	Goat skins	..		2 12 0	2 12 0
				3 0 0	3 0 0
16. †Shellac	T.N.	Calcutta	per md.	71 0 0	71 0 0
17. †Kerosene Oil	Superior	..	per tin of 4 gallons	4 14 9	4 14 9
18. †Coal	Selected Jharia A	..	per ton f.o.r.	13 5 0	13 5 0
19. †Cement	Indian	..	full wagon load of 16½ to 22 tons	68 12 0	68 12 0
20. †Coffee	Plantation A	Mangalore	per cwt.	138 0 0	136 0 0
21. †Tea	Indian market	Calcutta	per lb.	0 15 3	0 15 3
22. †Sugar	First Crystals	Cawnpore	per md. (ex-factory)	16 1 6 to 16 12 6	16 1 6 to 16 12 6
23. ‡Oils—Linseed	Ready	Bombay	per quarter	..	14 14 0
Castor	,,	,,	,,	..	10 8 0
Copra	,,	,,	,,	..	10 6 0
Groundnut	,,	,,	,,	..	9 0 0

†Marketing Adviser's Report (weekly), Sept. 1, 1945.
†The Times of India, Sept. 4, 1945.

*Indian Trade Journal, August 30, 1945.

COTTON STATISTICS

A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.)

	Sept. 6, 1945	Aug. 30, 1945
Futures:		
Sept. 1945 ..	350	353
Jan. 1945 ..	399¾	411½
Mar. 1946 ..	407½	418½
Spot:		
Jarrila F.G. ..	352	357

NEW YORK (Cents per lb.)

	Sept. 6, 1945	Aug. 30, 1945
Futures:		
Oct. 1945 ..	22.90	22.66
Dec. 1945 ..	22.95	22.68
Jan. 1946 ..	22.89	22.62
Mar. 1946 ..	22.87	22.61
May 1946 ..	22.80	22.54
Spot ..	23.34	23.12

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

	Aug. 26, 1945	Aug. 25, 1945	This season 1944-45	Last season 1943-44
Receipts at Bombay	8,960	7,210	2,038,396	1,847,846
Receipts at Karachi	3,880	11,205	1,118,290	949,271
Total bales	12,840	18,415	3,156,686	2,797,117
Exports from Bombay	49	350	168,890	185,712
Exports from Karachi	2,000	23,000	1,000,000	852,000
Total bales	2,049	23,350	1,168,890	1,037,212

SUGAR POSITION IN INDIA FOR THE SEASON 1944-45

(Figures in tons)

Producing Areas.	Production up to 22-6-45.	Dispatches during the period 16-6-45 to 22-6-45.	Progressive total of dispatches up to 22-6-45.	Percentage of progressive dispatches to production.	Balance stock as at close of 22-6-45.
U.P. ..	5,31,997	12,426	4,07,997	76.7	1,23,970
Bihar ..	1,70,484	4,257	1,13,754	66.7	56,730
Bombay ..	75,085	817	54,960	73.2	20,125
Madras ..	49,067	960	37,023	75.5	12,044
Punjab ..	18,248	99	6,831	82.8	1,417
Bengal ..	11,986	70	10,411	86.9	1,575
N.-W.F.P. ..	4,127	63	3,477	84.3	650
Orissa ..	2,556	19	2,052	80.3	504
Indian States	1,15,178	1,365	90,744	78.8	24,434
Total ..	9,68,698	20,066	7,27,249	75.1	2,41,449

Note:—Balance stock of 1942-43 and 1943-44 season's sugar as at close of 22-6-45 was 980 tons.

(2) Production returns have not been received from one factory only.

D—Prices

INDIAN STOCKS AND SHARES

	12-9-45 Rs. a. p.	4-9-45 Rs. a. p.
GOVT. SECURITIES:		
3¾% (1948-52) (98)	..	100 2 0
3% (1945) (100)	..	102 6 0
3% (1960-66) ..	98 9 0	98 6 0
3% (1932-54) (98½)	101 9 0	101 7 0
3½% G.P. Notes ..	101 12 0	101 10 6
4% (1960-70) ..	..	117 4 0
4½½% (1955-60) ..	117 4 0	..
5% (1945-50)	100 11 0	...
Calcutta		
3% Loan (1963-65)	100 7 0	100 5 0
3% Loan (1948-52)	...	...
3% Vic. (1937)	...	...
4½% (1955-60)	...	...
5% Loan (1956-60)	...	...
TEXTILES: Bombay		
Ahmedabad	400 0 0	400 0 0
Bom. Dyeing (250)	1,868 12 0	1,987 8 0
Central (10)	378 12 0	371 8 0
Century (100)	895 0 0	890 0 0
Colaba (10)	240 0 0	229 0 0
Ind. Bleaching (10)	166 0 0	166 0 0
Kohinoor (100)	599 0 0	596 0 0
Phoenix ...	641 8 0	640 0 0
Sholayur (1,000)	7,000 0 0	7,800 0 0
Simplex		290 0 0
Swadeshi (100)		543 0 0
Vishnu (50)	£	475 0 0
Finlay (100)	282 0 0	...
Swan (100)	307 0 0	..
Morarji (100)	715 0 0	..
New Great (100)	385 0 0	..
Apollo	3 15 9	..
Sassoon Ordy	13 10 0	..
Sassoon Defd. ...	..	..
Poddar	320 0 0	...
Gokak	295 0 0	..
Calcutta		
Ben. Nag. (10)		...
Cawn. Tex. (2½)		...
Dunbar (100)	367 0 0	341 0 0
Kesoram		18 0 0
Elgin Mills (10)	66 4 0	96 8 0
Muir Mills (50)		
N. Victoria (2½)	8 0 0	7 11 0
Basanti	13 4 0	13 14 6
Madras		
B. & Co. Ord. (100)		
Bang. Wool (100)		
Pankaja (100)		
Cambodia (10)		
Coim. Spg. (50)	162 0 0	243 0 0
Sitaram Spg. (50)		
Vasanta (100)		
Madura (15)		
Madura (15)		...
Lakshmi Old (50)		179 0 0
Sharda (100)		180 0 0
Lahore		
Ajudhia	...	...
Cawn. Tex. (2½)	..	...
N. Vic. Ord. (2½)		...
N. Vic. Pref.		...
Raza Tex. (10)	68 4 0	...
JUTE: Calcutta		
Alliance (100)		
Anglo-India (100)	523 0 0	523 0 0
Barnagore	279 8 0	278 0 0
Birla (10)	...	...
India		762 0 0
Champdany (100) .	273 0 0	
Ganges (300)		644 0 0
Bally (100)		49 0 0
Budge Budge (100)	608 0 0	604 0 0
Cheviot (100)		376 0 0
Howrah (10) ..	93 0 0	92 4 0
Kamarhatty (100)		786 0 0
Kanknarrah		663 0 0
National (10)	35 10 0	35 2 0

Hyderabad quotations for 31-8-45.

	12-9-45 Rs. a. p.	4-9-45 Rs. a. p.
Orient (100)	318 0 0	306 0 0
Presidency (5)	13 15 0	...
Nuddea (50)	140 0 0	...
TATA SHARES: Bombay		
Chemicals ...	19 12 0	...
Oil ...	72 0 0	...
Power (1,000)	1,852 8 0	1,840 0 0
Hydro (100) ...	202 0 0	203 0 0
Steel Ordy. (75) ...	428 8 0	422 0 0
Steel Pref. I (150)	226 4 0	226 4 0
Steel Pref. II (100)	168 4 0	166 0 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com.	14 10 0	...
Braithwaite (10)	...	...
National Iron (10)	11 7 0	11 6 0
Steel Cor. Ord. (10)	34 3 0	33 13 0
Jessops Ord. (10)	28 3 0	26 0 0
Kumardhubi (10)	11 0 0	10 15 0
Bhartia Elec. (10)		...
Ind. Iron	41 8 0	...
COAL: Calcutta		
Amalyamated (10)	54 10 0	54 0 0
S. Karanpura	36 13 0	35 5 0
Bengal (100)		769 0 0
Bhalgora	24 6 0	23 11 0
Burrakur (10)	44 6 0	
East India (£)		45 2 0
N. Damuda (1/2)		
Equitable	72 2 0	70 14 0
Standard		45 0 0
Ghusak and Muslia	17 12 0	17 7 0
Kuardi ...		21 3 0
New Beerbhoom		103 8 0
Raneegunge		61 14 0
Dhemo Main		29 10 0
SUGAR: Calcutta		
Buland ..	..	
Bairampur (10)	17 1 0	17 9 0
Samastipur		
Belsind (7½)	16 0 0	15 14 0
Carew (10)	31 5 0	29 10 0
Murree Brewery (5)		27 10 0
New Savan (10)		
Ram. Cane. Ord.	22 5 0	22 0 0
Lahore		
Pun. Sugar (100)		
Gokulnagar Ord.		
Murree Brewery (5)		
Jagjit		
Jaswant		
Madras		
Mysore (10)		
Deccan (10)		
Deccan (25)		
Travn. Sugar (7)		
South India (10)		
PLANTINGS: Madras		
Cochin Malabar (3)		17 12 0
Chembra Peaks (2)		10 0 0
Woodlands (10)		
Thirumbadi (1)	4 6 6	4 6 0
Travan. Rubber	10 7 0	19 6 0
TEA: Calcutta		
Bishnauth (10)		17 1 0
Cen. Cachar (100)		
Tezpore (10)		21 12 0
Eastern Cachar		
East India	21 12 0	21 10 0
BANKS & INS.: Bombay		
Central (5)	83 8 0	82 4 0
Imperial (F.P.) (500)	2,197 8 0	2,197 8 0
Imperial (P.P.) (125)	571 4 0	565 0 0
Reserve (100)	138 4 0	137 0 0
India (50)	199 8 0	197 8 0
New. Ind In. (15)	84 4 0	85 8 0

	12-9-45 Rs. a. p.	4-9-45 Rs. a. p.
Calcutta		
Reserve	135 0 0	135 8 0
United Comm.	26 0 0	...
Lahore		
United Com. (50)	75 12 0	...
Hind. Com. (50)	52 8 0	...
Pun. Na. (P.P.) (50)	..	...
Pun. Na. F.P. (100)	..	...
Bharat Bank Pref.		...
National Bank 'A'		...
National Bank 'B'	..	
New Bank of La. B	..	..
Oriental ...	...	...
MISC.: Bombay		
Ajmer	14 14 0	14 12 0
Assoct. Cement	216 4 0	210 8 0
Bom. Sub. (100)	210 10 0	211 4 0
B.I.C.	7 6 0	...
Alcock	410 0 0	407 8 0
Belapur Sugar (150)	215 0 0	215 0 0
Bom. Bur. (50)	571 4 0	550 0 0
Bom. Bur. N. (50)	198 12 0	148 12 0
Bom. Steam (250)	600 0 0	590 0 0
Bom. Tram	148 0 0	146 0 0
Bombay Petrol	5 12 0	5 15 3
Scindia Steam	36 14 0	36 4 0
Shivrajpur (50)	52 0 0	51 0 0
And. Val. (1,000)	1,820 0 0	1,927 4 0
Indian Iron (10)	41 3 0	41 0 0
Indian Copper (2s)	3 4 6	3 5 0
Prem. Cons. (30)	210 0 0	205 0 0
Burma Corpn.	6 7 0	8 7 0
Calcutta		
Bengal Paper		
I.P.P. (100)	226 0 0	223 0 0
Shree Gopal (10)		18 10 0
Star (10)		16 0 0
Titaghur	32 10 0	32 11 0
Ind. Copper (2s)		3 4 0
Cons. Tin	4 10 0	4 10 0
Burma Corpn.	6 8 0	
As. Ben. Com. Ord		
Aluminium Corpn.		
Rohtas Industries	15 10 0	15 10 0
Br. Bur. Petroleum	5 13 0	5 14 0
Ben. Navigation	..	..
Min. Zamindari	192 0 0	189 0 0
Dalmia		17 4 0
Lahore		
Indian Iron	41 8 0	...
Dharangdhra	..	...
Rampur Distillery	..	..
National Saltpetre	1 1 0	
North India Oil	..	..
Shree Gopal (10) ...	...	...
Star (10) ...	...	...
Kaycee Glass ...	...	...
Kaycee Industries		
Jagjit Distillery	7 4 0	
Hind. Motors	3 12 6	
Delhi		
Rampur Maize	44 8 0	...
Rampur Dist.	..	..
Un. Com. (50)	..	..
Dharangdhra (xd)		463 0 0
Bharat Bank Ord.	..	...
Gwalior Brewery	17 10 0	17 8 0
Raza Tex. (10)	68 12 0	68 5 0
Cawn. Tex. (2-1/2)	..	..
Hind. Com. Ba. (50)	..	..
Delhi Flour ...	...	..
Amrit Ordy. ...	...	...
Amrit Pref. I ...	...	...
Amrit Pref. II ...	...	...
Delhi Cloth Mill	119 12 0	...
Buland Sugar ...	...	...
Raza Sugar ...	...	...
Cen. Dist. ...	...	...

Bombay quotations for 1-9-45.

Names of Companies

Agarpara Co., Ltd. (Ord.) .. ..
Agarpara Co., Ltd. Pref.) .. .. ..
Basanti Cotton Mills Ltd. (Ord.) .. ..
Basanti Cotton Mills Ltd. (Pref.) .. ..
Bengal Coal Co., Ltd. .. .. ..
Bengal Nagpur Coal Co., Ltd. (Ord.) ..
Bengal Nagpur Coal Co., Ltd. (Pref.) ..
Bowreah Cotton Mills Co., Ltd. (Ord.) ..
Bowreah Cotton Mills Co., Ltd. ('A' Pref.)

COMPANY DIVIDENDS FOR AUGUST 1945

Amount per Share.	Date of Meeting or Payable on	
As. 8	14-8-45	Bowreah Cotton Mills Co., Ltd. ('B' Pref.)
Rs. 3-8	14-8-45	Hastings Mills Ltd. (Pref.) .. ..
As. 10	24-8-45	Hercules Insurance Co. Ltd. .. ..
As. 10	24-8-45	Hukumchand Jute Mills Co., Ltd. (Ord.) ..
Rs. 18†	6-8-45	Hukumchand Jute Mills Ltd. (Pref.) ..
Rs. 1-8	17-7-45	Indian Copper Corporation Ltd. .. ..
Rs. 3-8	17-7-45	Kedarnath Jute Mfg. Co., Ltd. (Ord.) ..
Rs. 10	27-8-45	Kedarnath Jute Mfg. Co., Ltd. (6% Pref.)
Rs. 4	27-8-45	Kedarnath Jute Mfg. Co., Ltd. (7% Pref.)
		Muir Mills Co., Ltd. (Ord.) .. ..

Rs. 3-8	27-8-45	
Rs. 5	24-8-45	
Nil	28-8-45	
Rs. 3-8(†)	28-8-45	
2.4d. (e)	19-10-45	
As. 12	21-8-45	
Rs. 3	21-8-45	
Rs. 3-8	21-8-45	
Rs. 10‡	21-8-45	
Rs 8(1)	13-8-45	

(1)—Interim Dividend.
†—Including Bonus of Rs. 2 per share.
‡—Including Bonus of Rs. 8 per share.

COMMODITY MARKET

Groundnuts

MADRAS, Sept. 9, 1945.

The groundnuts market ruled very steady during the week under report. There was again no business with the British Ministry of Food, though offerings have been made at £33-15-0 for 90|150 days delivery and at £33-5-0 for 120|180 days delivery. Exporters were buying around Rs. 76. Local buyers were actively buying Pollachi crop around Rs. 70, and offices with lower limits could not buy any substantial quantities. Official reports of the summer crop indicate that though the acreage was higher by 1.2 per cent. at 98,1000, the yield has been lower by 5.2 per cent. at 76,800 tons of unshelled nuts. The area under the arly crop in Salem and Coimbatore districts has been estimated at 1,11,500 acres representing a decrease of 24.2 per cent. The yield is also expected to be lower by about the same percentage at 50,000 tons. The oil market was erratic and demand was again of an indifferent character. The quotation fluctuated between Rs. 150 and Rs. 160. There was continued demand for cake from the Southern Districts.

Grains and Pulses

HAPUR, Sept. 12. 1945.

THE prices of grains and pulses in U.P. markets were quiet and there were no material changes in the market conditions. Arrivals were negligible. The all-India wheat production is put at 1,04,05,000 tons this year against 96,90,000 tons last year. In spite of an increase in the wheat production this year, it is considered to be insufficient for domestic consumption on account of persistent demand for military accounts and small yields of coarse *Rabi* crops. The Government of India have arranged to import 6 lakh tons of foreign wheat for this increased consumption. There is no doubt that on being imported wheat from overseas in required quantity, the problem of domestic consumption would be solved.

U.S. Canadian Carry-Over

It has been previously mentioned that the shipments of wheat and flour from Canada during the past season would likely prove a record. This has yet to be confirmed, but it is reliably stated that grain exports have reached 510,000,000 bushels for the past season, which is an all-time high. Due to a heavier export movement than was anticipated, the combined carry-over of old wheat in Canada and the United States at the end of the respective crop years will not exceed 550,000,000 bushels, compared with 672,000,000 a year ago, reports the Dominion Bureau of Statistics. The Bureau's report also says that the United States is harvesting a crop expected to run to 1,129,000,000 bushels, or 50 million bushels more than last year's record. Canadian exports during the crop year may equal the 344,000,000 bushels exported in 1943-44. It does not appear likely, however, says the report, that more than 285,000,000 bushels of old Canadian wheat will be held over to the new crop year.

Weather and Crops

Torrential rains were received during the week, which are reported to have caused slight damages to maize crops. Bright sunshine is badly needed to improve the conditions of crops.

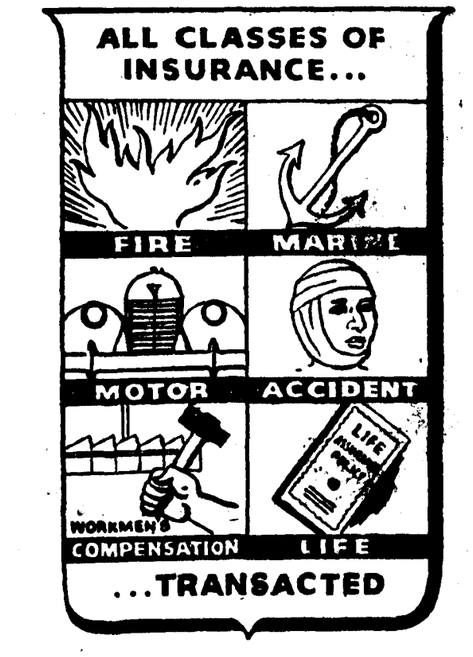
Guwar

The general trend in the local *guwar* market during the week has been bullish, though at times it was interfered by insignificant reactions. The earlier part of the period was quietly easy on unstimulating outside advices and hesitancy of operators. Thereafter the market continued to adopt advancing tone with a gradual appreciation in values. The chief factors responsible for the advancement of the values were higher Punjab advices and strong bullion prices with Punjab operators acting as principal buyers. The easy factor of favourable weather and crop conditions was totally ignored by the trade. The production of *guwar* is expected to be one and a half times larger than that of last year. *Guwar Magh* prices touched the highest at Rs. 5-13-9.

Bullion

The local bullion markets displayed a bullish tendency and the prices continued to soar up owing to heavy speculative buyings and coverings prompted by scarcity of stocks in the country, outside uncertain movement and political rumours. The conditions prevailing in the market these days are indicative of immediate appreciations of bullion prices. Whenever the values come down either under profit realizings or any other factor, the speculators begin to raid the market and make heavy commitments, thereby strengthening the tendency. The current rates are quoted at Rs. 125-8 for silver and Rs. 72-8 for gold.

The following are the latest quotations and stock figures of various local commodities against those of last week in brackets: Wheat: Rs. 10-4 (Rs. 10-4); Stock 13 *khattis* (22 *khattis*). Gram: Rs. 8-14 (Rs. 8-14); Peas: Khatti Old 6-10 (Rs. 6-8); Stock 87 *khatstis* (90 khattis). *Arhar* Khatti Old Rs. 6-6 (Rs. 6-8); Stock *khattis*). *Arhar*: Khatti Old Rs. 6-6 (Rs. 6-8); Stock 84 *khattis* (84 *khattis*). *Gur*: Rs. 10 (Rs. 10). *Guwar* Magh: Rs. 5-12-9 (Rs. 5|10|0).





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Employment Policy During Transition

THE sudden end of the Japanese war caught nearly every member of the United Nations unprepared to meet the immediate problems of the transition period. India is, of course, no exception to the general condition of unpreparedness although we started talking about transition period perhaps much earlier than others. Of all the critical issues with which men are faced none is perhaps graver from the social and psychological, if not the narrower economic, point of view than the manner in which the Government proposes to deal with the immediate question of unemployment which threatens the country. The magnitude of unemployment likely to occur is serious, although there are definitely mitigating factors too easily ignored by the less sophisticated. In the first place there are the men in the armed forces numbering about 2-1|2 to 3 millions, some of whom will return to their former employment or partial employment. A considerable number will be absorbed in the permanent personnel of the national defence forces which undoubtedly will be much larger than pre-war. But making allowance for such possibilities, the problem of reabsorbing into active employment the demobilized soldier is an urgent one. Secondly, the workers in war factories and other industries which no longer can justifiably continue to turn out unwanted munitions of war. The increase in the number employed may be estimated at 1 million during the war period. Thirdly, the service personnel which have increased enormously, but not excessively during the war and some of which now have no useful work to perform. These probably have increased by another million both at the Government of India and in Provincial Governments. Naturally the Government of India are likely to be more influenced by the prospect of unemployment threatening these men because of their direct contact with them and also because advice tendered by the departmental services is likely to be coloured by its effect on themselves as a class. Finally, unorganized industry has also absorbed an extra number which may be estimated at half a million workers. Thus in all about 5 million men are involved. Before dealing with what in our judgment should be the essential elements of employment policy in the immediate transition period, there are a number of loose generalizations and misconceptions of theory and application which should be cleared.

In the first place, although much camphor has been lit at the altar of full employment, it is not an end in itself nor has it been achieved during the war without having to pay a fairly heavy price therefor. During the war nations achieved full employment or at least approximated towards it precisely because they did not trouble themselves too much with the essential peacetime purpose of employment, namely increase of consumable wealth and increased standard of living. There was a definite decline in living standards associated with full employment and this association is not accidental. A country can have full employment, if all

returned to hand labour and yet can be—will surely be—poor. What we want is both full employment if possible and higher and higher standards of living—a very different combination. Solutions which do not have regard to the imperative need of raising the standard of living of the people who have endured suffering too long as in India are valueless because the retention of unwanted people in various kinds of work, however it may be desired by the people concerned cannot bring about a general improvement in the general economy of the country. Secondly, employment was kept at a high level during the war because of certain circumstances which cannot be expected to continue after the war. Not only did every country adopt a large number of economic and financial controls but many went so far as to deny to the people the right to choose occupations. Compulsory allocation of labour was part of the price which during the war was paid for the full employment which emerged out of a total war. Thus the experience of war-time full employment indicates that no one can have a vested interest in any particular job, and that the State should have the right to direct labour to any kind of employment. These facts need to be stressed because in recent discussions on the subject, the limiting conditions of full employment are too easily ignored.

Nevertheless a high degree of employment is not only consistent with high standards of living but is an essential condition of prosperity. If we allow employment to decline seriously, it would start inevitably and imminently a slump which gathering momentum would distort and weaken the entire economic structure. Such a catastrophe should be avoided. But there are mitigating factors. An agricultural economy such as India's will never throw up the problem of unemployment in the same arresting and realistic manner as an industrial economy does, because the unemployed are absorbed by the agricultural industry and get merged into the general problem of mass poverty. The key to the solution lies not in magnification of the unemployment aspect of the question but in devising measures of agricultural and rural improvement as would absorb more and more workers. Secondly, while pockets of unemployment may develop, consumer income will not immediately decline, and, therefore the demands for goods will be kept up. This is because although demobilization of the armed forces may start soon (this, of course, will be spread over a year—another mitigating circumstance) payments in the form of pensions and compensation will continue for some years. Thus prices need not necessarily fall at once but on the other hand may continue at a high level for a short period after the war—a simple point which apparently has caused merriment to the economic neophytes in this country. This intervening short period gives us a breathing time to deal with important measures of development. Again, as regards factory workers there is no doubt that a large part will be absorbed by private industry which is eager to expand. The restrictions and handicaps that hamper the development of private enterprise should be immediately reviewed. Fiscal measures should be adopted whereby taxes which are restrictive of business enterprise should be reduced. But despite all action in this direction, it is possible that the number of workers waiting to be absorbed is greater than can be absorbed by private enterprise. There is no automatic way by which in any given moment of time or circumstance the demand of industry is always equal to the numbers waiting to be employed. Indeed there are reasons to believe that for a year or two from now private enterprise may not be able to expand as fast as the urgency of the situation demands. The Industrialists' Delegation have pointed out that the prospects of getting capital equipment from abroad are none too bright. Many a private business will be constrained to wait before they can put through their planned programme of extension and expansion. In the circumstances something more has to be done, and this can be done only by Government.

The objectives of Government action in the immediate future should however be clear. It is not so much to maintain employment as to create the conditions directly and indirectly for economic expansionism. The enormous public outlay brought about by the war cannot safely be stopped. Public expenditure in various schemes of economic and social development and welfare should be undertaken with a view to maintaining prices and activity. It is, however, a fortunate circumstance that in India such expenditures are in any case desirable and urgent. They are not merely "employment giving" devices, but part of a necessary plan of economic development. They have the further merit that they do not call for the same amount of foreign capital equipment which most of the schemes of private enterprise do. As illustration, the following schemes of governmental outlay requiring only relatively limited imported capital equipment may be suggested. Road programme; flood control and irrigation works; educational programme; health development; sanitation and above all housing rural and urban. These among others can absorb vast sums of capital and have the further advantage of labour absorbing capacity.

Attention should, therefore, be immediately turned to the question of speedy execution of all such development plans as have a great capacity for absorbing labour. The problem of preventing unemployment can better be solved by not worrying about it too much directly. Indeed we would go further and say that there is danger in being too much preoccupied with it; for if the matter is viewed only from the employment angle, nothing would be easier than to lay down a policy by which no government factory worker in a war industry or no government employee in the various departments of Government would be discharged until some job is procured for him. "No retrenchment without re-employment" is the easiest slogan to adopt. But it would be both a cheap and dangerous policy to follow; cheap because it is the easiest way to escape from difficulty and dangerous because it would magnify and accentuate the trouble later. It would be a postponement of the trouble, not a solution. To say to the present employees in Government service that they would not be sent out is to forget all about what happens to the million new recruits that every year seek employment for the first time; also it would set a premium on a policy of doing nothing, because there would be no visible unemployment as long as present workers are not discharged. Maintenance of total employment is not the same thing as maintaining particular workers in particular employment. Better far to discharge the workers by affording them liberal financial compensation for considerable period and thus face squarely the issue of unemployment and solve it expeditiously by planned schemes of public expenditure than to adopt the smug policy of no retrenchment. We must, however, warn the reader that our policy does not mean retrenchment either in expenditure or in employment. On the contrary it implies such a positive policy of immediate action that the country may absorb not only those likely to be thrown out but all the new entrants to industry, private and public services.

The Industrial Mission

THE report of the Industrialists' Mission published on another page in this number is a document which for neat and admirable presentation of broad issues leaves little to be desired. Its main recommendations and conclusions cover a limited field but are unexceptionable as far as they go. Briefly they are (1) that, by and large, British industrialists have begun to accept, and even to adapt themselves to, the inevitability of Indian industrialisation; (2) that American industry is in many respects well ahead of British industry in efficiency and in equipment used, but that both the countries have a vivid appreciation of the value of research and spend lavishly thereon; (3) that American costs except in the manufacture of standard articles are higher than British costs, (4) that the world (and U.S.A. and U.K. no less) is a sellers' market and that for some time there will be much unsatisfied demand and (5) that the prospects of getting capital equipment from abroad are not too bright.

The mission is emphatic that India needs to import modern technique and know-how from the more advanced industrial countries. To quote its own words: "The immense complexity of modern industry, particularly in the engineering and chemical fields and the rapid progress made in them from year to year as a result of research have convinced us that if India's industrialization is to be as speedy as public opinion and her economic situation demand, we should unhesitatingly seek to import ready made technique and industrial know-how from those two (U.K. and U.S.A.) and other countries." We note with satisfaction the Mission's considered opinion that "a number of industrialists with whom we had occasion to discuss the matter were willing to afford India the necessary facilities in this direction and we believe that much can be secured at the level of technical co-operation." When we turn to the sphere of financial participation we find that the report is not equally definite. We are told that the mission took every opportunity to make it quite clear that it would be acceptable to India only if effective control of ownership and management remained in Indian hands and that on the whole industrialists both in U.K. and U.S.A. showed an appreciation of this point of view. This is, we fear, much too vague and not concrete enough. Appreciation of India's point of view is by no means the same as willingness actively to translate into action. At the press conference given on his return from U.K. and U.S.A., Sir Ardeshir Dalal pointed out that while individual industrialists were willing to participate in financial cooperation on a predominantly Indian basis of ownership and control, organized commercial bodies were not willing to commit themselves to any definite position. Sir Ardeshir's own formula was that while control and management of industry should be in Indian hands, they would be prepared to work on the basis of 70 per cent. Indian and 30 per cent. British capital. Organized industry in Britain was not apparently prepared to express itself one way or another. Sir Ardeshir was also more definite in his expression of the attitude of American industrialists. Fewer people, according to him, want participation in and control of Indian industry, while many would like to start their own business in this country. We should have welcomed more concrete and detailed treatment of the subject by the Industrialists' Mission.

It will be recalled that at the time of their departure much intemperate criticism was indulged in against the Delegation as if the country would be sold by Indian industrialists to British and American industrialists. How unreal those fears are may be seen from the fact that neither in America nor in Britain is there too much enthusiasm or interest to invest in India. In any case, provided India is politically free, the possibility of foreign capitalistic interests entering into a dominant position in Indian industry may safely be ignored. Indian industrialists are not just such simpletons as would go and invite foreign capitalists to come and take control of their industries.

The position in regard to prices and deliveries, as revealed in the report, is disquieting. There appears to be no chance of getting textile machinery which is most urgent for us from either Britain or U.S.A. under two years. In this connection, it is worth recalling Mr Sarker's advice. He is reported to have observed: "In the matter of obtaining machinery from abroad the Government of India have an important part to play. In view of the heavy demand from various countries for capital goods and the continuance of controls particularly in U.K., the quicker availability of certain types of machinery will depend upon the influence which the Governments of India will be able to bring upon the Governments of U.K. and U.S.A." We fully endorse the view; indeed the Indian textile industry was overworked terribly as part of the general Allied war effort. Britain and America owe a responsibility to rehabilitate it immediately. But unless this Government is replaced by a more competent and representative Government, it is useless to pin much hope on their action. Indian industrialization is likely to be delayed unless conditions alter rapidly in the external world.

The report does indicate the possibility of a change for the better in U.S.A. It is a pity that throughout the period of their visit time was against the mission. Britain was in the grip of a pre-election fever and U.S.A. up to the neck in its furious final assault upon Japan. Had the Delegation gone to the United States just one month later, they would have had a better opportunity of studying the rapidity of the reconversion progress; American industrialists too would have been more ready to talk business. When they returned to Britain after their American tour, the new Government had just come into power and had little time to give to the problems with which the industrialists were concerned.

We fear that there is also an uncertain touch about the report in its warning against hurry to purchase capital equipment. This warning ill accords with the note of alarm that no capital equipment would be available for about two years after the end of the war. If it is "inadvisable for industrialists in India to be in a hurry to purchase capital equipment under present conditions" one need not regret the inevitable delay in securing capital equpment from abroad. The warning about second-hand machinery which is likely to become obsolete is again a little confused. Second-hand machinery if it is too old and worn out should not be acquired unless the price factor is exceedingly favourable. Even if the price be low, it is undesirable to import it. But obsolescence is a different matter. It is not in all industries that the rate of obsolescence is rapid. One should like to know whether their advice holds good in respect of, for example, the textile machinery.

The mission's suggestion in regard to war surplus stock is most valuable and deserves to be immediately acted upon. An immense amount of stock has been declared surplus in U.S.A. and since the return of the mission even more—much of which would be useable and in good condition, being either new or practically new. The equipment of whole factories built either during or at the beginning of the war is being offered for sale in United States, while large amount of self-contained movable equipment is also available. The prices too appear to be favourable. We fully endorse the recommendation that the Government and the

business community should constitute an organization "which would locate available equipment, inspect and report on it when necessary, canalize all enquiries from India and furnish machinery for their procurement from the various surplus disposal Boards." But we have not much hope of this Government doing anything quickly. Already much valuable time is lost, and unless with a few weeks the organization is set up, the recommendation would itself have become otiose.

While the report may be criticized for being somewhat general and in certain parts even vague, we have no doubt that the mission has done itself and the country most valuable service, not only by establishing useful contacts with their confereres in U.K. and U.S.A. but also by presenting India's economic and financial problems in their proper perspective. The members of the mission have returned from their trip (to quote their own words) "enriched with first-hand knowledge of the economic and industrial conditions and prospects in Great Britain and U.S.A. and with a better informed appreciation of the significance, scope, needs and complexities of modern industry. If their report does not bear richer evidence of this or if they have not evinced excessive zeal to impose upon the public a more elaborate report, the fault cannot be laid entirely upon the mission. A cloud of suspicion was raised on the eve of their departure, which necessarily put them on their guard. Even where they could safely and justifiably have taken on a more representative role, they deliberately and studiously avoided it. That despite all handicaps they achieved excellent results and made a success of their job reflects great credit on them. India would be particularly gratified by the cheering and heartening conviction with which they conclude their report: "We have come back more than ever convinced that only by means of large-scale industrialization, backed by modern scientific research and education can India hope to emerge from her poverty and distress and rapidly build up the high standard of living to which her people are entitled and so desperately aspire."

Our Sterling Assets I

INDIA'S economic development and industrialization in so far as they are sought to be founded on external finance whether in the form of a return of the sterling debt or the conversion of a part of it into dollars are foredoomed. Our isolation in the political and economic spheres and the continuance of an unrepresentative, irresponsible and incompetent Government at the Centre are gravely imperilling our external assets which may be written off before our very eyes, unless the public fully understands the issues involved and meet argument with argument. Suspicion of Britain and distrust of her intentions in respect of our sterling balances are no new thing in India; the public have always had a feeling that by some device or another Britain would manage to repudiate wholly or in part her sterling debt. But this sort of vague suspicion helps nobody and betrays our weakness. What is essential is knowledge and understanding. The time has come when Indians should appreciate the deeper factors and circumstances operating in Britain and the United States which are likely to prevent us from securing a square deal. We should therefore, be prepared beforehand, fully armed with facts and data, so that when the time comes we may be able to send worthy representative men to fight our cause.

Responsible British opinion, it is true, has so far not come out openly in favour of repudiating the debt which Britain owes to India. But a distinction has been made by the British Chancellor of the Exchequer in the Coalition Government between commercial debts and the sort of debt represented by the accumulation in Britain of sterling assets, during the war. The distinction may be relevant in some cases but so far as India is concerned it is not, as we shall point out later. While, however repudiation has not become yet part of British official policy, there are significant pointers tending towards translating the vague and unexpressed desires into policies of action towards repudiation. The United States wittingly or unwittingly is causing India greater harm than even Britain in this matter. Her anxiety to get Britain to agree to abandon Empire Preference and sterling bloc, leads her to offer bargaining favours of which either a large loan with a small interest or a free gift of a substantial sum is a part. We have no quarrel with any generous action taken by the United States. But it is to say the least, unworthy of her to advise Britain either to get the latter's debts to India and other countries written off or even to have them scaled down. Reports are at hand stating that President Truman is strongly advising the British representatives to this purpose. It is also reported that United States Treasury experts feel that one way of assisting Britain is for all creditors to write off the debts. The United States would be prepared to write off the lend-lease account of about 10 billion dollars to the debit of Britain and in turn expects other creditors to make a proportionate contribution. Some even go so far as to defend their view by pointing out "that those members of the British empire which have profited financially by the war at Britain's expense including Egypt and India should scale down their debts." Mr Morgenthau, former Secretary of United States Treasury has stated recently: "The most effective way of getting indirect benefits in the form of friendship, security and economic opportunities is through outright cancellation of the financial side of all lend-lease accounts in one clean, generous gesture of goodwill towards the world" and adds: "If the United States does this, we shall be in a position to suggest to other countries similar cancellation, or at least a substantial scaling down of all the burdensome obligations which the war has left as a legacy." In his view, "there must be a sharp reduction in her (Britain's) sterling indebtedness held largely by her Empire associates if she is to abandon Empire preference and bilateral agreements for the sake of participation in a system of free multilateral trade." So the argument is that because the United States wants Britain to abandon Empire preference and bilateral trade, it matters not a cent to her if the price has to be paid by other countries too poor to afford this sacrifice. If the United States desires to cancel lend-lease account with Britain, and besides afford other forms of financial assistance, why should she not take upon herself the further burden of carrying Britain's external obligations. In any case suggestions of this kind in the economic sphere without regard to the political aspects of the indebtedness would be deeply resented in this country where at present there is sympathy for the United States' liberal and progressive approach towards political and economic problems. India will not allow herself to be used as a bargaining counter in the game of Anglo-American disputes and concord. At the same time those who know the mind of the United States Administration can testify to the fact that it is fully conscious of the political implication of this suggestion and feels that since only a free and

independent India can write off the debt, this would have a wholly favourable political effect. But such a view is, we submit, mistaken. Certain quarters in Britain may only be too ready to export the United States support to repudiate the sterling debt without being overanxious to secure the politically favourable condition precedent to that course. The harm done by the proposal in the economic sphere is certain and immediate, while the indirect political effects would be problematical and remote.

Britain would not ratify the Bretton Woods Agreements unless the United States in turn offers her a free gift sufficient to enable her to pay off a large slice of her external obligations. Indeed the vehemence with which Britain repudiates the suggestion of a long-term loan as evidenced by Lord Geynes and Lord Halifax's statements in the United States indicates what she expects from that country. In the event of her not getting satisfaction, she is prepared unashamedly to abjure all her nineteenth century philosophy of free trade, free exchanges, unfettered movements of capital and so on and deliberately to adopt bilateral trade agreements, empire preferences, sterling blocs and so on. Being a large import market she can certainly use her exceptional position as a buyer to dictate terms up to a point to all countries of the world. The United States is not unnaturally apprehensive of this possibility, and hence proposes to meet Britain's view partly by paying a price herself but mainly by allowing interests of India to be sold out in the name of Anglo-American harmony. Neither country seems to have much regard as to what those other countries think of the proposals. The assumption, for instance, of India's acceptance of a scheme of empire preference and continuance in the sterling bloc is taken for granted by both the countries, thereby revealing how little store either country sets on India's financial sphere.

So much for the Anglo-American view point. When we turn our attention to the predominantly British attitude towards sterling balances, we find the situation extremely unsatisfactory. The Industrialists Mission in their report of their visits to the United Kingdom and the United States have pointed out that "we found a certain amount of sensitiveness in Britain to any discussion relating to the problem of India's sterling balances." It is more than sensitiveness. It is an expression of the wide gulf separating British attitude towards the problem and India's demand for repayment. It would be dangerous either to fail to understand the British view of the question or to be unprepared to meet their case when it will undoubtedly be put forward at the proper time. The British do not waste words; but we may be sure that India will be struck by the heavy artillery of the British case when Britain feels that the time has come to speak.

That case rests upon a number of arguments some plausible and others entirely untenable but all without real basis or substance. We should, however, give them the fullest weight so as to able to meet them effectively. In the first place Britain argues the financial settlement apportioning the war expenditure incurred in India between Britain and India is not fair to Britain, and had led to the highly paradoxical result of a poor country having suddenly turned into a big creditor overnight as it were. Britain believes that she fought the war not only for herself but for the entire world including India and that if she fought Japan it was as much to save India from destruction as to preserve her own dominion and sovereignty. While every country did its best towards the war effort in physical terms, the incidence of the monetary burden fell unequally on Britain and other countries like India. In the words of the London *Economist*, "When Indian factories are equipped to produce ammunition for the Fourteenth Army fighting the Japs in Burma, that, in a realistic assessment is part of the Indian war effort—but is paid for by Britain." "Each nation has been solely responsible for its own real effort—for the increased production it has laboured to achieve, for the reduced standard of living it has imposed on its people for the man-power and the materials it has thrown into the fight. But in finance the nations have not all been equally self-reliant. Britain has had to bear the financial responsibility for its own war effort and for substantial slices of other countries' as well. . . . The debts are the accidental result of the fact that the financial arrangements of the war have not accurately reflected the physical realities.' We have quoted the *Economist* at some length because failure to appreciate and assess the weight of this argument would put India in a terribly weak position at some future date when the question of unblocking sterling is taken up in right earnest. Closely akin to the above kind of reasoning is the argument that India having put forth all the effort in real terms and undergone the suffering and sacrifice involved therein should not now seek to make a financial or physical gain by asking for repayment. The privation and sacrifice of which sterling assets are the external token cannot be lessened by any demand for repayment of the debt. Whether India should have been called upon to bear so heavy a war burden or not is not really relevant. What is relevant is that she has done it anyhow. It is all over now. Why seek to reimburse herself after the war, at Britain's expense? So runs the argument.

Of a different order of logic is another argument advanced in favour of scaling down the debt. It is said that the Indian prices have been inflationary, that Britain has had to pay prices much higher than those prevalent in Britain or what may be regarded as fair and reasonable, that the volume of the debt would have been very much less, had inflationary prices been charged. Indeed the *Financial Times* has gone to the length of saying that if fair prices had been charged to British purchases, the debt would only be a third of its present value. The London *Economist* is a little more moderate in its claim. It believes that about 25 per cent. of the debt might be set off for inflated prices. A final argument is also advanced that the rupee-sterling rate was kept at a higher rate than justified by the low purchasing power of the rupee, and hence sterling debt mounted in larger volume than justified. So far, these arguments have been advanced only by journalists, although by very responsible journalists. But, we may be sure that these are the grounds on which accredited spokesmen of the British Government will, when the time comes, press for either the cancellation or the scaling down of the sterling balances. We shall deal with them in the next article.

(To be continued)

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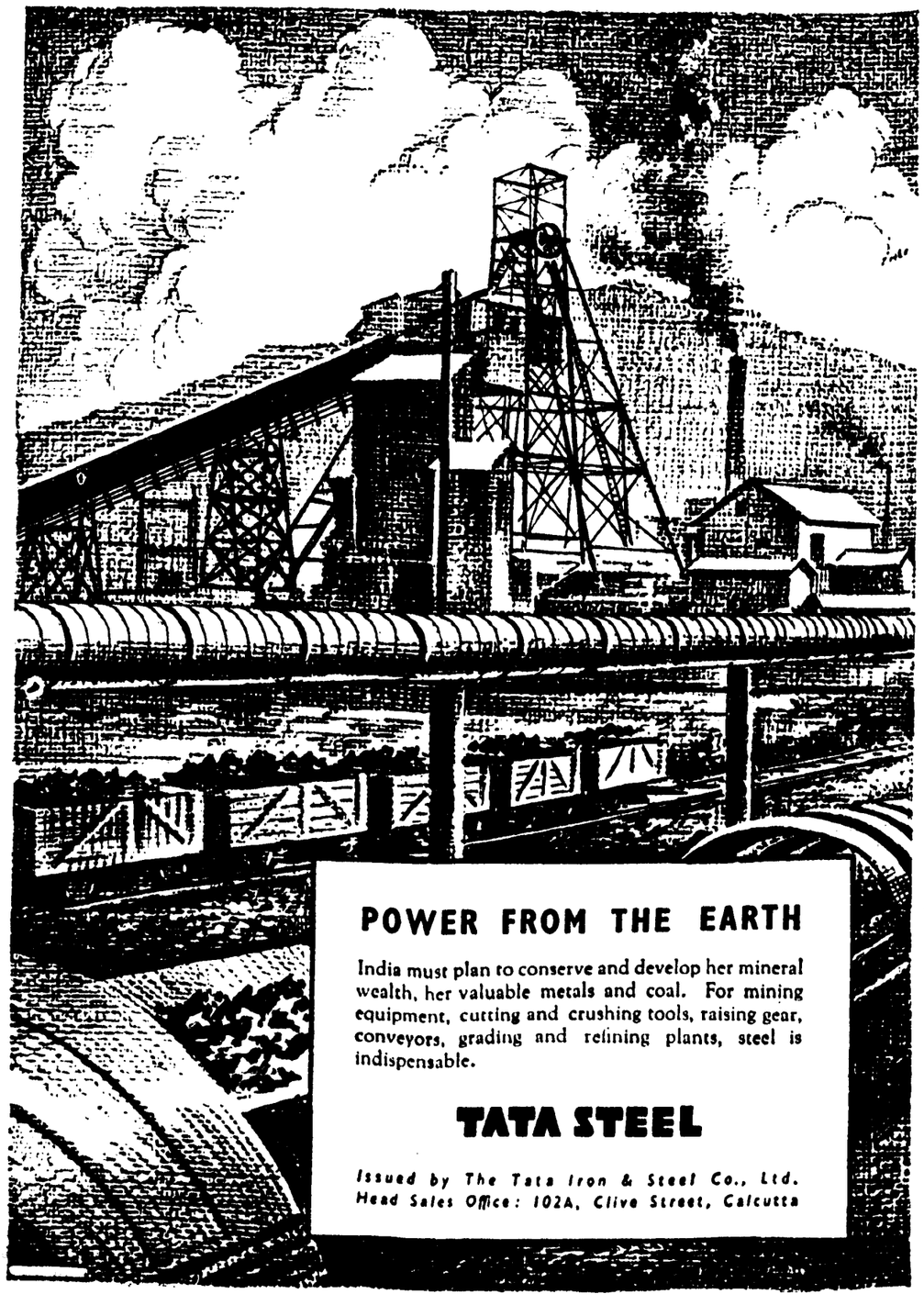
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The Week's Notes

NATIONAL PLANNING COMMITTEE

The National Planning Committee met in Bombay early this week after a period of nearly five years. Pandit Nehru who presided mentioned the great changes, both political and economic, which had taken place since the Committee met last and that even in realm of ideas, our economic thought has greatly advanced. The question therefore rose whether the reports which the various sub-committees had previously prepared and which had become considerably out of date, should be revised and brought up to date, or whether the committee should review the entire position in the light of the new situation and issue fresh directives. There was general agreement that the National Planning Committee's work must be continued and that it was essential for the N.P.C. to review the entire ground and in the light of altered conditions, issue fresh directives to the sub-committees with regard to the objectives for a planned economy, and determine proper order priorities. These questions will be taken up by the N.P.C. at its next meeting to be held on November 6 next. Meanwhile Pandit Nehru referred to the fact that lack of reliable data and statistics hamper the work of the N.P.C. as of any other bodies interested in planning work. The Government who possess the data or have the organization to get the data easily, do not apparently make full and proper use of them, while private bodies possessing the outlook but lacking the essential data find themselves severely hampered. Pandit Nehru appealed to the Government to publish all reports, data, etc., so that the public may also intelligently participate in and discuss the planning work done by the Government and other bodies. Planned economy can only succeed with full public co-operation and so planning work should be done in the open air of public discussion. Pandit Nehru referred particularly to the report of the Grady Commission of 1942 which was suppressed by the Government of India. If the report is now published, we shall at least be in a position to judge what great opportunities for industrial development for war effort, we have missed during the war.

EMPLOYMENT DURING TRANSITION

A number of steps are announced to be taken shortly by the Central and Provincial Governments for the provision of employment to demobilized service men and persons released from war factories. Provincial Governments have prepared plans already and in executing the schemes in their five-year plans, large numbers can be immediately absorbed. The schemes include rehabilitation and improvement of existing roads, irrigation and hydro-electric works. These are precisely what we have advocated in a leading article on the subject this week. Central Government Departments—Railways, War Transport and Labour—are also having similar employment schemes.

Measures for enlarging the opportunities of employment in civil industry are bound to be very important. Government state that though delay is inevitable due to difficulties of importing capital equipment, transport and coal, expansions are already under way in cement, chemical and vanaspati industries, not to mention cottage industries such as brass, leather, tube-well equipment, etc., in which materials can now be released for civilian use. For the building and maintenance of houses for which a great demand is expected, Government are prepared to release cement, timber, steel and coal for brick-burning. There are a number of factories, *e.g.*, jute mills, glass works, re-rollers, etc., which have not worked to full capacity for lack of materials. The essential point about reconversion in all these industries is that all these facilities regarding materials should be made immediately available; assurances on paper alone will not do.

INDIAN EXPORTS TO UNITED STATES

The following table of 15 articles, which constitute a large proportion of Indian exports to the United States, indicates that there are duties or restrictions on at least nine.

Commodity	Exports in 1940 (Dollars)	U.S. Tariff 1940	U.S. Tariff 1930
1. Goat & kid skins	5,640,000	10 per cent. *ad valorem*	Duty free
2. Cashew nuts	4,050,000	2 cents per lb	1 cent per lb.
3. Tea	4,529,000	Duty free	—
4. Crude rubber	1,690,000	Do.	—
5. Lac	207,200	Do.	—
6. Shellac	3,560	Varies according to variety. Max. 30 p.c.	—
7. Plant seeds	2,140	Varying rates	—
8. Castor beans	2,128,000	¼ cent. per lb	—
9. Raw Cotton 1|8"	4,430	Subject to import quotas since 1939	—
10. Unmanufactured jute	5,907	Duty free	—
11. Burlap	41,950,000	Varies according to type from 1 cent. per lb to that plus 10 p.c. *ad valorem*	—
12. Jute sacks	2,890,000	Rate varies according to type of material	—
13. Manufactured wool	4,729,000	11 to 13 cents per lb	
14. Mica	1,357,000	25 p.c. *ad valorem*	
15. Manganese ore	2,324,000	½ cent. per lb	
	71,501,337		

The above table shows that out of a total export of 71-1|2 million dollars worth of these goods, the United States allowed only 6-1|2 million duty free without restriction. This shows that there is quite a wide range of commodities valued at more than 65 million dollars, which is subject to varying duties and restrictions. It is the duty of the Government of India to investigate immediately, how far a removal or reduction of these duties and restrictions will enable the Indian exporter to expand his market in the United States. Bilateralism is the ruling rage and we may be compelled to enter into bilateral facts in order to safeguard and even to expand our markets abroad. The United States has reciprocal trade pacts with 28 countries and its officials are busy investigating possibilities of negotiating such pacts with other countries, with tariff concessions as a bargaining counter. Recently, the Congress has authorized the President to cut tariffs to the limit of 50 p.c.; and this authorization is being very well ex-

ploited to win concessions in foreign markets. Our Government ought to be up and doing and ready to seize the opportunity, if it comes our way. We are in need of dollar exchange. Up till now our bargaining strength, both in respect of trade and exchange, has been exploited by H.M.G. for its own purposes. It is time, we took things in our own hands and asserted ourselves vigorously. With regard to the United States, the Government should explore the possibilities of a comprehensive economic agreement, covering not only trade and exchange but also immigration and citizenship.

THE BRITISH COTTON INDUSTRY

The President of the Board of Trade, Sir Stafford Cripps, made an important statement of Government policy on the cotton industry at a representative conference of the various interests held in Manchester on August 11. He made it clear that Government had no intention of nationalizing the industry and was even prepared to assist it to the best of its ability, provided maximum possible production at a reasonable price and good working conditions were accepted as overriding consideration by all parties. Sir Stafford also made it clear that the private enterprise was fully entitled to a reasonable return on the capital actually employed. The employers and the employees unanimously agreed to these eminently reasonable proposals. The employers went so far as to put it on record "that it is our policy to see individual wages higher than in the past in relation to general wage levels and cost of living;" and suggested that "a commission should be set up to commence forthwith the task of framing definite proposals." To this, all parties agreed and it was decided to appoint a commission with four representatives each of labour and capital with an independent chairman to be appointed by the President of the Board of Trade. The labour section took the opportunity of emphasizing its fundamental demands: 1. Attractive wages. 2. Good conditions of work. 3. Regular and stable employment. They made it clear that "so far as wages and conditions are concerned, regard them as a first charge upon the industry. But they expressed their readiness "to work in collaboration with employers of goodwill." And the conference ended with mutual goodwill and determination to work for common good and prosperity.

But Sir Stafford is not a man, who stops thinking or acting, once he is seized of a subject. About a fortnight back, he proposed that a "Tripartite Working Party" be set up to make recommendations for reorganization of the British cotton industry. Its constitution would be like that of the commission proposed by the employers at the Manchester conference, but it would in addition have four representatives of consumers; and it would occupy itself with the wider function of general reorganization. The employers object to the setting up of this body on the plea that there are already two bodies, the Cotton Board and Post-War Development Committee charged with and actually performing the same function. These bodies represent the industry as a whole and have already produced collective plans for reorganization. But exactly for these reasons, it is not clear, why the employers object to the setting up of Sir Stafford's "Tripartite Working Party."

EXPLOSIVES AS MANURE

In a letter to the Statesman (September 19) Prof. Mitter of the Calcutta University suggests the conversion of explosives into manure. The war has left the Allies with a huge surplus of explosives, their own as also the enemies. It was reported that a large quantity of German explosives was dumped into the sea by the Allies themselves on the termination of hostilities. Yet enormous quantities remain and their safe disposal is naturally causing the Allies a good deal of anxiety. As a large part of these explosives contain nitrogen in a form eeasily assimilable by plants, they must have manurial value. But they must be rendered innocuous before use by cultivators. Prof. Mitter suggests that it could be done by suitable dilution with dry earth and if necessary, lime; and then it could be made over to peasants for use as manure. We strongly endorse the suggestion. The agriculture of this country has greatly suffered for want of nitrogenous manure. These explosives have cost a good deal; and it would be worthwhile salvaging something out of the wreck. The Imperial Council of Agricultural Research should take up the suggestion and try it, in the first instance, as an experimental basis before making a general recommendation to the growers.

INDUSTRIAL DISPUTES IN 1944

The August 1945 issue of *the Indian Labour Gazette* contains a classified analysis of the industrial disputes figures in British India during the year ended 31st December 1944. As compared to similar figures for the year 1943, it appears that industrial situation improved in 1944, though not considerably. The total number of industrial disputes in 1944 was 658 as against 716 in 1943. The year 1943, which was the year of peak prices, has a record of the highest number of industrial stoppages ever since 1921. Though, however the situation may appear to have improved a little generally, figures for Bengal and Bombay which together account for about two-thirds of the total industrial disputes do not show any favourable advance over 1943 regarding industrial situation. Thus for instance, while in 1943 the number of industrial stoppages in Bengal and Bombay was 198 and 244 respectively, it was 202 and 232 for the year 1944. It will be seen that the difference is almost negligible. An industry-wise classification of these disputes, however, shows that there is a definite improvement in the situation particularly in regard to cotton, silk woollen mills and engineering industries. In 1943, the number of disputes in these industries was 224 and 104 respectively whereas in 1944 both of these came down considerably to 138 and 74 respectively. Regarding the efficacy of the particular methods of settlement of disputes, it must be said that out of 640 disputes whose account of settlement is available, as many as 239 were settled by the method of direct negotiation, employers agreeing to all or certain demands. While this may indicate a certain amount of reasonable understanding (though delayed) on the part of the employers, it seriously reflects upon the efficacy of the other methods of settlement. While mediation by Government Labour Officers or other Government officers accounts for the settlement of 110 disputes, the Bombay Industrial Court, one wonders, has no single settlement to its credit.

RICE SITUATION

Late rains in Bengal have damaged the autumn on the *aus* crop by about 25 per cent. and delayed the transplantation of the *aman* or the winter crop by nearly a month. The Bengal Government are reported to hold that the outturn of the *aus* crop will be 75 per cent. of the normal while that of *aman* crop about 80 per cent. This deficiency is not negligible and there is genuine anxiety over the matter in the province. In this context, strangely enough, the Bengal Government has thought it right to deplete its stocks of rice reserves through exports. It is stated that the Government's rererves which stood at 600,000 tons at the beginning of this year have now dwindled to some 450,000 tons. But this is no guarantee of security and will not, there is reason to fear, engender confidence among the public since Bengal's minimum annual demand aggregates to 10,000,000 tons. There is moreover, an all-India side of the question. In the current year, thanks to an abundant crop in Bengal, which obviated the need for more supplies from other parts, the Government of India formed it possible to increase the quota allotted to some of the other deficite provinces and states. This increased central quota, in turn, made it possible for some of the hard-pressed states like Cochin, Travancore and Malabar to increase their ration quota to make it adequate for the people. Thus Cochin raised the per capita ration from 5½ ounces to 12 ounces while Malabar increased it from 6 to 12 ounces. The present gloomy prospects threaten a fall back for these territories to their old and meagre ration quotas. It is welcome news, therefore, that the Government of India is endeavouring to secure rice imports from Burma and the Far East through negotiations with H.M.G. It has been estimated that even now there is an over—all surplus of some 500,000 tons available in Burma for exports. Will the Government of India, at least this time, succeed in pursuading the British Government that Indian stomachs also need food?

INDUSTRIAL ACCIDENTS

A few details regarding incidence of industrial accidents in India for the year 1943 are available. According to statistics collected in the Labour Department, it appears that unfortunately the year 1943, instead of showing any advance regarding industrial safety, displays a tendency towards deterioration in the matter of industrial accidents. The number of industrial accidents increased from 31,089 in 1942 to 44,826 in 1943 thus recording 44 per cent. increase. Consequently, the amount of compensation paid for these accidents rose from Rs. 14,08,035 in 1942 to Rs. 22,83,991 in 1943. The total number of persons in respect of whom compensation was awarded during the year was 2,425 of whom 2,302 were men and only 123 women. In 1,266 cases, the injuries were fatal, in 1,051 they resulted in permanent disablement and in the remaining 12 in temporary disablement. Apart from what these accidents mean in terms of money in the form of compensation, and more grievous wastage of human energies, this tendency towards deterioration definitely shows how little progress we have made regarding the use of "safety first" methods in our industrial establishments. A great deal has still to be done to get more attention paid to this aspect. It was, for instance, reported from the U.P. that formation of safety-first committees made very little progress and the few in existence had not got into their full working stride. It might be said that though the principles of industrial safety are well established, their application is not as thorough as one would wish, and, secondly, it is not commonly appreciated that industrial safety is not something to be easily added to an existing factory but is a fundamental underlying requirement, comparable with adequate transport facilities or proper siting. The International Labour Conference recommends the establishment of permanent safety exhibitions, as in the United Kingdom whose uniquely long experience of industrial methods and exceptionally wide range of manufacturing interests have tended to make it a recognized centre of industrial technique. The advantages of such an organization are obvious. It is hoped the Government of India will set up a similar industrial museum in some industrial centre and will thus try to put a stop to this tendency towards deterioration in the first instance.

OIL POLITICS

Some trouble is likely to arise from the Big Three's gigantic efforts to get a controlling voice in the exploitation of the oil wells in foreign countries which in many cases happen to be economically backward and politically dependent. Rumanian oil in pre-war days was largely exploited by Anglo-American interests. Middle East oil fields similarly belonged to Anglo-American concerns. Thus British Companies controlled about 80 per cent. of the Middle East oil production. Russia has developed considerable interest in the oil resources of the area, while Anglo-American oil interests seem determined to divide the world's oil reserves between themselves. But it appears now that while the American Government is in favour of some form of Anglo-American control of oil production in the Middle East, American private interests want to have it all for themselves. Reports indicate that the American Government is making determined efforts to enter permanently into the oil regions of the Middle East. Mr Harold Ickes is carrying on negotiations to strike an Anglo-American deal on the subject. Mr Ickes is reported to have expressed concern over the fact that the U.S.A.'s oil reserves were likely to last only for fourteen years more. This, together with the fact that the Soviet Union is also casting its longing eyes that way, may help a quick arrangement between British and American oil interests and thus help forestall Soviet penetration into the area. Meanwhile, Russia has failed, presumably due to British and American resentment, to get a fifty-year lease of the Tisterdorf oil fields in Eastern Austria to which the Provisional Government in Austria was reported to have consented. After Iran, this is the second time the Western Allies have barred Soviet access to oil. Will Stalin forget and forgive?

PUBLIC HEALTH SERVICE

Commenting on the trifurcation of Education, Health and Land Department, the London *Times* emphasizes the utter inadequacy of the present public health facilities in India and the urgent need of initiative, direction and co-ordination from the centre. India needs 300,000 doctors—seven times as many as she has today, at least 750,000 nurses in place of the present 7,000 and 70,000 trained midwives in place of the existing 5,000. Indoor teratment in hospitals is awfully inadequate. Hospitals are in a position of providing 1 bed for every 3,000 people which compares very unfavourably with 15 beds in England. Add to this the positive disadvantage of almost complete lack of medical cave in an average Indian home. A review of the health organization of the whole country by the Health Survey and Development Committee which will be available shortly will serve as a preliminary basis for the adoption of comprehensive measures of reform. The paper observes that indigenous systems of medicine receive special privileges from several Provincial Governments at the expense of provision for scientific medicine which is grossly inadequate and adds that they have little or no contribution to make to the improvement of national health. These remarks are obviously based on ignorance. The writer in the Times has no particular competence to pass a comprehensive judgment on Indian systems of medicine. Given strong impetus, indigenous systems of medicine can certainly help build up national health as they did in the past and we urge that whatever bitter patronage has been accorded to them by the popular ministries should be further extended. At present, they receive not too much but too little by way of encouragement and finance from Government. The bias is really the other way about. The expenditure of the Provincial Government on indigenous systems of medicines is almost insignificant compared to its expenditure on what is called allopathy. This is not to disparage it or to ask for a reduction in the expenditure on modern experimental therapy. But westerners ought to know that the system touches hardly a fringe of the population—this is in fact what

the *Times* points out; but what they do not know—and the writer in the *Times* is ignorant about—is it the indigenous systems, which have saved the masses from dying like rats. Not that modern experimental therapy would not have done it better, but it was simply not available. We endorse the *Times'* plea for an enormous expansion of medical facilities but there should be an overall increase in the expenditure on public health research and in this the indigenous systems should receive their due share.

CROP FINANCE IN BOMBAY

The Bombay Agricultural Debtors' Relief Act, specially the machinery of Debt Adjustment Boards provided under the Act, is bound to have important repercussions on the future dealings between agriculturist debtors and village money lenders. The latter will be very slow and cautious in making advances of loans to cultivators because of the special provisions contained in the Act. The cultivator requires credit during the various stages of cultivation. But he will not get easy accommodation as before. A way out has been devised by the Bombay Government. An agriculturist debtor, whose debt has been adjusted by the Board or the adjustment of whose debt is pending before the Board, is entitled to get advances for crop finance from the Co-operative Credit Society of which he must necessarily become a member. It may be that funds for crop finance may be borrowed by a credit society from a central financing agency or that a central financing agency may have made such advances direct to the individual debtor. All such advances are partially guaranteed by the Government. Ordinarily arrears of such advances are to be recovered from the crop of that particular year, that is, within 12 months from the date of advance. If they are not recovered within this limit, they would go into the category of loss due to bad debt etc. Five per cent. of such loss is guaranteed by Government. This partial guarantee will no doubt give some relief to the co-operative societies, but we believe that 12 months is not a sufficient time to recover the cultivators' arrears however small they may be and that it should be extended to three years at least before debts are classified as bad.

SCIENCE TO THE AID OF WAR

Science has stood the test of war wonderfully well and has helped in forging weapons of offence and defence. Air raids and U-boats constituted a terrible menace to the safety of belligerent nations Britain was faced with utter destruction from air, but the British scientists invented Radar which gave a clue to the location of bombers long before they would reach their objectives. Pilotless planes and rocket-bombs seemed almost sure to destroy Britain, but the Radar saved that country from annihilation. U-boats and magnetic mines were successfully checked by depth charges and by degoussing the ships. The wonder plastics Polythene and Silicones were discoveed and used in telephone, telegraph, submarine, cable system, aeroplanes, electrical industry and so on. The Secret Bomb Sight and High Octave Gasoline and improvements in internal combination engine strengthened the air affencive. Duraluminum created a revolution in aircraft construction by helping to build lighter and faster bombers and fighters. Nor war the role of science confined to the destructive aspect alone. In the domain of medicine and surgery equally magnificent achievements were witnessed. Perfect developments in blood transfusion methods and dry plasma saved millions of lives. Penicillin has established its claim as a wonder medicine. Plastic surgery has made rapid strides. In the spheres of insecticides D.D.T. and gammaxine have saved whole territories from terrible epidemics. Safety is now ensured from malaria and other insect-borne diseases. The rapid development in the methods of dehydration of food saved starving millions in devastated areas. But the crowning achievement was the Atomic Bomb which brought the war to an abrupt end. Science has come to the service of mankind in the darkest hours of war; but we feel little doubt that the impartial historian of the future will pronounce a stern verdict on the use of the Atomic Bomb which brought untold destruction and suffering in its wake. And the people of Asia has not failed to mark that it was used not against Germany (though it was available towards the last stages of the European war); but against Japan. Science can bring the millenium, provided the improvement in man's morals is commensurate with the improvement in his equipment.

PROPERTIES FOR SALE

SULPHUR OPERATION IN KOHI-I-SULTAN BALUCHSTAN

THE properties attached to the Central Government's Sulpher Operations, Koh-i-Sultan railway Station Nokkundi, (Baluchistan) and stocks of sulpher ore lying at Nokkundi railhead are offered for sale. Purchaser has right to work the sulpher mines or dismantle the properties and to dispose of the stocks of sulpher ore as he thinks fit. Government, however, reserve the right to sell not more than 1,500 tons of high grade ore now lying at rail-head by the end of this year 1945. Working the mines will be in accordance with the Central Government Mining Rules. Detailed prospectus and plans are available for perusal with the Director, Geoligical Survey of India, 27, Chowringhee, Calcutta, the Officer-in-Charge, Sulpher Operations, Hut No. 254. Residency Compound, Quetta (Baluchistan), and the Assistant Secretary to the Government of India, Department of Labour New Delhi, up to the 29th October 1945. Tenders are invited, and should reach Rai Bahadur A.C. Das, Deputy Secretary to the Government of India, Department of of Labour, New Delhi, on or before the 30th October 1945. Tenders should be sealed and .supercribed "Tender for Koh-i-Sultan Sulpher Operations."

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SPECIAL ARTICLES

Economic Measures During Transition

BY V. K. R. V. RAO

IN a series of articles contributed to the *Commerce*, I surveyed the special problems which the termination of hostilities give rise to in the realm of our national economy and suggested some measures for handling these problems in the transition period. The whole idea of the transition period is that it would be used to enable the economy to shed its war-time aspects and resume its peace-time activity in a smooth and gradual manner with a view to prevent sudden changes and aiding the working of those forces in the country which will cushion the effect of the change. The economic measures to be undertaken during the transition period in India could be utilized as part of the vast scheme for planned economic development. Thus, the objects of a policy of public expenditure and employment could be linked up with a planned development of the productive resources of the country, instead of merely having the limited objective of smoothening the transition and providing interim employment to demobilized war-employees. In particular, there are certain preliminary developments of economic productivity in the country in the fields of land, equipment and labour essential to an era of planned economy which can only be brought about on the initiative of Government. Thus before there can be industrial development on a large enough scale, there has got to be sufficient supplies of power in the country. The supplies at present are grossly inadequate and in fact the difficulties regarding coal are preventing the work of even the existing industrial machine at its full strength. At the same time, the country has abundant resources of hydro-electric power which has hitherto remained unexploited. There is no doubt that they will continue to remain unexploited if they were left to private enterprise, because it would not be profitable to produce unless there is a vast industrial market to receive it and there will be no industrial market unless there is previous supply of power to stimulate its emergence. It is only the State which can sustain the loss between the period when power is first made available and that when there is a sufficient market for it which can undertake the production of hydro-electric power on a sufficiently large scale. Similarly, economic development, both industrial and agricultural, depends upon the availability of transport facilities. A programme of construction of roads is again one that can only be undertaken by the State.

Then again, planned development requires an increase in the supply of foodgrains and foodstuffs and an increase in the supply of raw materials. Neither of these objectives can be secured without a substantial increase in the yield per acre and an extension of the area under profitable cultivation. For this purpose, the country requires an extension of irrigation facilities, both by way of canal irrigation and sinking of wells; it also requires anti-erosion measures, drainage schemes and the availability of manure at rates low enough to tempt the cultivator to go in for their use. Agriculture in India also requires much larger storage accommodation and much larger supply of the technical and scientific services and research institutions than it has hitherto been able to secure. All these are objects which, so to speak, condition both the pace and the real costs of a programme of intensive industrial development of the country. They are, therefore, fully deserving of priority in public expenditure at any time and could well be taken up by Government during the transition period.

Apart from these measures, the State could also take up schemes by which the labour force of the country can be made more efficient for the requirements of planned economy. It is a notorious fact that India's supply of different types of skilled labour and technical services required by an industrial economy is woefully inadequate. The transition period can be utilized to repair this omission. The war has brought into existence large bodies of men who are joined together under disciplined conditions; the end of the war has seen the termination of utility of the services of these men in their war-time occupations. At the same time, the State has certain obligations towards securing them re-employment and is willing to spend on them a certain amount of public revenues. That will aid this purpose. There is, therefore, a golden opportunity now open to the country to convert these vast masses of men into a skilled and technically trained labour force which will meet the requirements of planned economy and help to sustain a rapid pace of industrial development. The transition period could also be utilized by Government for sending out large numbers of competent Indian students abroad for getting both theoretical and practical training in industrial matters.

In addition to public expenditure being utilized for the above purposes, Government should also have a positive policy of encouraging the achievement of the same results in the sector of private economic activity. Thus facilities should be made available to private entrepreneurs for the replacement and expansion of their capital equipment by giving them tax concessions on the amount spent for this purpose and providing them with other facilities required for the same. Cultivators should be given financial and other facilities for increasing the productivity of their soil and encouraged to undertake developmental expenditure; financial and other facilities again should be made available to private institutions and bodies for setting up technical training institutions, research institutions and hospitals and dispensaries. In short, Government should regard the improvement in the productive efficiency of the country as a matter of national interest and actively assist private institution and enterprise in the achievement of this objective in sectors not covered by the State's own activity.

There is another important purpose which can be achieved during the transition period. Planned economy, unless it is sustained by vast imports of foreign capital, will necessarily mean for a country like India emphasis on the development of capital and, therefore, non-consumption industries in the earlier stages of the planning period. In other words, in the earlier stages of the planning period, the increase in incomes accruing from the expansion of investment will not be permitted to find expression in increased real income in the shape of consumption goods and services. This will, therefore, be a period of stress and strain for the consumer. The consumer in India has already undergone a considerable strain on account of the pressure of war economy and has had to tighten his belt until he can tighten it no further. Under these circumstances, I have always maintained that something should be done immediately after the termination of war to increase the supplies of consumption goods and services in the country. I want such an increase not only with a view to provide the Indian consumer with relief from his war-time privations but also with a view to secure for the country a reserve which will enable it to go through the initial stages of the planning period without undue economic distress and difficulty. That is why I am of the definite opinion that during the transition period, the manufacture of consumption goods and the sup-

plies of consumption services of the country must have a high priority; and Government policy both regarding controls and regarding the offer of financial and other facilities to private enterprise must be determined from this angle. Once we have stepped up the domestic production of consumption goods and services to a level somewhat higher than during the pre-war period, it would be easier to ask the country to tighten up its belt in the earlier stages of the planning and concentrate on the production of capital and other non-consumption goods.

There is one more useful purpose which can be served by the transition period in functioning as a preliminary for the era of planned economy. Planned economy for India will involve a good deal of interference with freedom of action in what is hitherto been regarded as a private economic sector. All this will mean legislation of a more comprehensive and controversial character. The legislation will have to be carefully thought out, sufficient time will have to be given for an expression of public opinion and discussion by public bodies and private individuals and there will have to be a good deal of give and take before the legislation can find its place on the statute book. All this means time. I do not see why we should not use the interval that we get by the transition period for initiating proposals for this legislation and thus take the first step towards their eventual enactment in the statute book. Then again, planned economy will involve the organization of producers, both in the agricultural and in the industrial fields as also the organization of traders and consumers. These again will take time and the transition period gives us a golden opportunity for their initiation. Moreover, there is the whole subject of the administrative and other machinery of the planned economy which has still to be thought about; proposals for the constitution of such machinery like tariff boards, national resources board, planning commission, industrial boards, agricultural boards, price fixation machinery, quality controls, etc., have to be formulated and placed before the public for discussion and comment, and this will have to be followed up by the setting up of such machineries. All these can well be undertaken during the transitional period. Finally, planned economy implies a reasonable measure of knowledge of the quantity and distribution of the country's natural resources in the matter of minerals, forest products, etc. Comprehensive surveys will have to be undertaken. This again, can most suitably undertaken during the transition.

Incidentally, this transition period between war economy and planned economy will give us a much needed period of time during which certain unresolved issues fundamental to the whole subject of planning can be resolved. Thus, we do not know at present whether India is going to be a united country and enjoy the benefits of one Central Government or whether it is going to consist two or more independent and sovereign States. In case the latter contingency eventualizes, we do not know at present what would be the economic and other relations between these independent and sovereign States that will constitute the new India. In case we continue to have one united India we do not know what would be the distribution of functions and resources between the provincial units and the Central Government. We also do not know what the trend is going to be in the realm of international relations on such important subjects as tariff policy, currency policy, capital movements, etc. We do not even know what would be the extent of real political independence that the Indian Government or Governments will enjoy, nor what their international status and bargaining power is going to be. Finally we are not yet in a position to assess the extent to which we can draw on foreign resources either in the shape of return of our own sterling balances or in the shape of loans from countries like U.S.A. It would be not unreasonable to expect that within a period of 4 or 5 years from the termination of war, these questions would have been answered and the necessary political and international background clarified.

To sum up, the war has left a legacy which will take some time for the country either to recover from or to make productive use for the post-war period. A transition period is, therefore, required during which a planned attempt can be made to effect as smooth a transition as possible from war economy to peace economy. This objective will involve a planned policy of public expenditure and employment together with a positive policy towards the expansion of private enterprise and activity. These measures can be utilized not merely to smoothen the transition but also to function as a prelude and successful preliminary to the inauguration of planned economy in India. With this end in view, public expenditure should take the form of an increase in the country's productive equipment in the realm of public capital goods and an expansion in the country's supply of skilled and trained labour together with an improvement in its efficiency. Public policy should be also devoted to an encouragement of such private economic activity as would lead to the same result, viz., increase of equipment and improvement in efficiency in the private economic sector as well. In particular, emphasis is necessary in the transition period on increasing the domestic supplies of consumption goods and services, with a view to providing the country with the reserve with which alone it would be in a position to face without undue distress a further period of 'tightening the belt' inevitable in the initial stages of planned economy. It would also be desirable to utilize the transition period for undertaking all the work which entails so much time but which is a necessary preliminary to the inauguration of planned economy in the realms of legislation, organization of producers, traders and consumers, surveys of resources and setting up of the administrative machinery required for planning. Incidentally, the transition period will also give us the necessary time within which the basic political and international issues fundamental to Indian planning such as the constitution of the Indian state, the autonomy it will enjoy in respect of international relations and the facilities it will get in respect of import of capital goods, and the relations between the centre and the provinces will all be resolved. That is why, I have been pleading for regarding the transition period not merely as a period of transition from war to peace but also as an interlude preliminary to the inauguration of a successful planned economy in India; and that is why I have been urging the adoption of a planned economic policy during the transition period.

Food Control in the Madras Province--II

THE GENESIS OF WARTIME FOOD PROBLEM

WAR conditions would naturally aggravate the food deficit of the province. The strain on the domestic food resources, however, was neither prominent nor widely prevalent during the first two years of the war. True, prices tended to rise, but as yet it was nothing more than a tendency. People could still buy supplies without undue difficulty, and they did not have to pay much more than what they were paying before.

The situation changed suddenly about the beginning of 1942. The Japanese occupation of Burma, Siam and Indo-China set in train a series of developments, which greatly weakened the food economy. The loss of supplies from those countries, which normally contributed about 85.8 per cent. of the total rice imports and about 2.7 per cent. of the total millet imports of the province, was obviously the most direct and basic of these developments. The secondary repercussions, however, were by no means negligible. The Madras Province was not the only part of India, which had been importing foodgrains from Burma and her neighbours. Other areas, notably Bengal and Bombay among the provinces, and Travancore and Cochin among the States, were heavily dependent on Burma rice. For the country as a whole, the Japanese conquest of South East Asia meant the loss of imports of the order of 1.75 million tons of rice and paddy. As a consequence, the supply position in the country generally as well as in particular areas thereof became tight. This had its effects on the foodgrains trade between different areas within the country. Provinces and states, which were normally exporting to other provinces and states began to develop caution and to conserve supplies by restricting or even banning exports. On the other hand, the importing areas showed an increasing anxiety to secure supplies from outside, and resorted to special measures and set up special agencies to that end. Thus, the Madras Province found it more and more difficult to secure her normal imports of rice from Orissa, Bihar, and Central Provinces, of millets from Mysore, Bombay, and the Nizam's Territory, and of wheat and wheat products from Sind, Bombay and the Punjab. At the same time, the province was faced with a persistent and greatly increased demand for rice from Ceylon, Travancore, Cochin, the Nizam's territory and Bombay. The cumulative effect of these forces was that the province, which had all along been a net importer of foodgrains, became a net exporter in the course of 1942. The following table will illustrate:

(In Thousands of Tons)

	IMPORTS					EXPORTS					
Year	Rice	Millets	Grams and Pulses	Wheat and Wheat Flour	Total	Rice	Millets	Grams and Pulses	Wheat and Wheat Flour	Total	Net imports (+) or exports (—) All foodgrains
1939-40	832.0	12.2	246.3	69.5	1160	289.0	13.1	6.9	5.3	315	+845
1940-41	444.4	10.6	251.3	76.5	783	247.8	2.7	6.5	5.1	262	+521
1941-42	252.0	21.1	219.3	72.2	565	406.8	1.0	12.7	5.2	426	+139
1942-43	29.6	8.7	169.3	39.0	227	292.0	5.7	17.4	3.0	318	— 91

It will be seen that the net imports of foodgrains registered sharp and progressive declines after 1939-40, and took a long leap over the fence in 1942-43, when they became a *minus* quantity. Between the two years, net imports fell by 936,000 tons, and as the domestic production of all foodgrains also fell by 357,000 tons (from 8.412 million tons in 1939-40 to 8.055 million tons in 1942-43), the food resources accruing to the province in 1942-43 were poorer than what they were in 1939-40 by 1.3 million tons. This loss was distributed among the various foodgrains as follows: Rice, 660,000 tons; millets, 472,000 tons; grams and pulses, 136,000 tons; and wheat and wheat flour 28,000 tons. Rice, the staple food, was the most affected. The deterioration in the supply position of this foodgrain was entirely due to the fact that, although the imports which were 832,000 tons in 1939-40 had dwindled to a mere 30,000 tons in 1942-43, the magnitude of the exports was more or less the same in both the years, at about 290,000 tons. In the case of millets and pulses, domestic production in 1942-43 was substantially less than what it was in 1939-40, while restrictions placed by exporting areas and transport difficulties led to greatly reduced imports of grams and pulses, wheat and wheat flour.

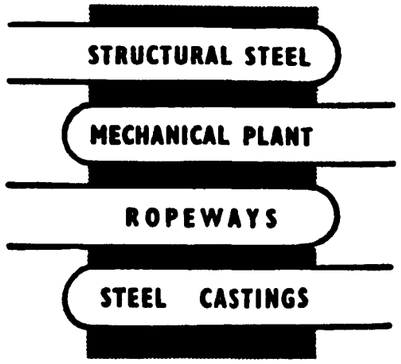
Changes in demand also played a part in complicating the food situation. The demand for food may increase due to (a) an increase in the number of people to be fed and/or (b) an increase in *per capita* consumption. The former again may be due to (a) natural increase in the population of the province, (b) immigration and (c) greater dependence of other parts of the country on the food resources of the province. In the intercensal period 1931-41, the population of the province increased at the rate of 500,000 persons per year. Assuming the same rate of increase to continue, there would have been a million more to be fed in 1942-43 than in the pre-war year 1939-40. It is not possible to say whether and to what extent the population was added to between the two years through an excess of immigration over emigration. The influx of refugees, particularly from Burma, was the most important development in this connection and might have added some 100,000 persons to the population of the province, while the effect of the strategic dispositions of troops on the size of the population of the province in 1942 could not have been considerable, because, if a number of non-provincials were brought in, a number of provincials were also sent outside. As the volume of exports of all food grains remained more or less stationary round about 315,000 tons in 1939-40 and 1942-43, it is clear that there had been no increase in demand owing to the needs of the export trade. On the whole, it may be concluded that the number of people to be fed out of the province's resource increased by about 1.1 million persons (the adult equivalent being 825,000) between 1939-40 and 1942-43, due mostly to a natural increase in the population. On this account, the additional demand for food grains, at the rate of 1 lb. per day per adult, may be placed at 137,000 tons, not an inconsiderable figure.

The additional demand due to an increase in *per capita* consumption was, probably, much less. It is argued that the high food prices induce the cultivators to eat more, while the higher level of wartime incomes generally permit the lower-income groups to spend more on food. Contentions of this nature rest on the tacit, but highly questionable assumption that the war has added to the real income of the people. Field investigations, wherever they have been undertaken, have generally discounted the idea of any perceptible increase in consumption levels due to wartime prosperity. We have the advantage, in this context, of the results of a recent *ad hoc* enquiry made by the District Collectors in the Madras Province, which show that increased prices for agricultural produce have not resulted in increased consumption of food grains or consumption of better quality for inferior quality, as the prices of all necessaries and the cost of cultivation

have also very greatly increased. It would, therefore, be best not to assume any general increase in *per capita* consumption, except in so far as (a) army rations are more generous than that what the men are used to in civilian life, and (b) the higher level of physical activity due to war results in a greater consumption of foodstuffs becoming physiologically necessary. It is not possible, however, to estimate the increase in demand due to the above causes, as the necessary data are not available.

More important than changes in demand were the changes in the *available* supply. It is obvious that the absence of imports would react adversely on the food situation as a whole quite disproportionately to the actual magnitude of imports. For one thing, certain specific areas may have been very heavily dependent on imports, the sudden loss of which would cause an acute shortage in those areas. Ultimately the shortage may be mitigated by the movement of grain from other areas, but not before it has succeeded in engendering in the popular mind an exaggerated sense of scarcity. In fact, this was probably what happened in the Madras Province in the course of 1942, when the cessation of the imports of cheap Burma rice caused much distress in the Malabar district, and in the neighbouring States of Cochin and Travancore. The sudden tightening of the supply position in those areas helped to produce the impression that there had taken place a substantial decrease in the *absolute* supply of food grains within the province. Further, the stoppage of imports, even apart from its effects on specific areas and their unsettling consequences, can directly and very powerfully upset the people, who are apt to be disconcerted by the knowledge that the "safety-valve" of imports is no longer open. In the context of that psychological state of uncertainty and insecurity, the *available* supply falls sharply even if the *absolute* supply has remained stationary or fallen only slightly. The cultivator holds on to his produce, the merchant is reluctant to sell, and the consumer is anxious to lay by stocks. A variety of motives may come into play—"investment," speculation, "black market," and personal and family "security" reasons are all there—but the net result is that the supplies coming into the market are greatly reduced, and the consumers, especially in the urban areas, experience difficulties to an extent not warranted by the decline, if any, in *absolute* supply. There is little doubt that many factors making for a construction of the *available* supply were present to a greater or less extent in the food economy of the province in 1942, and that the genesis of the wartime food problem should be sought not so much in any substantial reduction in the *absolute* food supply as in a sharp decline in the *available* food supply.

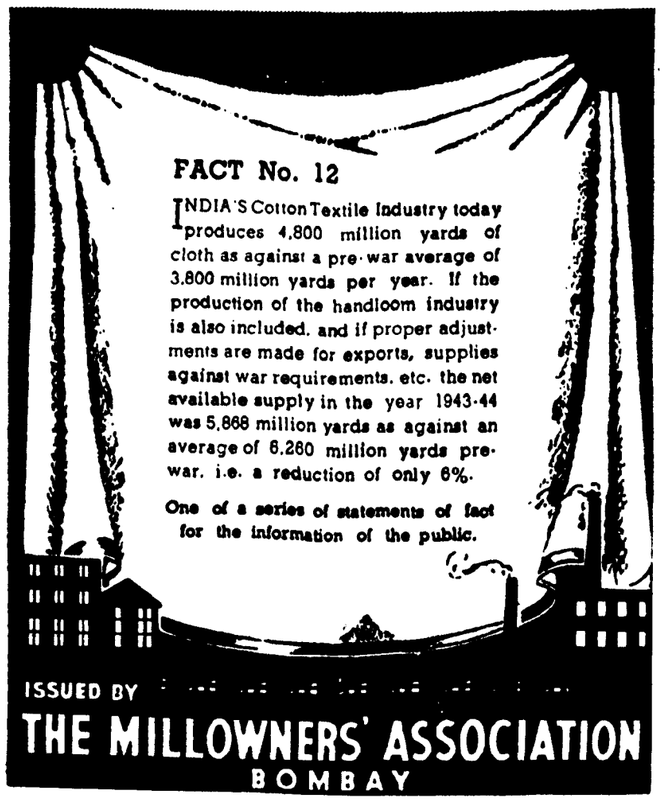
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Anglo-American Financial Negotiation

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, Sept. 17, 1945 (By Cable).

THE Anglo-American financial conversations were confined principally to a statement of the British position by Lord Keynes last week and while this recital was proceeding there were increasing evidences that whatever formula ultimately is produced will be submitted to a coldly objective appraisal by the American Congress. Talks began in a cordial atmosphere and on the high thesis that what is done will determine the pattern of world trade for 40 years to come. American officials had represented the issue to be virtually a matter of choosing between recrudescence of autarchy and expanding multilateral trading with fewer and fewer obstacles thereto. If anything, Halifax and Keynes were more insistent on this point when they elaborated their views before some two hundred correspondents at the British Embassy last week as the conversations began. Correspondents tried but failed signally to elicit from Keynes any statement concerning what British proposals would be advanced. The shrewd economist preferred to reserve such statements for recitation behind the closed doors of the Board Room at the United States Federal Reserve building where he is negotiating with Assistant Secretary of State, Mr Will Clayton, and the latter's associates.

Lord Keynes undoubtedly is ably stating Britain's need for aid and the beneficient effects thereof on world trade—perhaps more ably than he did to correspondents in what was regarded as a singularly able presentation indeed. But sooner or later conferees must get down to concrete proposals. If Keynes seeks, for example, a grant in aid or an interest free loan, a time is at hand when he no longer can avoid saying so by averring that disclosure of proposals would be 'premature.' It is at that point that Congress will assert its influence. Few question that financial aid must be extended to Britain, although of course the strongest possible presentation of the reasons and necessities therefor by Lord Keynes to Mr. Clayton and in turn by Mr Clayton or President Truman to Congress well facilitate acceptance of the formula to be devised for extending that aid. Congress is in a mood to demand an absolute proof of the need and feasibility of whatever aid the Administration proposes for Britain. This mood is induced not by any lack of sympathy for Britain's position, but by concern over the ability of the United States to provide the type of aid that may be requested and by the awareness that many other countries simultaneously are seeking loans in other forms.

There also is a feeling in some Congressional quarters that Britain's plight has been overstated and that one of her difficulties is unwillingness to use certain assets which she possesses. One protagonist of this viewpoint outside Congress is Mr Jesse Jones formerly Federal Loan Administrator and Secretary of Commerce. He recently wrote in his paper, *The Houston Chronicle* that Britain 'is not lacking in assets which might be applied in adjusting some of its debts but does not wish to use them for this purpose . . . . until we have put our own house in order Britain should not expect to find further aid here on anything but a business basis.' It is on just such basis that, Keynes made it clear, Britain does not, and cannot, in his words, accept aid. Another factor that will receive consideration and undoubtedly will be the source of fierce oratory in Congress is Britain's Labour Government. Some Congressmen have already been delivering themselves of emotional outbursts against what they term financing the socialization of Britain. President Truman has said such conclusions were 'silly' but it is to be doubted that this will quieted the Congressmen in question.

In commenting on 'the British problem' the *New York Times* said editorially: "Primarily, the problem for the Americans is a moral one. It is a question of what we think is a fair or just distribution of the costs of war. It is a question of how generous we think we should be or, to put the matter another way, of how generous we think we can afford to be. . . . We still have to ask ourselves whether contribution the British made to victory particularly in the years before our entrance into war does not justify an even greater contribution on our part to share the burden of war more equally. . . . A large loan or gift to Great Britain cannot be based on our self-interest alone. It will be made on the contrary only by subordinating an immediate self-interest to wider considerations."

Republicans in Congress who accepted President Truman's recent message on the "state of the union" as restatement of New Deal philosophies and consequently made plans to base the next election campaign issues on the President's post-war programme got their answer last week from Roberts Hannegan, Chairman of the Democratic National Committee. "These Republican leaders have frankly stated that their party is now going back to its old fashioned conservatism," Hannegan said alluding to the remarks that President Truman was 'outdealing the New Deal.' Republicans, who adopted many of Roosevelt's proposals and policies for purposes of last year's Presidential election were told by Hannegan that "the air is now cleared of republican 'me too' smoke screens. The Champions of conservatism have long been at work within the Republican party to make it drop the mask pseudo-liberality which it has worn in recent elections . . . . We are pleased that the basic issue is no longer confused."

London Letter

Possibilities of Cheap Money

FROM OUR LONDON CORRESPONDENT

LONDON, Sept. 18, 1945 (By Cable).

THE figures of British foreign trade for the first half of 1945 which were published a few days ago look well on paper. In money values exports increased by £42.2 million as compared with the first half of 1944. Re-exports are up by £20.2 million. Imports on the other hand are down by £53.4 million as compared with the first half of 1938. The value of exports to foreign countries was lower by one third and that to Great Britain by 15 per cent. It must be remembered, however, that the present prices are much higher than those prevailing in 1938; and the actual difference, therefore, is much greater than what the figures indicate. Virtually, the whole increase of exports over the first half of 1944 was caused by sending goods to liberated countries of Europe.

The large part which the small savings played during the war is indicated by the fact that at the end of the war the total figure had reached £4,700 million of which £3500 million were accumulated during the war years. Whilst this is very satisfactory, the fact that bank deposits continuously increase—since the end

of July last year, from £697 millions to £4818 million at the end of July 1945. must cause some uneasiness. It evidently shows that large savings are not forthcoming in requisite amounts to call for even half up to the inflationary trend. Partly of course this must be clear by explaining financial requirements of trade and industry. Although it will take some time before industry and trade are able to spend on replanting and using the expanded amount held in their reserve for such purposes, it is clear that they are unwilling to lock up their liquid reserves in Government stocks and securities now that the war is over; for the fear that when they are now able to spend the funds they may be unable to sell such stock without loss in future. By all means, there is also a large amount of hoarding and it is only the influence of strict rationing and control which prevents the price-level from getting out of hand.

Those hoarders and owners of idle money who were expecting the level of interest to rise soon after the war ends will be disappointed. The Chancellor of the Exchequer gave a hint the other day when he opened the Thanksgiving-Week-Savings campaign. He said that he was studying the possibility of the money becoming cheaper and rates of interest coming down. This warning may by itself have good effect and may induce hoarders to loosen their purse-strings or to use technical language, the expectation of still lower rates of interest on the one hand and the existence of the present plethora of liquid funds tending to reduce the liquidity premium on the other. The existence of these conditions and the fact that a Government is in power that will be able and is willing to support its economic policy by all necessary legal control measures have placed hoarders and owners of idle-money in the back-ground—unless they offer their money to the Government at whatever rate of interest, the latter will pay; and thus the danger of inflation will diminish and therewith the danger of their money losing purchasing power. As long as potential inflation exists, rationing and supply controls must remain. In addition, the major part of re-housing will be financed by Government Agencies and thus direct private investment in housing sector will be limited. One important point in this connection is the announcement that Building Societies are reducing the rate of interest to owner-borrowers from 4½ per cent. to 4 per cent.

The annual conference of the British Trade Union Congress held last week had to face many hard facts. The deliberations on the whole were on a very high level, both as regards official speeches and general discussion. The Minister of Labour was asked to readapt his demobilization plan to the immediate need for manpower in industry and distribution. The equity of the Bevin Plan taken over by the Labour Government from the Coalition Government was not questioned but the Congress was insistent that releases were too slow. The amicable atmosphere usually prevalent during the session of Fraternal Greetings was rudely disturbed by the Fraternal Delegate of American Federation of Labour who venomously attacked Russian Trade Unions and the vigorous reply of the Russian Fraternal Delegate. The Russians need not think that British Trade-unionists consider Russian Trade Unions free agents but the concensus of opinion appeared to be that in any world-wide organization of trade unions there must be room for the Russians. The congress also adopted a resolution calling for negotiations with individual industries for 40 hours week; the main argument was that long hours were detrimental to efficiency. The Trade Union Congress also set its face against the extension of man-power controls beyond the absolutely essential period. Some Labour ministers rather toyed with the idea of retaining many of such controls. The stand of the Congress already seems to have effect because today it announced that the Ministry of Labour will hold the Joint Consultative Committee meeting today to consider the scaling down of existing orders.

Government in Doldrums

(From Our Special Correspondent)

LONDON, Sept. 19, 1945 (By Cable).

One of the minor socialist papers remarks pessimistically that "for the third time the Labour Government has undertaken to manage Britain's capitalist economy." It gloomily predicts failure on the grounds, firstly, that nobody not even the conservatives can make for brilliant success with Britain's capitalist economy; secondly, the Labour Government as constituted at present is doubly handicapped for this task for while it has no real belief in the virtues of the profit-motive it also lacks courage to propose and enforce its own root and branch solution. One might add that Labour Ministers must be quite uncertain to what extent they have been given a mandate for "root and branch solution." In their attempts to "manage Britain's capitalist economy" they are already running into trouble. The Cripps plan for reform of Lancashire cotton textile industry has been endorsed by operatives and the trade union but it is attacked by both cotton spinners and weavers who dislike the proposal that drastic powers shall be given to "working group" wherein "outsiders" may be extensively represented. Cripps need not be deterred by this opposition. He retains extensive powers and probably, both the cabinet and parliament would go a long way to support him. But passion for "legislation by agreement" which is sometimes styled as "government by consent" is so deep-seated that Cripps would be probably loathe to impose upon the entire industry any scheme which is strongly disapproved by a majority of the units.

Although current discussion are still in what might be described as a "fussy stage" with rather excessive stress laid upon seemingly minor points, it is probably fair to say that the basic trouble is that Lancashire's highly individualistic cotton spinners and manufacturers feel cheated. Largely under duress they have revolved to a point where mentally they are ready to try compulsory cartel method in place of their time-honored policy of "dog eat dog," though possibly they would not seriously object to a governing body or bodies whereon trode unions are suitably and moderately represented But Cripps, who possibly does not wish to be known as "father of cartels," backed away from the cartel idea. His "working group" consists of equal numbers from three groups—manufacturers, trade unionists and "outsiders." His scheme by allowing government and consumers' interests to be fully represented could hardly be described as cartel. Among the industrialists there is a good deal of interest in this controversy mainly because the scheme is believed to be a 'new model" for Britain's industrial future drafted by the ablest man from the government front-bench and also because its implications for all industries which need capital and technical re-equipment are highly important.

Regarding the plans for the proposed nationalization of the coal industry, there exists a considerable confusion in the Press. It has been repeatedly stated that Mr. Shinwell is engaged in lengthy discussions with leaders of the coal industry regarding the proper basis of compensation. But the Chairman of the Mining Association Minister of Fuel and Power has been held so far. Just how the original report got started and why it was allowed to be repeated several weeks without contradiction is simply a mystery. Its importance lies in the fact that it illustrates the new government's apparent slowness in utilizing the channels of publicity open to it. There have been murmurings about this especially when it was noticed that the important post of Minister of Information had been handed over to one who was completely unknown to Fleet Street and presumably not himself well acquainted with the intricacies of the millionaire press. It is possible that the new cabinet needs mental support and stimulas from parliament. Ministers always claim—it is a hoary tradition—that parliament takes up too much of their time and only when the House adjourns are they really able to settle down to gigantic tasks awaiting them. But the present cabinet is far from being the boldest of recent British cabinets, and it is a moot question whether ministers would not be greatly encouraged and stimulated by their massive, unshakable majority and also by keen questions, suggestions and comments from back-benchers who are decidedly experts in various subjects.

But government's temporary 'doldrums' are certainly no worse than those wherein the stock exchange finds itself "as idle as a painted ship upon a painted ocean." Apart from continued speculative buying in government stock, notably old consols, in the firm belief that the government will be able to maintain 'cheap money' there are no definite trends in any section and no firm convictions even regarding such issues as the probability of inflation. That is while it is widely accepted that the Labour Government will be quite unable to prevent a slow inflation of prices in the next few years, there is no agreement as to which of the stocks are still undervalued and only occasionally does "buying as hedge against inflation" overcome current slow selling sufficiently to edge prices upward.



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A DELHI DIARY

SO Lord Wavell has come and spoken. His Wednesday broadcast—that is the general impression even in this official city—is unsurpassable in its insipidity. People were generally disappointed and even indignant that the present Government will continue in office during the critical period of transition.. But there is a general realization of the difficulties of the Labour Government; and it is felt in sober political circles that it had no alternative but to wait for the results of the elections, which will be of a plebiscitical character on the Pakistan issue. Some circles greatly appreciate the studied absence and any mention of Pakistan and the like; and interpret this to mean that H.M.G. has shelved the Pakistan issue. Time alone can prove, whether this interpretation is correct, for British declarations on imperial policy are so diplomatically worded as to be almost elusive in their interpretation. But people who want some food for their wishful thinking may look for it in a rather significant answer to a question put to the official spokesman at the Press confeerence held on Wednesday in connection with the Wavell broadcast. It is reported that a Muslim League Press reporter asked the official spokesman, why H.M.G. has not put *India*s instead of India in connection with their mention of a treaty between Great Britain and this country. The official spokesman replied: "Now that is too late. The broadcast is over." This may or may not be really significant but there is no doubt that the Wavell announcement of Wednesday has broadcast a mysterious depression in Muslim League circles.

Non-official sources indicate that behind all the unimaginativeness of H.M.G.'s announcement through Lord Wavell is the real determination of the Labour Government to proceed with the solution of the Indian political problem in a systematic manner according to a pretty rigid time-table. They say, Labour means business. Provincial elections in non-section 93 provinces will be over early February; in the rest March end. A Consultative Committee consisting of Provincial representatives will meet some time in April; and Mr. Jinnah may find himself high and dry. Responsible ministries will start functioning almost immediately after the elections. An interim Government at the Centre, more representative and certainly more competent, will be in working order before summer sets in. And a constituent assembly will start functioning before autumn leaves fall. Surely this is business, if it is true. It may mean delay, but then constitution-making is not a holiday task.

One Industrial Delegation returned from a tour to the U.S.A. and the U.K. only the other day. Now, another is about to embark on a similar tour. This time it will be a Delegation of Representatives of Indian States. One wonders what exactly this Second Delegation expects to achieve by following so immediately in the wake of the first. After all, they are going to visit the same countries, and also with the same object, viz., to explore possibilities of obtaining capital goods and technical advice for industrial development. There is no ground to expect that the attitude of the British and American manufacturers or their response will vary very much whether the demand for their services comes from British India or from the Indian States. Again, it cannot be said that the industrialists who have already been abroad, were either unaware of or indifferent to the special needs of the States. One of them is a leading industrialist of a leading Indian State in the South, while a second is connected with more than one State in Northern India. Thus, the Industrialists' Mission could certainly claim to possess knowledge of the industrial possibilities and problems of British as well as Indian India. Perhaps, it is not adequately recognized that duplication of efforts of this sort would even seem to question the need for co-ordination as between British India and Indian States in the matter of industrial development. Instead of going over ground already covered, the States' Industrial Delegation may do more useful work if they could visit other industrial countries, e.g., Sweden, France, Switzerland, Russia; and study whether and how far they can be of assistance for the economic development of both British India and Indian States.

Anyhow that is what many business men feel. They think that the time has now come when our industrialists and manufacturers should turn their attention also to countries other than the U.S.A. and the U.K. They suggest that the Commerce Department should immediately sponsor a tour of Europe, the Middle East, and the Far East by a representative body of business men. Their view is that unless our manufacturers and merchants take early steps to acquaint themselves personally with the conditions in those areas, it will be difficult to develop trade contacts with them. India is eminently suited to supply the countries of the Middle and the Far East with the goods, which formerly were coming from Japan. Again, it is not altogether, improbable that certain industrial countries of continental Europe, e.g., Sweden, may be in a position to supply our capital goods requirements. Businessmen particularly urge that a tour of Japan is indicated immediately. It is an open secret that British and American interests are quietly infiltrating into Germany in strength and making hay while the sun of Allied occupation shines. Thus, British cycle manufacturers are bent on demobilizing German light engineering industries, while the American industrial chemists are busily engaged in a mass pilferage of the secret patents, processes and formulae of the famed I.G. Farben. Our business men, of course, have no device to play a similar role in Japan, but they do naturally contend that India is entitled to a high priority over capital goods, such as textile machinery, which Japanese armament firms and aeroplane factories are reported to be reconverting to produce.

The Government recently announced their decision to appoint a Tariff Board, which will consider claims for protection. The personnel will be announced very soon, possibly before the month is out. There will be a chairman, and three members. The report that the body will be predominantly non-official is reassuring, but business circles feel that really representative and technically competent men should be chosen. Otherwise, much harm will be done.

The scheme to expand the Geological Survey of India to enable it to undertake extensive exploration of the country's mineral and water resources is welcomed. It is understood that the personnel which consisted of hardly 30 officers will soon be raised to 125. Besides, the required complement of Geophysicists, mining engineers, chemists, etc., will also be provided as rapidly as possible.

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MONEY MARKET

Precipitous Rise In Notes—Firm Undertone In Bullion

BOMBAY, September 17, 1945.

ACTIVITY in the money market during the week under review was somewhat better than in recent weeks. Demand for funds showed some improvemnt, presumably due to quarterly tax payments and the issue of loans by three provincial governments for an aggregate amount of Rs. 88½ crores. Supply of funds was a bit short and the market presented slightly stringent conditions. Nevertheless, the rate for day to day funds remained unchanged at 1-4 per cent. per annum. There was no change in the rates for short term deposits either.

The better demand for funds referred to above is reflected in the results of the Government of India's three months Treasury Bills. As against an invitation for Rs. 2 crores, the total amount offered, for instance, was only Rs. 2.83 crores, whereas in the previous week this amounted to Rs. 5.17 crores. In spite of fifty per cent. reduction in the amount offered, the average rate of accepted tenders remained unaltered at Re. 0.5.11 per cent. per annum. This only shows that some of those who bid in the previous week must have decided not to participate in the Treasury Bill offerings, while others who put in their tenders either offered the same rate as in the past week or a slightly lower one, obviously unaware of the decision of others not to tender. In other words, some of the bankers might not have been aware of the position of some of their confreres.

Reserve Bank

After weeks of continuous fall, notes in circulation, according to the statement of affairs of the Reserve Bank of India for the week ended 7th September, 1945, have staged a precipitous rise of Rs. 12.32 crores. As against this rise, notes held in the Banking department have suffered a fall of Rs. 5.06 crores, with the result that total notes issued have recorded a rise of Rs. 7.26 crores. The addition to notes issued has been covered, as in the past, by an increase in the sterling securities of Rs. 8 crores.

The increase in notes in circulation during the week under review is not surprising, in view of the fact that it has occurred in the first week of the month in which payments by the Government are always substantial. Nevertheless, the increase recorded during the week under review should remind us of the fact that inflationary forces have not completely disappeared. It may, perhaps, be interesting to note, in this connection, that, in August, 1945, there was a net increase of Rs. 10.72 crores in notes in circulation. In the month of July, however, a decline of Rs. 8.2 crores was witnessed, but in June there was a net increase of Rs. 13.36 crores. In other words, in the three months ended 31st August, 1945, the total notes in circulation have gone up by Rs. 15.84 crores.

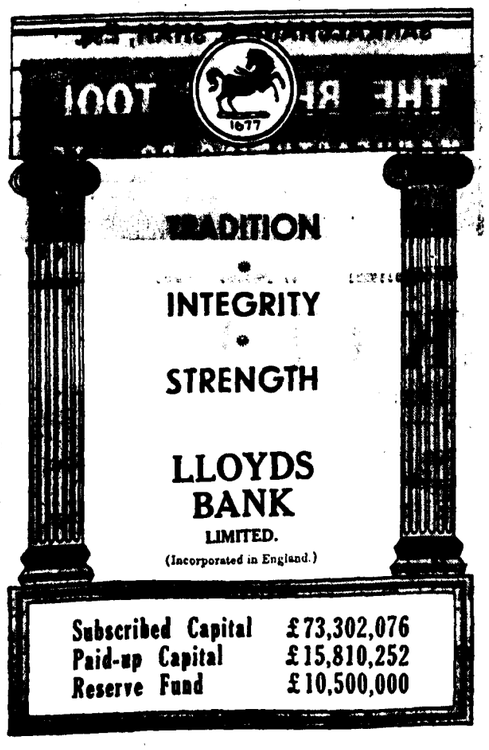
Among the other notable features of the statement of the Reserve Bank of India for the week referred to above, mention may be made of a sharp fall of Rs. 11.27 crores in the deposits of the Central Government., which, as already indicated, reflects the usually heavy payments in the first week of each month. Deposits of other governments, however, have improved by a modest sum of Rs. 31.58 lakhs. Balances of Scheduled Banks also have staged a substantial rise of Rs. 8.93 crores and stand at the impressively high level of Rs. 114.13 crores. Although sterling securities held in the Issue Department have gone up by Rs. 8 crores, balances held abroad on the asset side of the Banking Department show a fall of Rs. 83.28 lakhs to stand at Rs. 471.94 crores. This means that, in the week under review, the net addition to India's sterling credits has been of the order of Rs. 7.17 crores, the total sterling balances standing to the credit of India being Rs. 1,558.69 crores.

The outstanding feature of the consolidated statement of the position of Scheduled Banks for the week ended 7th September, 1945. is the marked fall of Rs. 7.55 crores in the advances of these banks, followed by a reduction of Rs. 7.75 lakhs in bills discounted and purchased. There have been some withdrawals in deposits, demand liabilities showing a reduction of Rs. 3.89 crores. There has, however, been a slight improvement of Rs. 72 lakhs in time liabilities. The cash position of the bank shows an improvement, to the tune of Rs. 10 crores, which chiefly reflects the influx of funds brought about by the fall in advance and bills.

Gilt-edged

The gilt-edged market was featureless, but continued to remain firm. 3½ per cent. Rupee Paper, which had declined to Rs. 101.100 towards the close of last week, steadily gained to close at Rs. 101.14.0. There was a good demand for long-dated loans consequent on the Reserve Bank raising its rate for 3 per cent. First development Loan 1970-75 from Rs. 97.2 to Rs. 97.4. 3 per cent. 1966-68 Funding Loan, for instance, recorded a gain of one anna to close at Rs. 113.8.0 Fairly good demand was experienced by short-dated loans, especially by 3 per cent. 1951-54 at about Rs. 101.9.

The list for the three provincial loans, viz., Madras, the Punjab and the U.P., to which a reference was made in these columns last ween, was opened on Wednesday. Public response is said to have been very poor and this is evidenced by the fact that the list remained open on all three days scheduled. The results are yet to be officially announced, but market circles are of the opinion that the underwriters might be called upon to take anything between 30 per cent. and 40 per cent. The poor response from the public is attributed to the



fact that the issue price of Rs. 99-8-0 was relatively high as compared with the ruling rates for identical loans of the Central and the Provincial Governments It may be interesting to note, in this connection, that these new loans are now being quoted at 4as. below the issue price.

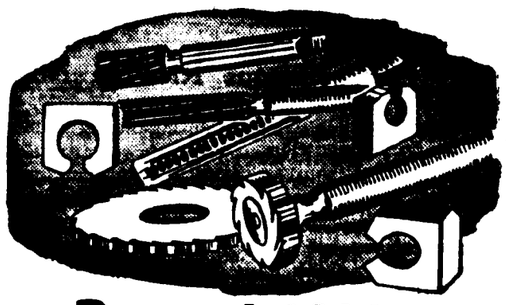
Bullion

Owing to two holidays in the earlier part of the week, activity in the bullion market was considerably restricted. The turnover was relatively small as compared with such in the previous weeks.

In the gold section, bulls predominated the market in the first half of the week. They freely bought thinking that they would be able to squeeze the bears once again. Consequently, the market presented a firm undertone during the initial days of gold advanced from Rs. 71.10 on Sunday to Rs. 73.2 and the budla difference also widened from 12as. to Rs. 1-4. At the higher level there was considerable profit-taking with the result the rate declined to Rs. 72-13 only to go up again on Thursday to Rs. 73-3 only reports from America that some of the New York City banks were freely selling for three months forward in anticipation of sterling being devalued. This improvement, however, could not be maintained owing to heavy arrivals and poor offtake There was a rush on the part of the bulls to liquidate their holdings and the bears also took up this opportunity toforce the hands of their opponents by threatening heavy deliveries. There was, therefore, a sharp fall in the rate to Rs. 71.10. The premium for spot which was as high as Rs. 1-8-0 declined to as low as 4 as.

Floating stocks are said to be heavy and are estimated at 1,50,000 totals, as against an estimated arrival of 50,000 tolas per day.

The silver market presented a relatively steady undertone as compared with gold, the main influencing factor here being that stocks in the local market were poor and there was a net efflux of the metal. Ready silver opened at Rs. 120.4.0 and firmed up to Rs. 123.8.0 on the very first day. When the market opened on Wednesday the rate further advanced to Rs. 124.10. Falling stocks and poor arrivals encouraged bears to cover their positions, especially in view of the fact that, under the latest decision of the Board of the Bullion Exchange, no maximum penalty would be fixed and the purchaser would be entitled to demand delivery of the metal. Consequently, there was a sudden demand spurt in the rate the highest touched being Rs. 125-14-0. This high level, however, could not be sustained as reports of better prospects of heavy arrivals from upcountry in the coming week discouraged bulls who began to book their profits. At the close, therefore, prices, eased, the closing rate being Rs. 123. Floating stocks are estimated at 4,000 bars and the daily average offtake at 160 bars.



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WANTED A MINERAL POLICY

MINERALS constitute the backbone of a country's wealth; for it is on their foundation that a country's industrial edifice can be constructed. It is clear, therefore, that to be able to plan our industrial expansion in the future in a fruitful manner, we should know precisely and accurately our available mineral resourses. Without that detailed knowledge there is danger that planning would be reduced to a farce. And yet, we in India, witness the curious spectacle that in our vast country only some 500,000 square miles have been surveyed in any detail. Over a million square miles yet remain to be scrutinized. That is not all. Coal is one of the basic minerals for industrialization and, according to the estimates of the Coal Mining Committee of 1937, our per capita coal resources were as meagre as about 60 tons as against 37,000 tons per capita in Canada and Newfoundland, 17,000 tons in U.S.A. and Cuba and 6,300 tons in the U.S.S.R. Of the total reserves of some 20,000 million tons only 1,500 million tons are of a superior quality suitable for iron ore smelting. These reserves of caking coal as Sir Cyril Fox has pointed out, will not be 'sufficient to smelt more than half of the good iron ore in the Singhbhoom region, to say nothing of the iron ore reserves in other parts of India." But how did we utilize this very scarce and, therefore, very precious mineral. For every three million tons of the precious good quality caking coal which was used for its legitimate purpose of iron ore smelting, nine million tons were dissipated in steam-raising in locomotives and under factory boilers for power purposes and burnt as raw coal with no recovery of by-prodcuts. If this faulty method of utilization continues, there would be only some 200 million tons of such coal available for iron-ore smelting and would last for less than 70 years and that too provided our production of iron does not increase.

Mica, indispensable in the production of electrical machinery, is a virtual monopoly of this country. In the production of manganese, extensively used in the manufacture of steel products like gearing, etc., India is second only to the U.S.S.R. But the largest quantity of our production of these two minerals is extracted only for export. Thus, we exported 1,001,000 tons of manganese in 1937-39 and nearly 30,000,000 tons of high grade manganese ore has left the country since 1905 at a ridiculously low price. The same happens with ilmenite, chromite and a number of other metals.

But this irrationality in respect of our mineral resources has persisted in the teeth of persistent public demand that the policy be revoked and overhauled. It was only recently that the Labour Member, in replying to a cut motion, moved in the Cetnral Assembly during the last Budget session, by Mr K. C. Neogy to discuss the Government of India's mineral policy (or lack of it?) stated that the Government of India in this year of grace 1945, realized that it must 'now' have a definite mineral policy. It was also promised by Dr. Ambedkar that Government will bring forward legislation designed to institute control over minerals. What steps have been taken to fulfil these promises, is not known. But, perhaps, it may be presumed that in sending batches of students for technical training abroad the needs of the Survey Department and our mineral development will receive their due share of attention from the authorities.

It is in this context of Government's alleged realization of the importance of our mineral development that some interest attaches to the programme suggested by the Minerological Advisor to the Government of India, Prof. D. N. Wadia. The objective at which, in Prof. Wadia's opinion, and rightly, the country should aim is the utilization of our minerals in such a way that it might yield the maximum of benefit to the country itself and the world in general. To achieve that end, a new mineral policy is advocated. It is designed to secure the attainment of mineral and metal self-sufficiency as far as possible. To assist in that process it is clear our export practice will have to be carefully scrutinized. Prof. Wadia recommends the stoppage of the export of key minerals and ores such as manganese, chromite, ilmenite, sillimanite, phosphates and refractory minerals. Consistently with the logic of the stoppage of exports and in order that our national interests are best served, the country must have industries for the local manufacture of metals and products now imported from abroad from Indian raw materials, e.g. aluminium, various alloy steels and allied alloy metals heavy chemicals, mica goods, titanium paints, scientific glassware, etc. But as the Labour Member rightly pointed out the question of our exports in minerals is linked up, to a certain extent, at least, with the question as to how far the country would be able to obtain supplies of other metals and in minerals in which she herself is deficient. It is necessary, therefore that a new mineral export and import tariff should be framed which would keep the realities of the mineral situation as well as our need in view and serve best the country's larger national interests. The Minerological Adviser has also bestowed his attention on the question of the ownership and control of minerals. He has advocated a progressive change-over to State ownership, where economically feasible, of the coal, petroleum and base metal mines. Prof. Wadia has also put in a plea for the revision of mineral taxation, royalty and lease laws. This is necessary because, apart from the organized mining industries such as coal and iron, most of the other sources are exploited by small producers. It should be Government's business to create conditions in which private enterprise would find sufficient attraction to risk capital and start business.

There is nothing original or strikingly new about these suggestions or recommendations. The stoppage of exports, internal treatment or utilization of the resources, nature has endowed to the country have all been urged time and again. Indeed these constitute the minima of any rational mineral policy. The chief significance of the proposals under review lies, in the fact that these emanate from an official source, the Minerological Adviser. But even recommendations and advices of official committees and commissions in this country are often relegated to the limbo of forgetfulness in the official pigeon holes. There is not much hope that these will be worked in practice. Nevertheless, it may be advisable to point out some of the omissions in these suggestions. First, there is no mention, apart from the plea for the State ownership of coal and some other base metals, of the question of foreign ownership of these precious national assets. It is known widely that foreign interests dominate many of these. The situaion becomes indeed intriguing when we reflect that the Labour Member also chose to be silent on this important question when he announced the Government's intention to assume the reponsibility to have a definite mineral policy. It is significant to recall that the Holland Commission urged unequivocally that the country's mineral resources had better not be

exploited at all if that could only be done by foreign interests. There is, moreover, no emphasis in Prof. Wadia's six-point programme on the need for research in mineral subjects and the advisability of having a bureau of mineral information which would provide requisite information on the subject to the country's business men and industrialists.

The Central Government, it is learnt, have recently taken up a scheme to expand the Geological Survey of India to enable it to undertake extensive exploration of the country's mineral resources; may it be hope that this is a prilimnary to a bold and vigorous mineral policy in this country?

NOTES

INDIAN STEEL INDUSTRY

The permanent value of the wartime development of alloy steels in India is stressed in the course of an article in the August issue of the *Journal of Scientific and Industrial Research*. At the outbreak of war in 1939 Indian steel industry chiefly manufactured ordinary mild steels and manufacture of special high quality steels was practically non-existent. The war made enormous demands especially on Tata Iron and Steel Co., and we understand that they are now able to produce steels covering the entire range from straight carbon tool steels to high quality aircraft steels. While it is gratifying to note that the Indian steel industry has stood the test of the high precision requirements of the war emergency stand schedule specifications especially with regard to aircraft steels, what is more important is that the high efficiency attained will have a lasting value for peace-time requirements. Indian industries who have all along depended on foreign imports for alloy and tool steels can now obtain their requirements in this country. All varieties of steels used in general engineering practice and machine construction, such as high speed steels, hot die steels, tap steels, nickel-chrome steels, special steel for blades and punches, etc., have been developed, as also a variety of alloy steels and die steels. The progress should serve as a basis for further structural engineering and light engineering industries.

TEXTILE INDUSTRY

As referred to in these columns last week, the award given by the Bombay Industrial Court in the dispute between the Ahmedabad Millowners' Association and the Textile Labour Association, brings the Ahmedabad dearness allowance scheme on a par with the scheme followed by the Bombay Millowners' Association, in principle. The actual amounts may vary, as the allowance depends upon the cost of living index for Ahmedabad which is generally different from that of Bombay. Meanwhile, the Millowners' Association has also decided to pay a Victory Bonus equivalent to 1|12th of the total earnings of workers during the year ended August 31, 1945, dearness allowance being excluded from the earnings. The payment of this bonus will cost the millowners Rs. 62,00·000.

It is only fair to recognize that the present award will mean a great saving in the cost of production of the Ahmedabad millowners. A rough estimate is that in the current year they may be able to save about 125 lakhs, calculating on the basis of the current cost of living. Actually, the saving may be much more as the cost of living index number may steadily start going down after a few months. Put in brief terms, the Ahmedabad millowners are called upon now to neutralize only 75 per cent. of the rise in the cost of living whereas, since the middle of September, 1941, they have been neutralizing 96 per cent. of the increase. On previous occasion, reference has been made in these columns to the greatly higher burden of costs which the Ahmedabad mill industry has had to shoulder all along. On a modest computation, the Bombay millowners are stated to have paid Rs. 13 crores less than their confreres in Ahmedabad. (This figure was provided by Mr. Nanda in the proceedings before the Industrial Court.) The crucial question that will arise however, is the disposal of the savings so effected. As noticed earlier, such savings will amount to anything over 1-1|4 crores, and the consumer who has suffered so much during the war has perhaps a strong claim to demand the relief to the industry should be passed to him in some measure. From the workers' point of view also, the possibility of distress cannot be ignored, as the Industrial Court award may not be followed by a steady reduction in the cost of living. The latter depends upon the measures taken by Government. It is difficult to strike the mean between the claims of industry to a relief in the burden of wages now that the war is over, and equally legitimate claim of workers to be shielded adequately from the distressing impact of an inflationary economy. This is indeed the great problem of India's transitional economy. In the West, the problem is already giving rise to large strikes. In this country, it is to be hoped that such an unfortunate development will be prevented at all costs.

BANKING PRACTICES

In a recent circular letter to the scheduled banks the Reserve Bank warns them against the practice of encashing cheques after regular banking hours. Such practice as is prevalent imposes a heavy strain on the bank employees and causing delay in the balancing of books. While this result is itself enough to make the bank authorities see that the regular business hours are observed, this undesirable dealing may lead to further trouble. For, as the Reserve Bank has rightly warned if any legal proceedings arise from these obviously obligatory actions, the bank cannot claim any protection under Section 85 of the Negotiable Instruments Act since they can certainly not be construed as done in the ordinary course of business; under which condition alone could any protection be accorded. The circular also refers to the other undesirable feature in banking business namely that of allowing parties to withdraw from their fixed or time deposits before their maturity. If such withdrawals are allowed they naturally are against the very reason for which such deposits are made. While warning the banks against this practice the Reserve Bank, however, makes an allowance that in case a client is really in urgent need of money, an advance may be made to him on the security of his time or fixed deposits. The Reserve Bank takes care to observe that this relaxation may be availed of only in 'bona fide' cases and in normal times and not in times of emergency or crisis when, owing to a rush of withdrawals, it is difficult to distinguish between genuine cases of need and others.

SUPERFLUOUS STOCKS OF YARN

Excessive stocks of yarn other than fine counts have accumulated in godowns in Bengal and apprehensions are that prices will begin to fall. With tthe cancellation of war orders the situation is likely to be accentuated unless prompt measures are taken. It is maintained that stocks have accumulated because the mills supplied yarn against quota to dealers according to their own choice and in total disregard of actual needs. While .stocks of the yarn are lying frozen for a considerable time, the Control Department is unable to issue permits in respect of such yarn as the potential demand usually exists for fine counts and weavers are loathe to accept inferior yarn which is said to be unsuitable for the machines they operate. The Calcutta Yarn Merchants' Association has suggested a way out. The

Association points out that there should be an obligation on the mills to supply yarn according to the dealers on the basis of their past transactions, that freezing orders so far as they relate to inferior yarn should be withdrawn or in any event modified so as to prevent superfluous accumulations over indefinite period of time and that stocks which have no real demand in Bengal may be allowed to be exported to the neighbouring deficit provinces. There appears to be no case now for holding unnecessary stocks in godowns, if they can be safely disposed of in other provinces.

MANUFACTURE OF RADIOS

Technical experts are now convinced that all radio parts except valve can be made in India. Vast progress has now been made in the manufacture of parts of the radio especially since 1942 when the need arose for indigenous manufacture of radio sets to meet military requirements. As a result of several experiments carried out under the auspices of the Radio Research Committee of the Board of Scientific and Industrial Research, sufficient facilities are now known to exist in this country for the manufacture of all parts and components excepting valves. Manufacture of these parts has however not developed to any great extent. The quantities actually produced have been used only for the assembly of a few thousand sets with imported valves and electrolytic condensers. The total manufacturing cost of the parts and components togeher with the assembly cost is expected to be between Rs. 50 to Rs. 60. Plants could be constructed for the manufacture of valves also the cost of a radio set will come down to ridiculously low figures, probably about Rs. 70. There are now about 200,000 broadcast receivers and the potential market, it is estimated, exists for an increase of radio sets in use at the rate of 50,000 a year. If the cost of manufacture is small as expected there may well be a more expansive market. The number of radio sets in 1944 in this country works out to only 0.5 per thousand. It should however not be forgotten that adequate protection from Government against imported sets and components is necessary if the new development is not to be nipped in the bud. The present servicing business with these developments can increase many fold giving opportunity of profitable employment for many young men.

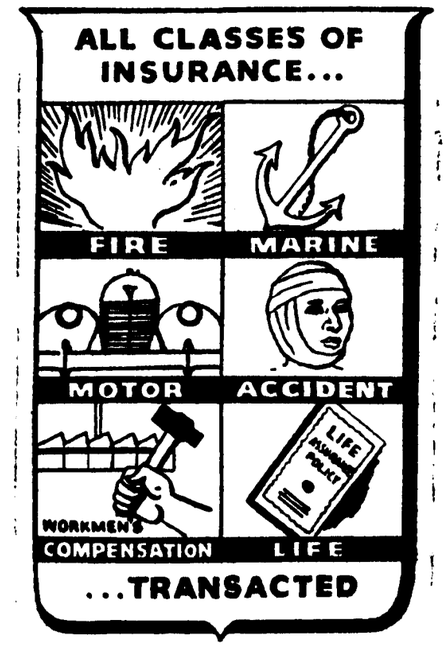
AUSTRALIAN COMPANIES IN 1944-45

Profits of Australian companies for 1944-45, most of which have been presented recently, generally show a slight increase on the satisfactory 1943-44 level. In most cases, 1943-44 dividends are being repeated. Over the whole field net profits are higher and dividends more stable than before the war, due to war contracts, greater public purchasing power, savings imposed by government or voluntary action and absence of competition from imported goods over a wide range. In addresses company chairmen at annual meeting so far held have usually strongly insisted that taxation should be reduced. A number have agreed that certain Government controls should continue for sometime into the peace to permit an orderly expansion of business.

"EXPORT OF INDUSTRY" INTO AUSTRALIA

Under the terms of a recent agreement between Mort's Dock and Engineering Co., Sydney, Australian shipbuilding and general engineering firm and the General Electric Company of England, the former have agreed to make most of the mechanical equipment sold in Australia by the latter. In return the Australian firm has agreed to give 10 per cent. of its share capital to the General Electric Co.

Well informed circles believe that this agreement may be a pointer to an industrial trend in Australia after the war. British firms which formerly exported goods to Australia, may make arrangements with Australian firms to make the goods to be marketed in Australia. This is possible because of the tremendously increased technical and industrial capacity of Australian plants resulting from war. Before the war many British and American firms established branch plants in Australia and this "export of industry" is likely to continue over a wide range of manufactures in postwar years.



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FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT.

Madras Letter

MADRAS, September, 15, 1945.

THE Government of Madras have published certain far-reaching proposals to take over from the local bodies the main roads in the Province and constitute a Highways Department. These proposals have emerged as a result of the recommendations made by Mr Dogra, a retired Chief Engineer of the Government after an enuiry. There are about 36,670 miles of roads in the Province and already about 4,000 miles of roads are under the control of the Government, the remainder being maintained by District Boards. It has not been possible for District Boards to maintain these roads properly mainly on account of the inelasticity of their revenues. Further, the existing system of parts of arterial roads maintained and developed by different local bodies was inherently defective. It is now proposed to transfer from the local bodies 13,700 miles of important roads consisting of (a) all roads classified as trunk roads, (b) all other roads or portions of roads which are proposed to be classified as National Highways or Provincial Highways, and (c) important inter-district roads, and marketing, second class and other roads which connect important agricultural centres with markets and industrial centres with consuming areas and important railway stations, all of which are proposed to be classified as major district roads. It is also proposed to take over eventually some more roads which will be also classified as major district roads. The remaining roads which are to be classified as "Other District and Village roads" in the post-war schemes will be left with District Boards as it is considered desirable to enlist their co-operation and interest in the maintenance and development of such roads and as they will be in a better position to know the local requirements.

The new Highways Department will be formed with the engineers now in charge of road communications. Consequent on the taking over of the roads by the Government, the heavy tools, plant and scientific instruments will also be taken over by the Government without any compensation and the small tools and plants will be apportioned as between the Government and the District Board. On the formation of the Highways Department, the annual grants now given by the Government to local bodies on roads account amounting to Rs. 36.90 lakhs will be withheld and the cost of maintenance of all the roads taken over will be met from the Provincial funds. In order to provide adequate funds for the maintenance of the roads left with the District Boards, it is proposed to continue the contribution payable under the Madras Motor Vehicles Taxation Act or in the alternative to give *ad hoc* grants equivalent to the contribution. The proposals as a whole are to be examined further after three weeks in the light of suggestions and opinions received.

In these days when road making and maintenance have become a highly technical work and when courses of study in Highways Engineering and road communications have been started in this Presidency, the proposals are bound to be welcomed. But local bodies may find that their departments are taken away from them one after another. It is felt that the financial implications of the scheme will have to be re-examined more favourably to the local bodies before giving effect to the new proposals.

Bengal Letter

CALCUTTA, Sept. 16 1945.

Public anxiety on the gloomy crop prospects continues unabated. The Bengal Government have taken the view that in the present year the out-turn of Aus crop would be about 75 p.c. of the normal, whereas the Aman crop is expected to be about 80 p.c. of the normal. This presages a shortage of not an inconsiderable amount. What is more disquieting, however, is that reports coming in from different quarters seem to indicate that the Bengal Government have erred on the side of optimism in their estimate. West Bengal has suffered for drought during this season which has completely spoiled the chance of its having a good crop. The Burdwan division in West Bengal which is an important source of supply of rice for Bengal and even Bihar has been hard hit by scanty raifall. There has been a failure of the Aus crop. It seems the Aman crop is also likely to be very poor in this area. The fields of Aman are still largely uncultivated. Other parts of West Bengal have more or less a similar tale to tell. While West Bengal has suffered from drought, extensive areas in East Bengal have been affected by floods. Altogether, it seems that the out-turn of crop in the current year would be far less than what is estimated by the Government. The effect of this is not likely to be felt in the current year but would become evident in the spring or summer next year. In view, however, of the seriousness of crop position in this regard it is urgent that steps must be taken in advance and precautions adopted to prevent the development of a crisis. There is no indication as yet that the Bengal Government have realized the gravity of the situation.

Jog Falls Power Scheme

The first stage of the Jog Falls Power Schme in Mysore is expected to be completed in 1947 but it is stated that some power will be available by about the middle of next year. The generating capacity of the plant at the end of the first stage will be 48,000 K.W. but provision has been made for installing additional generators and Penstock lines with a view to increasing the capacity to 120,000 K.W. The scheme is estimated to cost about Rs. 5 crores which will be spread over a period of five years. In order to untilize Mysore's abundant power for the industrial and economic progress of the State, it is understood, that a scheme for the electrification of the train service between Bangalore and Mysore (80 miles) is also under the consideration of the Government.

Irrigation Research Institute

An Irrigation Research Institute on the model of the Punjab Institute is to be esablished in Madras The Institute which is estimated to cost Rs. 5 lakhs will tackle the various problems directed towards the improvement of irrigation facilities in the province. The main functions of the Institute, it is learnt, will be to co-relate soil mechines and electric and photo elastic mehods with a view to supplying them in the designs for various irrigation structures. When the Institute begins to function, it is expected the problems relating to construction of dams, silting, scour and consolidation of soils can be tackled in a scientific manner. In this connection, it is mentioned that the results of research work carried on in the Punjab Institute have convinced the authorities here that scientific research applied to irrigation has immense potentialities.

Stock Exchange

The turnover on the Stock Exchange was small. The textile section alone was active with all the popular shares in demand. Sellers were reserved in Buckingham and Bangalore Woollens. Cambodies firmed up to Rs. 30-4 and Maduras to Rs. 74-12. Mettur kingham and Bangalore Woolens. Cambodia's firm to Rs. 264. Reports from Malaya indicate that during Japanese occupation thousands of rubber trees have been cut down, many estates have been destroyed and essential machinery for the production of rubber has been melted down. It is also estimated that it will be about eighteen months before estates in Malaya can start production of rubber on a competitive scale. Inspite of this best news to the Indian rubber shares, the shares of the local market failed to follow up the recovery noticed last week. Cochin Malabars were firm at Rs. 18. Malankaras again eased to Rs. 82. Kalpettas and Fringfords on the announcement of a fresh issue of capital, declined to Rs. 33-8 and Rs. 15 respectively. Mysore shares were dull and there was a general liquadation of holdings. The gilt-edged market was firm with 3½% Paper quoting Rs. 101-12. The tap rate for 3% Loans 1970-75 was put up by two annas to Rs. 97-4. The new Madras Loan, the lists for which were open this week for two days it is understood, was subscribed after a call on the underwriters to the extent of 44 per cent.The loan was available at a discount of as. 5.

Tramway Disputes

There is considerable concern over the strike notice submitted by the Calcutta Tramways' Workers' Union to the Secretary, Labour Department, and the Labour Commissioner, Government of Bengal. The notice alleges "continuous refusal" by the Calcutta Tramways Company to grant the workers' demands and their inability to achieve any settlement by peaceful methods of negotiation and conciliation. The workers' demands numbering over a score include—(1) one month's pay as Id and Puja bonus every year from 1945; (2) increase in dearness allowance, etc. The Bengal Government have referred the Calcutta Tramways Workers' dispute for adjudication under the Defence of India Rules. The representative of the Tramways Workers' Union has, however, taken the view that the order for adjudication is likely to prove unsatisfactory to the workers.

Rural Re-construction

The proposal made by the Bengal Administration Enquiry Committee that the Rural Re-construction Department of the Bengal Government should be abolished has come in for sharp criticism. At present rural re-construction is carried on mainly, if not wholly, by the employees of the Jut Regulation Department. Some 8000 men are engaged in rural reconstruction work. There are 6000 primary licensing assistants and 1000 camp assistants whose work is checked by 1000 assistant inspectors. These are under the supervision of 182 Range Inspectors controlled by 56 Chief Inspectors. Above the Chief Inspector is the District Development Officer and still higher up 12 assistant Development Commissioners. According to the recommendation of the aforesaid Committee, there would be one primary licensing assistant for each of the jute growing union, there would be one clerk in charge of each Union Board and one Assistant Inspector or Inspector per district. There will be two ominous changes in terms of the recommendations of the Committee. There will be reduction in the number of inspectorate and controlling staff. Further, there will be total subordination of rural re-construction work to the Executive through the Union Board clerks, which is extremely undesirable. Besides, Rural Re-construction Department has acquired valuable experience and built up a cadre of trained personal. Abolition of this Department would mean therefore unjustified wastage

Relief To Destitutes

Some information is available about the Bengal Government's efforts to give relief to persons who became destitutes during the last famine. The Government have sanctioned free house-building grants which make a total of Rs. 10 lakhs. Persons who have homestead lands but who were reduced to penury during last year's famine would be benefited by these grants. A portion of this sum, would also be available to rehabilitate persons who are at present staying in Destitutes' Homes run or subsidised by Government. References is also made in this connection to relief given to persons in the flood-stricken areas in Bengal. Agricultural and Land Improvement Loans were advanced to cultivators in distress while gratuitous relief was also given to the people in the flood-affected areas in the districts of Tippera, Mymensingh, Pabna and Rangpur.

Punjab Letter

LAHORE, Sept. 17, 1945.

THE war had given considerable impetus to the cotton and wool spinning and weaving mills of the Punjab. They were working at full capacity and their production had tremendously expanded. The prosperity of the mills was based on military demand, elimination of foreign competition and increased export demand. The cessation of hostilities had given the hope that his phase might be broken with the erection of new mills after importing new machinery from U.K. and U.S.A. But now in the opinion of the big industrialists of the Punjab, it will take years to change the industrial map of the province unless combinations are made with foreigners on profit-basis.

Efforts were being made to set up large woollen spinning plants—these were greatly needed as woollen goods worth more than 1,5,447781 pounds are being imported every year—cotton seed utilization industry—the Punjab being the largest British province in respect of the production of raw cotton-leather goods factories as the province is very rich in the production of raw hides and skins—and industries in regard to building materials such as cement, lime, wood glass, paints, etc. because of the plentiful supply of raw materials available equal at least to the demand of the province itself. Side by side with the plans for the development of these industries, there were plans to develop small-scale, subsidiary cottage industries. Individual enterprise was forthcoming and some hope was expressed that foreign knowledge as regards the technique and the equipment necessary for efficient production and profitable marketing would be available. With the conversion of industries in U.K. & U.S.A. to peacetime production and the opening of sea-lanes (which may result in dumping of cheap goods in India) and the haste of some of our industrialists to secure foreign capital (and thereby machinery) by underhand means, industrialization of the province may receive a serious set-back; the growth will be onesided, dominated entirely by foreign capital (and thereby machinery) by underhand means, industrialization of the province may receive a serious set-back; the growth will be onesided, dominated entirely by foreign interests.

Hosiery Industry's Plight

A critical situation, has been caused by the ban placed by the Punjjab Government on the export of hosiery goods to other provinces. Hosiery is a very important industry in this province. Twenty-two factories in Ludhiana—the biggest centre—alone were engaged on war work.

Seven thousand machines working there. About 25,000 workers were employed and about 75,000 persons remained engaged directly or indirectly in this industry. As a result of the ban the producers' capital has been locked up and the workers thrown on the streets. As a representation of the Hosiery Manufacturers' Association to the Punjab Government explained, stocks worth over a crore of rupees are lying ready for sale in the coming season which starts in September and lasts up to December every year. If the ban is not removed the industry will suffer a great loss. Government must save the hosiery producers from the crisis.

Shopkeepers' Race

Though the markets have not been flooded with goods as was expected after the ending of the war, shopkeepers are slowely bringing out hoarded goods such as cloth, paper, consumers' goods, etc. A fear seems to be haunting them that if the price-lists are revised by the Government they might lose the race in the long run and fail to dispose of their goods. Whereas the consumers' cry is that the prices must be revised without any further delay, the shopkeepers' clamour is that the ordinances and the Defence of India Rules affecting their trade must be withdrawn at once and a free hand given to them to turn to peace-time sale. Many meetings have been held in the province to that end and the Government has been urged to move in the matter.

Pressure On Agriculture

With the demobilization of soldiers pressure on the land is feared in some quarters in the province. The Government plan is to produce, a new "landed aristocracy." If industrialization is not well planned as it is not in the province agriculture which is already an overcroweded industry, will have further burden when the soldiers fall back upon their only peace-time occupation of life-tilling the soil. It may be noted that with the closing of some of the industries which were engaged in war production, unemployed labourers who came from the villages have already increased pressure on the land and the village economy. The unplanned economy of the urban areas is already upset and this may have serious re-percussions in the rural areas and the result may be disastrous for the economic development of the province. And if the scheme of retrenchment of railwaymen and the plans of various Government Departments to demobilize the clerical staff is put into effect without giving them any help to settle down in life, a very unhappy economic situation may arise. The Government has been asked to set up machinery to help planning the economic structure of the province and to assist young men, who are thrown out of employment, to channelise their energies in fruitful vocations of life, without considerations of caste or creed or occupation or party affiliations.

Sind Letter

KARACHI, Sept. 15, 1945.

THE event of the week was the opening of the Exhibition organized by the Consumers' Goods Association. (This is an association of small manufacturers—mostly of iron goods). It now proposes to work as a production and marketing organization. Expert personnel will be employed to improve the quality and decrease the cost of the products. There are 275 members and it is expected that about 150 will stay in the association after the controls are removed). The object of the Exhibition was to acquaint the public with the wide range of articles produced in their city. The Honourable Minister for Industries in opening the Exhibition made an appeal to the people to patronize the products of their own province even though initially the quality may be not as good as that of the foreign products. He also assured the association that the Government would give every possible help to its members.

The Municipal Corporation has sold 100,000 sq. yards of building land for Rs. 30 a sq. yard. While this is good business, the question arises "how many people can afford to buy land at this price and how many can afford to rent houses built on such valuable land?" The Municipality should either make available to the poor classes other building sites at considerably cheaper rates or utilize the proceeds of the sale of the 100,000 sq. yards for putting up houses for these classes.

Country Craft

Country craft did its duty during war-time by filling the gap created by the shorage of shipping during the war. What is going to be its fate now? Cargo rates are coming down. The rates are said to be down by 25 per cent. in Karachi. The owners of country craft have agreed not to cut rates in competition with each other; otherwise rates might have gone down further. In Karachi, the number of country craft in operation is said to have doubled during the war. With the release of steamers for coastal traffic it is doubtful whether all the country craft will now get cargoes. Apart from its role in the carrying trade, country craft serve a very useful purpose of keeping alive the sea-going tradition and maintaining a reserve of sailors. In the absence of an adequate mercantile marine of our own, this is a valuable function performed by country craft. The Government should come to the rescue of country craft now and either allot a definite quantity of carrying trade to it or subsidize it.

Sind's Cloth Quota

Sind's cloth quota has now been raised to 18 yards per head. This will relieve the discontent widely prevalent in the province. The additional allotment of 600 bales of yarn for fishing nets is also welcome.

Post-War Taxation

The local Buyers and Shippers Chamber have made a representation to the Central Government regarding post-war taxation. The Chamber asks for (1) immediate abolition of Excess Profits Tax and (2) raising the limit of exemption for the payment of income-tax to Rs. 5000/-. The Chamber at the same time supports the maintenance of income-tax rates at the present levels for incomes over Rs. 5,000/-. With the present levels of prices there is full justification for raising the exemption limit in order to give the long due relief to the middle classes. In the alternative, a system of rebates for families as is prevalent in the U.K. and the U.S.A. should be given to income-tax papers.

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INDUSTRY

Report of the Industrialists' Delegation

AT the invitation of the Government of India, a group of Indian industrialists undertook a visit of the U.K. and the U.S.A., with the object of studying the industrial organization of these two countries. The group comprised Mr J. R. D. Tata, Mr G. D. Birla, Mr Nalini Ranjan Sarker, Mr A. D. Shroff, Sir Sultan Chinoy, Mr Laik Ali and Mr Ajaib Singh. Dr P. S. Lokanathan was the Secretary to the Mission.

The Mission reached London in the third week of May and after a stay of five weeks in the U.K., crossed over to the U.S.A., where they spent about six weeks. They returned to the U.K. in the second week of August and completed their tour by the end of the month. In the U.K., they met representatives of the F.B.I., London Chamber of Commerce and the Association of British Chambers of Commerce. In the U.S.A., they met representatives of the State Department and the National Association of Manufacturers. In both countries they visited a very large number of industrial centres and factories and were given every facility for doing so.

The following is the Report of the Delegation:—

"Our visit appeared to create much interest in both countries. This was not unexpected in Britain, but we were glad to notice in the States also a considerable amount of interest in Indian affairs and in the future possibilities of trade with India. In Britain we were struck by the fact that the inevitability of India's political and economic independence in the near future and her rapid industrialization thereafter was widely recognized and that there appeared to be a desire on the part of many industrialists and business men to adapt themselves to the new conditions. In the United States knowledge of India was not equal to their evident interest in our country's affairs. Considerable ignorance still prevails there as to our economic and political conditions. We took every opportunity to correct misconceptions and to place true facts about India before our American friends. We felt, however, the need for the establishment of a permanent organization charged with the dissemination of appropriate and true facts about our country and with countering the misleading propaganda carried on in that country in the past, mainly at India's expense and to her detriment.

"In the course of our tour, we visited a large number of factories covering a wide range of industries in both countries. In view of our varying interests, of the limited time at our disposal and of the difficulties involved in securing transport and accommodation, these visits were—with a few exceptions—undertaken by individual members and not by all of us as a group. We were thus enabled in the aggregate to get a general picture of British and American industry, covering an extremely wide range of industrial activity.

"Making allowances for variations in individual impressions, for the differences between the various types of industries which we had the opportunity to study, and for inherent differences between conditions in the two countries, our impression was that American industry is in many respects well ahead of British industry in efficiency and in equipment used. The causes of this are many; amongst them is the fact that America was able to build, immediately before and during the war, a much greater number of new factories equipped with the most up-to-date machinery than Britain. In addition she was able to avoid the destruction and many restrictions and handicaps imposed on Britain by the war. Other reasons might be found in the retention in the United Kingdom of much obsolete plant and machinery which should have been scrapped or modernized long before the war; in the innate conservativeness of both British management and labour and in the greater reliance placed in Britain on skilled craftsmanship using old and obsolete equipment, in contrast with the emphasis laid in America of the lavish use of highly specialized automatic machinery of high capacity.

"In the field of research on the other hand, it seemed to us that Britain was at least as advanced as America. In both countries applied and theoretical research is being conducted on a gigantic scale and money lavished on it by both Government and private enterprise.

"Except where a large volume of manufacture of a standard article is possible, American costs are generally higher than British costs, largely owing to the very high American labour costs which are, however, partially counterbalanced by the higher output per man in America.

"Industries in both countries had begun their reconversion to peace-time production during our visit. Since then, with the end of the Japanese war, the process of reconversion in both countries must have been greatly accelerated. We believed that American reconversion will be more rapid than the British, and that in the former case production of peace-time goods will be in full swing in a year whereas it will take the United Kingdom at least two years to regain its pre-war output. The post-war industrial output of both countries may be expected ultimately to exceed pre-war production because of the additional capacity installed during the war, much of which will be convertible to peace-time use.

"We were much impressed by the improvements in technique and the scientific advances effected in both countries in recent years and by the indications of the further rapid progress expected in the future. The immense complexity of modern industry, particularly in the engineering and chemical fields, and the rapid progress made in them from year to year as a result of research, have convinced us that if India's industrialization is to be as speedy as public opinion and her economic situation demand, we should unhesitatingly seek to import ready-made technique and industrial "know-how" from these two and other countries. A number of important industrialists with whom we had occasion to discuss the matter were willing to afford India the necessary facilities in this direction, and we believe that much can be secured at the level of technical co-operation. Where financial participation is sought, we took every opportunity to make it clear that it would be acceptable to India only if effective control of ownership and management remained in Indian hands. We were glad to find that industrialists, both in the U.K. and the U.S.A. have, on the whole, shown an appreciation of this point of view.

"Although it was not a purpose of our visit to place orders for capital equipment, we naturally took the opportunity to investigate in both countries the likelihood of capital equipment becoming available in the immediate future. We found, as we expected, that the prospects are anything but bright. With the possible exception of medium-sized, general purpose machine tools, which will be available in both countries fairly freely, the demand for capital equipment both from domestic markets and from the rest of the world is so great that deliveries and prices are bound to be unfavourable for a considerable time. In both countries the market is primarily a sellers' market and buyers will have to take their turn. The position is probably the least satisfactory in regard to textile machinery,

for which India's need is perhaps the most urgent. There appears to be no chance of getting any for a long time from America, while deliveries from England cannot be expected under two years. In the case of other types of capital equipment, such as power plants, heavy and special purpose machine tools, transport equipment, electrical equipment, mining machinery, forging, foundry and chemical plants, etc., delivery periods vary greatly, from six months to two years or more, but they are generally longer in England than in the U.S.A. On the other hand, and with the exception of such items as large-sized boilers, special purpose machine tools, medium and small-sized electrical equipment, etc., American prices are generally higher than British prices. American manufacturers, however, are prepared to quote firm prices, whereas British quotations are usually subject to changes in costs of material and labour between the time the order is placed and the date of delivery. It is to be noted that prices and deliveries offered are the same for domestic and overseas buyers and that up to the present no attempt is being made to allocate supplies as between buyers except on the principle of first come first served.

"We believe that in a couple of years or so prices as well as deliveries will become easier and, in addition, that machinery then available will be of a more advanced and efficient type. If our judgment is correct it would seem to be inadvisable for industrialists in India to be in a hurry to purchase capital equipment under present conditions except, of course, where requirements are so urgent or of such a nature that they cannot be postponed.

"In both countries, and particularly in America, a certain amount of second-hand equipment is available and in fact offers for such equipment have been made to some of us from time to time. Much of this second-hand machinery is likely to be obsolete or worn out, and we should like to sound a note of warning against the purchase and installation of old and worn out equipment which would cripple India's capacity to compete in later years with industries equipped with up-to-date machinery.

"From the cursory investigations we were able to make on the spot, it appears that one possibility worth exploring is the purchase of war surplus stock, an immense amount of which has been and will shortly be declared surplus in both countries, and particularly in the U.S. Some of it is obviously unsuitable for our purpose, but much of the kind that would be usable is in good condition, being either new or practically new. The equipment of whole factories built either during or at the beginning of the war is being offered for sale in America, while large amount of self-contained movable equipment or machinery of various kinds is available. From enquiries we have made, it seems that prices will range from 50 per cent. to 60 per cent. of their original cost. In this connection we should like to impress upon Government and the business community in India the necessity and urgency of constituting in both countries an organization which would locate available equipment, inspect and report on it when necessary, canalize all enquiries from India, and furnish machinery for their procurement from the various surplus disposal boards. Already hundreds of millions of dollars worth of such surplus equipment has been disposed of in the United States and we found that many countries are showing keen interest in it.

"The question involved in the possibility of importing plant from America is closely linked with the availability of dollars as well as with the question of India's frozen sterling assets. Both in England and America we took every opportunity to dispel wrong notions that have been spread about the genesis of the accumulation of these sterling balances and the present situation in regard to them. We pointed out that these balances were the result not of high war profits made by India, but of her immense sacrifices during the war, and that they represented only a part of her total war effort which, in terms of the economic capacity of the country, had been second to none amongst the United Nations. We also made it clear that India appreciated the difficult situation in which Great Britain found herself in respect of her indebtedness and that no one suggested its immediate and total liquidation or convertibility into dollars. We pointed out that India's urgent post-war needs both for rehabilitation and economic expansion could not be met unless a portion of the blocked balances was made convertible into dollars and other hard currencies. In this connection we would urge upon public opinion in this country to demand India's immediate release from membership of the Empire Dollar Pool. With the end of the war, the necessity and justification for the Pool have ceased to exist. We have been strongly impressed by the fact that the seriousness of the economic situation in Great Britain, the state of her industry and the gigantic demand for both capital and consumption goods from all over the world are such that she will not be in a position to supply the whole of India's requirements in the coming years. India will, therefore, be compelled to look to other countries for supplies and particularly to America. Foreign exchange in addition to her current favourable trade balances will thus be one of India's most vital needs and failure to find a reasonable and early solution of the problem will cripple her ability to put into execution and large scale plans for economic reconstruction and development. Not unnaturally we found a certain amount of sensitiveness in Great Britain to any discussion relating to the problem in America. Government and business men have appreciated the importance of this question not only in relation to India's future, but also to its effect on the future possibilities and opportunities for, American trade with countries within the sterling area, and it may be hoped that in their own interests the United States will use their influence to bring about a reasonable solution of this difficult problem.

"In conclusion, we wish to express our sincere thanks to the Government of India for the facilities granted to us in connection with our trip and to the numerous persons and institutions whose help and co-operation were found invaluable by us. We have returned from our trip enriched with first-hand knowledge of the economic and industrial conditions and prospects in Great Britain and the United States and with a better informed appreciation of the significance, scope, needs and complexities of modern industry. We have come back more than ever convinced that only by means of a large-scale industrialization, backed by massive scientific research and education, can India hope to emerge from her poverty and distress and rapidly build up the high standard of living to which her people are entitled and so desperately aspire."

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LABOUR

Organization of Incentives

A RISING standard of living cannot be conceived without an adequately rising per capita output. For the achievement of this end, it is not enough to have sufficient natural resources and sufficient man-power and a proper machinery to bring both these together in such a way as to lead to maximum production. Something more is necessary and that is, organization of incentives. Incentives should be so contrived as to induce men and women to produce to their maximum capacity, without subjecting themselves to too much strain.

Even in countries which have developed the technique of production to a fairly high extent, this aspect which is more psychological than physical has received scant attention. In fact the very existence of the fact of limitation of output, due to psychological factors, was not even recognized in initial stages. A man like Mr Samuel Gompers, once the President of the American Federation of Labour, is said to have remarked: "There has not been any restriction of output for over thirty years in America. We, in the United States, have followed an entirely different policy." Recent investigations in this respect, however, have clearly disproved this claim made by the President. A broad-sheet recently issued by P.E.P. contains very interesting details regarding the investigations carried on by some American and British writers in this connection. It might be instructive as well as interetsing to probe into industrial psychology by the help of these investigations. It is also in the rightness of things that the countries from whom we have borrowed the technique of mass production should supply us details regarding the working of those methods, the gaps therein, and the methods by which they can possibly be filled in.

Let there be no doubt as to the existence of the fact of limitation of output due to mental and physical factors connected with workers' mind, as distinguished from some objective factors such as defective machinery, inferior quality of raw materials used, or other outside disturbances in the situation under which the worker is carrying on his work. In the history of industrial production, it might be found that as machinery and conditions of work improved the output also increased. But now at a time when machinery and the external factors are as they should be for the maximum production, the latter is not being fully achieved under given conditions and this, as the investigations in Britain and the U.S.A. carried on by Dr Vernon, Mathewson and others will show, is due to the deliberate limitation of output on the part of the worker. It might be remarked that it was very difficult for these pioneers to demarcate clearly the adverse effects on output as between external factors and the deliberate attempt at limitation by the worker. The methods used by them were partly statistical and partly observational, and the results achieved by them are beyond doubt. There can be no doubt that limitation which may be deliberate or unconscious exists much more widely than is commonly appreciated and strange to note, business managers in general are as much in the dark about it as anyone else. This, because, though the production has not achieved its maximum level, still, the over-all results of man-hour output are of a high order and, therefore, the managers are so content with them that only superficial attention has been given to the workers' contribution or lack of contribution to the increased yield. The fact exists, all the same, so much so that the best machines have failed to show their real capacity and improved methods which workers had discovered themselves while on work have remained with them only, lest the management may know them and over-all production would be fixed at a higher level. Dr Vernon gives a clear instance of deliberate limitation in the case of hand-riveters, whose large groups he investigated on eight occasions. The result was "60 per cent. of the riveters now showed a relative output of 15 rivets, while previously the proportion showing this output had been 28 per cent. and 36 per cent. Only 7 per cent. of all the riveters achieved an output of 17 or more rivets compared with 44 per cent. earlier. Only 2 per cent. achieved 19 or more compared with 22 per cent." He remarks: "There was evidently an intentional attempt on the part of the men to keep down their output at 15 rivets." In the U.S.A. Mathewson carried on investigations on similar lines and arrived at the same conclusion. An important feature of his investigation was that it was made among non-unionised workers. This helped to dispel the doubt that unions were responsible for restrictive practices in industry.

Among the causes for the existence of such a strange factor in the modern industrial life, physical factors such as lighting, heating, ventilation, humidity, noise, etc., are too obvious to require an explanation. Evidently, bad conditions regarding these will result in relatively lower output. But when once a reasonably decent standard is reached in this respect, psychological factors begin to dominate in comparison with physical factors, whose effect is sometimes even masked by them. An interesting example of this was seen in a test room where the effect of changes in lighting on output was sought. Sometimes lighting was increased, sometimes decreased and, irrespective of these changes, the output continued to rise throughout the period, not because of lighting changes, but through the working of the psychological factor, namely, operatives felt themselves to be the focus of special attention from the management. This only shows the important correlation between the psychological factors and the output. Though in some such cases psychological factors can be clearly distinguished from physical, this is not always possible. Boredom, and monotony which are probably due to physical factors, assume a psychological character when they get woven into the feelings of anxiety, insecurity, frustration, suspicion and irritation. Similarly it is not possible to separate concious from unconscious elements. A good deal of industrial attitude remains at a semi-conscious level and works from that level only, occasionally assuming a conscious expression owing to some immediate cause.

Bearing this in mind, if we proceed further into the psychology of the causation of output limitation, we find that the fear of unemployment comes easily as the chief psychological cause of limitation of output. This has its obvious logic. When the worker knows that the total amount of work to be done is limited, it is natural for him to postpone the advent of further unemployment by consciously putting a restriction on his maximum output. It is in this sense that 'the fear of unemployment is always an obstacle to efficiency.' This is more so, when the basis of employment is a short-term one, though subject to further revision. When a man lives for years under the daily pressure of the narrow margin between job and no job, the only course open for the worker is to slacken his speed. Hence the propriety of having a high and stable level of employment. To have a proper effect on worker's mind, it should not remain only as a matter of policy. "Men will only believe in 'more jobs than are the workers' when those jobs are *actually* seen to exist—that is, under conditions of *sustained full employment.*" (Italics ours.)

Secondly, matters affecting payment, particularly rate-cutting have a good deal of adverse effect on output. Referring to rate-cutting, F. Taylor, father of

'scientific management' once remarked: "All that is necessary is for a workman to have one object lesson of that sort (ie. rate-cutting) and he soldiers (i.e. goes slow) for the rest of his life." Along with security of employment, incentives therefore should be organized in such a way as to eliminate this fear and to provide facilities for promotion, improving the quality of supervision and working companions, which together have a great psychological significance. Inequalities of payment also definitely tell upon the per capita output.

One of the main causes, contributing to low output, in a very unconscious way is the group attitude. The Industrial Health and Research Board Report remarks in this connection, "It is by no means uncommon to find differences in efficiency between groups of workers, 5-20 per cent., of which are attributable entirely to variations in attitude towards the conditions of work.' This is purely psychological and may not have any objective gounding as such. When, for instance, a group of workers was investigated, the output showed an average increase of 12-1|2 per cent., when the leader was away. That clearly shows that that leader was responsible for creating that particular attitude among the whole group. Generally, workers are not aware of this collective influence which forms only an intangible background and determines the general nature of the reactions. A worker naturally makes a deliberate effort to keep pace with his neighbour and, therefore, working in isolation has definitely a good effect on output. But such a system is likely to be highly unpopular. Sometimes, even the group supervisor becomes a party among the group and this co-operation though satisfactory for all appearances, results in restriction of output.

Therefore, in the interest of maximizing the productive potential of working individuals and the group, and to avail ourselves fully of the latest productive machinery, these tendencies towards restrictianism must be eliminated. And what are the possible remedies? Obviously, the task-master's whip is not only inefficient but it also goes against the democratic principle of full development of personality. If workers can be brought around to have sufficient confidence in its fairness, piece work method of payment will go a long way. This fairness can be attained if something like 'automatic recording device' suggested by the I.H.R.B. Report comes into being. Introduction of 'personnal counsellors' who will have an explicit skill of diagnoeing human situations with intutive skill in handling human problems is suggested as a remedy by some. A greater extent of co-operation between the management and the workers may also improve the matters. While the efficiency of these methods is a function of actually putting them into practice, there is no doubt, that here is a field which yet needs a good deal of exploration. Its significance for India, on her way towards industrialization, is in no way less, though improvements in conditions of work and sustained full employment will be the first hurdles to be surmounted. Importers of the advanced technique of industrial production, let us not be slow to import industrial psychology as well.

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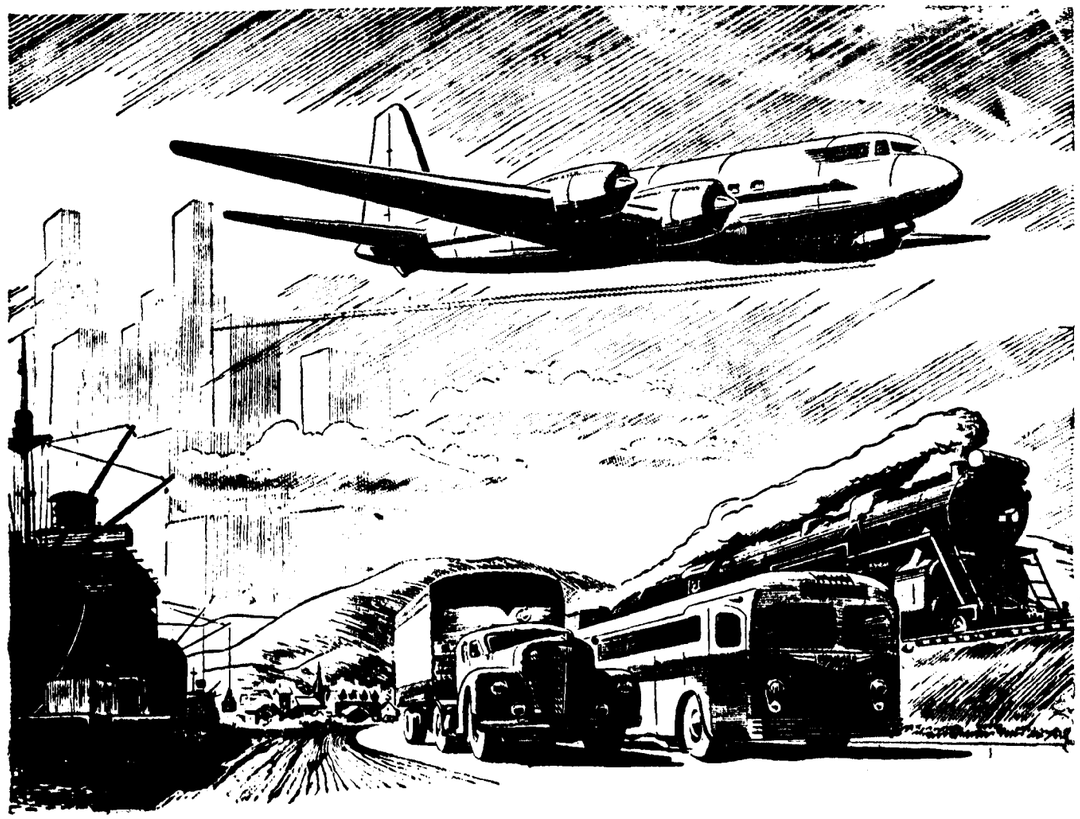
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AGRICULTURE

Famine Enquiry Commission

THE Famine Inquiry Commission was appointed to investigate the causes of the food shortage and subsequent epidemics in India, and to make recommendations as to the prevention of their recurrence, with special reference to: (a) the possibility of improving the diet of the people and the quality and yield of food crops, and (b) the possibility of improving the system of administration in respect of supply and distribution of food, the provision of emergent medical relief and the emergent arrangements for the control of epidemics in famine conditions in those areas and in those aspects in which the present system may be found to have been unsatisfactory.

The Commission were instructed, in the first instance, to direct their attention to the Province of Bengal and to make report in relation to that province in advance of the final report. The 'Report on Bengal' was published in May. The final report now released for publication deals with the food problem in India as a whole and makes recommendations on the objectives of post-war food policy and the measures necessary to attain them. It stresses that the problems of food supply and nutrition must at all times be a primary concern of Government.

The State should recognize its ultimate responsibility to provide food for all. Within the last 100 years Governments in India have accepted the duty to prevent widespread death from famine but the further obligation of taking every possible step not only to prevent starvation, but to improve nutrition and create a healthy and vigorous population has not yet been fully recognized and accepted.

Dealing with the short term aspects of the Indian food problem, the Report states that before war India was not self-sufficient in cereals; a small exportable surplus of wheat was offset by large imports of rice. Certain Provinces mainly the Punjab, C.P. and Berar, Sind, Orissa and Assam were net exporters of cereals while others Bengal, Bihar, U.P., Madras, Bombay and N.W.F.P. were net importers.

The Commission do not consider the results achieved by the "Grow More Food" campaign during the two years 1942-44 to have been spectacular as the main requisites for a large increase in agricultural production were absent, namely, an improved water supply and increase in the supply and use of manures and fertilizers. The need for laying down a clear agricultural policy and providing administrative machinery for its execution is emphasised, and it is recommended that the "Grow More Food" campaign should be continued with undiminished vigour.

Reviewing the system of procurement and distribution in force in different Provinces of India and the special problems presented by certain aspects of the prevailing system, the Commission express the view that the only satisfactory system of procurement and distribution is that of complete monopoly and recommend that administrations should aim at introduction of complete monopoly schemes, but hold that such schemes are not a practical proposition in Bengal, Bihar and the permanently settled areas of Orissa and Assam, and in areas enjoying an assured surplus, schemes of full monopoly are unnecessary.

The Report emphasises the need for adequate grain storage accommodation and recommends that all administrations which stock grain on any considerable scale should entrust their storage problems to fully qualified technical staff.

On the problem of the quality of foodgrains, the view is that it cannot be completely solved until there is in each Province a reliable agency competent to test and inspect all foodgrains under the control of the Government. . . . . .

Governments are recommended to requisition stocks from large producers and traders where grains are held back in the hope of higher prices.

On the general level of prices of foodgrains in India, the Commission's view is that they are high compared with the world level,, but so long as supply of consumer goods does not become more plentiful and cheaper and imports of rice are not once again available, the present policy to hold prices at about their present levels is the correct course to follow.

The Report emphasises the need for accurate statistics of acreage and yield of crops, and makes suggestions for improvement in methods both in the temporary-settled and permanently-settled Provinces.

The Commission consider that India is still in need of imports owing to the growth of population, a higher per capita consumption by the poorer classes of population and the requirements of Defence Services, and emphasises the need for building a Central reserve of 500,000 tons of foodgrains from imported wheat.

The return to normal conditions, states the Report must be a gradual, regulated and co-ordinated process, otherwise the chaotic price and supply conditions which prevailed in many parts of the country in 1942-43 might recur.

The organization of food administration during the transition period should be designed not with a view to securing the most expeditious return to pre-war conditions but so that it can evolve into a system of regulation of prices in normal times. The Commission visualize the transition period as commencing with the arrival of the first shipments of rice from Burma in appreciable quantities. Its duration will depend on a number of factors the more important of which are the following:

> First, the imports of rice from Burma should increase until they can bridge the gap between production and consumption in India. Secondly, transport conditions in India should return to normal, that is, the need for restrictions on movement of rail, steamer and coastal shipping should disappear. Thirdly, the present world shortage of food as well as shipping should no longer exist; and fourthly, demobilization should have been completed. It is clear, therefore, that the process is bound to take several years.

Its probable duration is unpredictable, but it may last until 1951-52. During the first stage of this period, it should be possible to secure the diminution and eventual elimination of wide price disparities existing in different parts of the country. The Commission consider that a price level of 240 per cent. of the average of the years ending 1938-39 broadly represents the target price level to be pursued at the end of the first stage of the transition period. Concurrently with a reduction of prices, more stringent forms of food controls such as total procurement, levy schemes (including rationing in rural areas) and other system of monopoly purchases from the producer should be withdrawn. In the opinion of the Commission, by the end of the first stage of the transition, the functions performed by the Central Government would continue to be performed without any alteration. The Basic Plan would continue to be in operation, trade would be operating under a licence, procurement schemes would be based on purchases from the local trade and only the large cities would be subject to rationing. In general, local food administration in all parts of India would present characteristics of food administration in the Punjab at present.

During the second stage of transition the main problem would be the co-ordinated removal of cordons round Provinces and States and the re-transfer of responsibility for distribution of supplies from Government agencies to the trade. Effective methods for preventing the price level from falling below a pre-determined minimum should be perfected at this time, and during this stage the price level should not exceed 240 per cent. of the pre-war level nor fall below 180 per cent. of the pre-war level.

A special need for regional co-ordination will arise in the circumstances of the transition period and the establishment of Regional Food Councils consisting of representatives of the Governments of Provinces and Indian States is recommended. Their function would be to advise Provincial and State administrations on the steps to be taken to secure the co-ordinated removal of cordons, the maintenance of supplies through inter-provincial and State-wise trade, the execution of a common price policy and the fulfilment of the All-India Basic Plan.

The establishment of a permanent and recognized machinery for co-ordination of food administration at the Centre as well as in Provinces and States is stressed. This permanent organization might be an All-India Food Council, as the common organization for the co-ordination of the activities of Governments in framing and executing a common food policy for the country.

The existing organization of the Food Department, states the Report, will have to continue during the period to perform functions substantially of the same character as that at present. In due course it might be convenient to constitute a single Department of Food and Agriculture, whose functions would be limited to these two subjects only.

After analysing the various factors concerned with the growth of population, the Commission suggest that the population might reach 500 millions in 20 or 25 years time and are of the opinion that whatever success in increasing food production can be achieved, an ultimate decrease in the rate of population is not only desirable but necessary. One way of reducing numbers, the Commission observe, is by emigration. "Within the Commonwealth and the Empire there are regions which are sparsely populated and need additional population for development. The war has emphasised the need for mutual assistance among all peoples within the Commonwealth and the Empire and we look forward to the day not only when India will be also a self-governing and equal partner in the Commonwealth, but also when her sons, who have fought beside other peoples of the Commonwealth and Empire in the cause of freedom in the present war and their descendants, will be able to emigrate as colonists, entitled to the full rights of citizenship, to these sparsely populated areas."

The most effective means of reducing numbers is, of course, family limitation. At present a deliberate State policy with the objective of encouraging the practice of birth control among the mass of the population is impracticable. But the State can legitimately take steps, through the medium of health services, which will have the effect of encouraging family limitation. Knowledge of birth-control could be imparted through maternity and child welfare centres, by women doctors, to women whose health would be endangered by further or excessive child-bearing, and also to women who seek advice because of reasonable desire to "space" their children.

While the Commission recognize the serious population situation, the primary problem in their opinion is that of under-development of agricultural and industrial resources. Despite the magnitude of the task, the Commission consider it possible to produce not only enough food to meet the needs of the growing population at subsistence level but enough to effect an improvement in the people's diet.

The Commission admit the existence of much ill-health, disease, and mortality in India due to malnutrition. Diseases caused by or associated with insufficiency of some food factors are of common occurrence. It is estimated that 30% of the population in normal times do not get enough to eat while the diet of a large proportion of the rest unbalanced. Improvement of nutrition therefore must form an essential part of the public health programmes in India. A well balanced and satisfactory diet is, however, beyond the means of large sections of the people, and an improvement in the diet of the people cannot be achieved without a great increase in the purchasing power of the people. The Commission refer to fish as a food of high nutritive value, being equivalent to meat in protein content and a source of certain vitamins and mineral salts, and observe that in a country like India in which per capita intake of meat and milk is very small, fish has special importance as a supplement to ill-balanced cereal diets. At the present time the supply of fish is totally inadequae: the development of sea, estuarine and inland fisheries is one of the most promising means of improving the diet of the people.

The Commission recommended an increase of 200 to 250 per cent. of fats and oils on nutritional grounds. On the question of milk, the Commission consider that there is no immediate prospect of an increase in production to such an extent that it can be a regular article of diet consumed in adequate quantities by the poorer classes in the greater part of India. The Commission discuss the place of potatoes, sweet potatoes, tapioca and plantains in the agricultural economy of the country. They observe that in view of the serious pressure on land it is essential that the most profitable use should be made of land resources. One method of furthering this end would be increased production of these crops which gives larger returns of food energy of calories per unit area than cereals, thereby releasing land for the production of other foods notably protective foods.

The Commission consider maintenance of agricultural prices at a level fair both to the producer and the consumer as a factor of fundamental importance in post-war agricultural economy. The evolution of a scheme of regulation of prices must be based on a full examination of all aspects of the complex problem. A sub-committee of the Policy Committee on Agriculture, Forestry and Fisheries is already considering (a) the principles on which producers' prices should be fixed and (b) the means by which such prices can be made effective and an assured market provided. The Commission, therefore, confine themselves to stressing the lessons to be drawn from measures taken during the war to

control the food situation in India, viz.

(i) More than 4 acres out of every 5 are cultivated with food crops. The hard core of the problem of agricultural prices is therefore the stabilization of rice and wheat prices.

(ii) During the transition period after the war minimum and maximum prices should be fixed and maintained for .wheat and rice even if it is found that the prices of other commodities cannot be so regulated. During this period, the essential requisites for price control viz. control of imports, the existence of buffer stocks and an organization for making purchases and sales in the market should be in existence.

The Commission point out that the programme of rural economic development which has to be undertaken in the immediate post-war period will encounter special difficulties in permanently settled areas. As owing to its financial and administrative implications, replacement of the permanently settled estate system by the "ryotwari" system will take time, powers should be taken by Government to supervise and control the management of such estates with a view to ensure that the system functions properly as long as it continues. In a separate minute of dissent, Sir Manilal Nanavati deals with the necessity for an early abolition of the permanent settlement.

The most important of all rural economic problems is under-employment. Its solution is to be found in a combination of the following among .other measures (a) intensive farming involving adoption of various measures for increasing yields such as irrigation, manuring, improved seeds, mixed farming, etc., (b) cottage industry such as handloom weaving, (c) argo-industry as in Walachandnagar in Bombay Presidency, (d) organization of village works through panchayats with powers to raise money by taxation and with grants-in-aid from public revenues, (e) migration from over-populated to under-populated rural areas and (f) large scale industry with development of hydro-electric power.

The future development of agriculture in the case of small and medium farmers depends in considerable measure, according to the Commission, on the organization of these classes into multi-purpose village co-operative societies with unlimited liability, and the federation of such societies into multi-purpose co-operative unions with limited liability. The organization of multi-purpose co-operative societies and unions on a large scale is a tremendous task. The Commission, therefore recommend th a beginning should be made by carrying out a survey of economic and social conditions in selected areas in each province .and by preparing on the basis of such a survey plan of the improvements to be carried out by the joint efforts of a multi-purpose co-operative organization and Government agency.

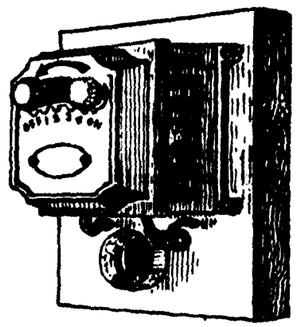
For the purpose of securing co-ordination of policy and administration in the field of development in the provinces, the Commission make the following recommendations:

(a) The establishment of a Development Committee of the Cabinet. (b) The establishment of a Development Board consisting of Secretaries to Government in the Development Departments, together with the Secretary of the Finance Department. (c) The co-ordination of all district development activities under a single administrative head, the District Officer.

Emphasizing the need for a new spirit and a new determination, the Commission observe "India does not lack the material resources necessary for advancement and prosperity, but these can be developed only by the efforts of human beings- by the governments and people of India—and success depends on the spirit which sustains the country in the tremendous task with which it is faced. In the past apathy and defeatism have been all too prevalent. Doubts have been expressed whether the basic, economic and social problems are soluble at all. Poverty and hunger have been too often accepted as part of the nature of things and much of the countryside may almost be described as a rural slum where the hopelessness engendered by slum conditions prevails. Such an attitude of mind, on the part of either rulers or ruled, is incompatible with progress. Without vision and faith in the .future little can be achieved."

Stop

S-L-O-W-L-Y



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AAA 224

Save and Lend-Buy

3%
SECOND
VICTORY LOAN
1959-61

ISSUED BY THE FINANCE DEPARTMENT GOVERNMENT OF INDIA

CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. in lakhs)

	7-9-45	31-8-45	8-9-44	1-9-39	7-9-45 compared with 1-9-39
Notes held in the Banking Depot.	9,51	14,57	10,30	35,04	— 25,53
In circulation	1151,77	1139,45	937,88	182,13	+969,04
Total Notes	1161,28	1154,02	947,38	217,18	+944,10
A Gold Coin and bullion	44,41	44,41	44,41	44,41	...
Sterling Securities	1043,33	1034,33	831,33	59,50	+982,83
Total of A	1086,74	1078,74	872,74	103,91	+982,83
Rupee Coin	16,70	17,44	13,79	14,69	+ 2,01
Rupee Securities	57,84	57,84	57,84	37,39	+ 20,45
Silver bullion under coinage	..	..	..	..	..
% of Reserve to Liabilities	92.581	93.477	92.439	63.149	+30.432

IMPERIAL BANK

Rs. in Lakhs)

	7-9-45	31-8-45	8-9-44	1-9-39	7-9-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts	242,77	242,44	231,21	87,26	+155,51
Govt. Securities	138,92	138,93	129,54	51,03	+ 87,89
Other Investments	4,74	4,74	3,60	96	+ 3,78
Loans	14,35	16,43	12,96	7,66	+ 6,69
Cash Credit Overdraft Bills discounted	37,66	39,19	41,87	19,76	+ 17,90
Cash in hand with R. B. I. and other Banks	2,85	4,19	5,23	2,98	— 13
	54,21	48,66	47,36	14,69	+ 39,52

BANK OF ENGLAND

(£ '000)

	12-9-45	5-9-45	13-9-44	30-8-39	12-9-45 compared with 30-8-39
Total Bullion	571	593	2,010	263,700	263,129
Public Deposits	18,200	16,200	13,200	31,000	— 12,800
Other Deposits	273,600	267,500	232,000	129,100	+144,500
Of which Bankers Deposits	218,600	214,800	170,400	90,100	+128,500
Govt. Securities	275,400	263,200	193,200	113,000	+162,400
Other ecurities	14,800	12,000	15,200	31,000	19,200
Of which Discounts and Advances	2,300	6,200	5,800	6,400	4,100
Notes and Coins	00	19,700	51,400	34,200	— 13,900
Notes in circulation	20,330,200	1,330,900	150,600	29,000	+800,700
% of Reserve to Liabilities	1,3 6.9%	6.9%	20.9%	21.38%	14.48

BANKING DEPARTMENT

(Rs. in lakhs)

	7-9-45	31-8-45	8-9-44	1-9-39	7-9-45 compared with 1-9-39
Cash	9,82	14,93	10,55	35,15	— 25,33
Balances held abroad*	472,94	472,78	275,47	10,08	+462,86
Investments	25,32	24,93	11,52	6,81	+ 18,51
Bills discounted –					
(a) Internal and External	..	..	..	..	..
(b) Treasury Bills	3,93	3,93	7	1,16	+ 2,77
Loans and Advances to Government	..	..	..	31	— 31
Deposits—					
(a) All Govts.	371,68	382,97	163,48	14,89	+356,99
Of which G. of I.	382,26	363,53	..	14,89	+367,37
(b) Banks	114,13	105,19	105,61	26,91	+ 87,22
(c) Others	12,87	13,23	13,69	1,24	+ 11,63

*Including Cash and Short-term Securities.

SCHEDULED BANKS

(Rs. in Lakhs)

	7-9-45	31-8-45	8-9-44	1-9-39	7-9-45 compared with 1-9-39
Demand Liabilities in India	639,66	643,56	586,70	134,36	+505,30
Time Liabilities in India	252,52	251,80	191,28	102,24	+150,28
Cash in India	3,300	34,46	25,12	6,70	+ 26,30
Balances with Reserve Bank	114,42	103,90	104,24	25,17	+ 89,25
Advances in India	256,13	263,68	203,40	101,52	+154,61
Bills discounted in India	13,49	13,57	9,74	3,57	+ 9,92

U. S. FEDERAL RESERVE BOARD

(Millios dollars)

	13-9-45	6-9-45	14-9-44	31-8-39	13-9-45 compared with 31-8-39
Resources—					
Total Reserve	17,921	17,920	18,981*	14,661	+3,269
Total Bills Discounted	457	377	116	6	+ 451
Bills bought in open market	..	..	..	(550,000)	—(550,000)
Total U. S. Govt. Securities	22,808	22,435	16,407	12,426	+ 10,378
Liabilities :—					
F. R. Notes in actual circulation	23,084	23,939	19,943	14,609	+ 9,375
Reserve Account	15,329	15,180	12,526	10,951	+ 4,378
Total Reserve to Deposits and F.R. Liabilities	43·2%	43·8%	53·3%	80·9%	— 43·7%

Figures in brackets are the actual ones * Gold only.

TREASURY BILLS SALES

(3 Months Tenure)

(Rs. in lakhs)

Date of Issue 1945	Amount tendered	Amount accepted	Average rate	Interest	solld in favour of Issue Dept.
June 5,	8,86	2,00	0 4 11	..	4,50
, 12,	..	2,00	0 4 0	..	8,11
" 19,	4,11	2,00	0 4 0	..	3,31
" 26,	5,80	2,00	0 3 11	..	4,69
July 3,	2,26	86	0 3 11	..	1,64
" 10,	2,42	42	0 4 0	..	1,11
" 17,	70	58	0 4 0	..	1,45
" 24,	57	47	0 5 1	..	46
" 31,	2,93	1,50	0 5 11	..	98
Aug. 7,	3,14	3,14	0 6 3	..	308
" 14,	3,20	1,70	0 7 0	..	75
" 21,	3,84	2,00	0 7 0	..	3,80
" 28,	4,35	2,00	0 6 9	..	2,18
Sept. 5,	5,18	2,00	0 5 11	..	4,22
" 12,	2,38	2,00	0 5 11	..	..

TREASURY BILLS MATURITIES

(3 Months' Tenure)

(Rs. in lakhs)

Date of maturity	Amount	Date of maturity	Amount
July 9,	4,00	Oct. 26,	2,00
" 16,	4,00	Oct. 3,	2,00
" 23,	4,00	" 10,	86
" 31,	4,00	" 17,	42
Aug. 7,	4,00	" 24,	58
" 15,	4,00	" 31,	47
Aug. 22, 1945	2,00	Nov. 7,	1,50
" 29,	2,00	" 14,	3,14
Sept. 5,	2,00	" 21,	1,70
" 12,	2,00	" 28,	2,00
" 19,	2,00	Dec. 5,	200
		" 12,	200

CLEARING HOUSE RETURNS

(Rs. in lakhs)

	1943-44	1944-45	June 1945	July 1945	Sept. 7 1945	Sept. 14 1945
Bombay	24,42,31	22,26,97	2,02,23	216,02	43,12	..
Calcutta	17,40,12	23,21,59	2,16,84	244,89	62,87	..
Cawnpore	1,02,41	1,18,95	8,05	8,44	1,78	..
Delhi	1,02,41	1,29,04	10,19	11,83	2,15	2,42
Karachi	1,02,84	1,24,54	11,51	10,92	2,46	..
Lahore	78,82	74	8,48	8,21	2,02	2,00
Madras	2,00,02	1,27,37	21,27	23,57	5,57	..

NON-SCHEDULED BANKS

(Rs. in lakhs)

Date	Liabilities Demand	Liabilities Time	Liabilities Total	Cash Balances	% of Cash Balances to liabilities
31-12-1943 (530)	17,52	17,27	34,79	4,88	14.0
30-6-1944 (572)	21,06	23,37	44,43	5,29	11.9
28-7-1944 (572)	20,81	18,58	43,42	4,86	11.1
25-8-1944 (579)	22,12	23,81	45,93	5,15	11.2
29-9-1944 (579)	22,27	23,24	45,51	5,07	11.1
27-10-1944 (545)	22,18	25,78	47,96	5,30	11.1
24-11-1944 (544)	22,23	24,48	46,80	5,61	11.9
29-12-1944 (613)	24,84	28,29	53,13	6,04	11,4

Number of banks submitting their returns within brackets

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	July 1945	July 1944	June 1945	June 1944
Amount (£ in '000)	114,549	80,803	3,603	8,229	44	9,843

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	Sept. 21, 1945	Sept. 14, 1945
Bombay on London (s.)	1-5 31 32	1-5 31 32
London on New York (Rs.)	332¼	332¼
London on Bombay (s.)	1-6	1-6
Bombay on New York (8)	4,02¼—4,02½	4,02¼—4,03¼
New York on London (8)	4-03	4,03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay	28th Nov. 1939	3½%	3%
London	26th Oct. 1939	3%	2%
U.S.A.—New York Red. Res.	29th Oct. 1942	1%	1½%
	27th Oct. 1942	1½%	1½%

CASH POSITION

(Rs. in lakhs)

	7-9-45	31-8-45	8-9-44	1-9-39	7-9-45 compared with 1-9-39
Reserve Bank of India	9,82	14,93	10,55	35,15	—25,33
Scheduled Banks	147,42	158,36	129,36	31,37	+116,05

B—General

FACTORY EMPLOYMENT STATISTICS

		1923 (a)	1923 (b)	1927 (a)	1927 (b)	1931 (a)	1931 (b)	1935 (a)	1935 (b)	1939 (a)	1939 (b)	1943 (a)	1943 (b)
I Govt. and local fund factories	A	236	41	297	48	333	50	346	106	374	100	...	127
	B	108,193	14,613	141,112	18,298	122,870	21,422	114,666	32,528	132,446	49,593	355,393	38,661
II All other factories	A	4,885	922	6,278	1,062	6,863	1,292	7,520	1,445	10,092	1,617	...	1,627
	B	1,214,338	119,218	1,290,917	137,939	1,217,805	177,128	1,405,944	212,498	1,618,691	249,410	2,081,373	260,433
(1) Textiles	A	384	78	417	86	409	83	592	146	1,303	147	...	175
	B	660,520	43,203	684,836	48,230	665,073	59,851	729,247	85,243	817,077	114,993	1,001,893	117,554
(2) Engineering	A	406	24	494	26	571	39	667	64	1,001	60	...	64
	B	156,636	2,187	149,566	3,710	121,212	3,479	127,570	5,727	148,424	3,947	253,948	5,169
(3) Mineral & Metals	A	121	10	96	8	99	11	124	21	187	27	...	34
	B	47,712	547	39,762	691	35,971	405	43,861	1,805	55,123	5,090	92,694	6,583
(4) Food, Drink and Tobacco	A	1,459	70	2,151	68	2,471	129	2,708	158	3,388	259	...	252
	B	104,243	3,088	135,704	3,851	134,950	4,410	202,584	12,059	247,455	23,416	283,682	21,955
(5) Chemicals Dyes, etc.	A	320	62	385	75	395	65	448	81	610	108	...	108
	B	29,013	5,248	43,139	6,446	42,922	7,750	51,235	8,571	57,934	9,422	84,440	11,460
(6) Paper & Printing	A	191	8	273	14	348	22	402	21	709	31	...	31
	B	24,914	657	27,107	884	28,922	1,315	33,080	1,010	44,377	1,669	60,534	2,036
(7) Wood, Stone & Glass	A	170	78	175	95	221	107	291	130	465	160	...	167
	B	23,205	21,809	22,805	25,704	22,406	32,282	32,873	35,162	52,290	27,051	80,824	33,840
(8) Hydes & Skins	A	36	34	32	5	33	31	43	31	66	30	...	32
	B	6,212	2,117	5,734	460	5,028	2,641	7,887	2,386	12,906	2,533	33,669	2,969
(9) Gins & Presses	A	1,762	536	2,217	645	2,173	756	2,141	726	2,132	723	...	704
	B	156,712	35,823	175,068	42,164	153,820	51,777	162,665	49,313	163,226	46,128	140,842	43,506

(a) British India (excluding Burma). (b) Indian States. A Number of factories.
B Number of workers employed. Source: Statistical summary of the Social & Econ. Trends in India.

CROP FORECASTS

Crop and Forecast	Estimated Area	Per cent. of preceding year (100—figure of the same date)	Final 1944-45	Estimated outturn	Per cent. of preceding year (100—figure of the same date)	Final figure 1944-45
1945-46	Acres		Acres	Bales		Bales
Jute (Preliminary)	2,938,000	100.5	2,104,000	(a)	...	6,203,000
1944-45			Final figure 1943-44 Acres	Tons		Final figure 1943-44 Tons
Castorseed	1,453,000	94	1,543,000	130,000	93	140,000
Groundnuts (Final)	9,841,000	100.3	9,808,000	3,560,000	93	3,823,000
Rice (Final)	80,754,000	99.6	81,117,000	27,122,000	86	30,664,000
Rape and Mustard (Final)	5,827,000	109	5,364,000	1,069,000	116	921,000
Linseed (Final)	3,461,000	98	3,533,000	391,000	103	381,000
Sugarcane (Final)	4,134,000	98	4,234,000	5,422,000	93	5,848,000
				Bales		Bales
Cotton (Final)	14,803,000	70	21,083,000	3,543,000	67	5,259,000
				Tons		Tons
Sesamum Supple.	3,970,000	89	4,449,000	393,000	88	447,000
Wheat Fourth	35,410,000	105	33,740,000	10,405,000	105	9,690,000

(a) Not available.

RURAL AND URBAN PRICE INDEX NUMBERS—JUNE, 1945.

	Cereals	Pulses	Other articles of food	All articles of food	Fuel & lighting	Clothing	Miscellaneous
RURAL (January 1943-100)							
Eastern Zone	...	...	...	...	...	...	...
1. Bamra	159	136	167	161	97	190	304
2. Maibang	134	123	246	218	128	232	324
3. Rajapur	157	148	117	137	76	...	182
4. Shankargarh	163	134	194	160	71	...	278
5. Sonaili							
Northern Zone	120	131	137	133	111	115	291
6. Multapi	113	96	109	108	125	108	197
7. Nana	157	84	122	119	80	...	151
8. Salamatpur	115	133	112	116	114	...	242
9. Shujabad	122	147	121	127	194	106	225
10. Gujarkhan							
Southern Zone	154	78	118	117	85	73	137
11. Krishna	112	91	104	102	121	...	163
12. Lakh	161	130	164	155	86	125	253
13. Malur	178	86	122	125	85	92	154
14. Munizude	58	100	142	132	108	...	394
15. Kudchi							
URBAN (July to Dec. 1943—100)							
1. Ajmer	83	99	101	96	120	...	118
2. Hubli	94	66	113	104	113	...	189
3. Surat	50	77	107	91	104	...	170
4. Dohad	76	77	116	103	107	...	108
5. Akola	82	84	106	99	96	...	148
6. Delhi	91	96	109	102	112	...	125
7. Rawalpindi	92	115	106	106	106	...	103
8. Amritsar	93	96	105	103	132	...	125
9. Ludhiana	86	119	106	104	101	...	124
10. Sialkot	88	113	106	104	117	...	151
11. Lucknow	85	87	103	96	96	...	220
12. Agra	89	82	102	96	106	...	124
13. Bareilly	89	89	103	97	97	...	136
14. Gauhati	71	64	100	91	80	...	143
15. Tinsukia	74	77	108	100	85	...	139
16. Dehri-on-Sone	75	85	100	91	118	...	139
17. Patna	78	68	103	91	117	...	152
18. Cuttack	114	72	116	110	111	...	157
19. Berhampur	87	88	102	100	89	...	174
20. Kheura	78	116	99	97	104	...	122
21. Karachi	121	103	109	111	112	...	116
22. Benares	84	88	110	99	119	...	175
23. Meerut	84	88	110	99	119	...	175
(January to Dec. 1944—100)	92	98	95	95	94	...	133
24. Howrah	88	69	112	102	103	...	107
25. Budge-Budge	93	80	110	103	115	...	107
26. Kankinara	88	76	107	99	100	...	124
27. Raniganj	94	81	120	110	111	...	116
28. Calcutta	96	91	110	105	90	...	118
29. Gouripore	89	95	110	105	105	...	133
30. Narayanganj	99	82	112	108	106	...	113
31. Serampore	100	93	110	105	115	...	115
32. Kanchrapara	88	89	111	104	101	...	110
33. Kheragpore	84	75	109	101	103	...	117

Note: Urban—2 to 4 in Bombay; 5 in C.P.; 7 to 10 in Punjab; 11 to 13 in U.P.; 14 and 15 in Assam; 16 and 17 in Bihar; 18 and 19 in Orissa; 20 in Punjab; 21 in Sind; 22 and 23 in U.P.; 24 to 33 in Bengal.

ALL-INDIA FOOD INDEX

(Base: Week ended 26th August, 1939—100)

Week Ended	Index	Increase or decrease
4th August, 1945	237.9	...
11th August, 1945	240.7	—0.6
18th August, 1945	239.2	+2.8
25th August, 1945	239.7	—1.5
1st September, 1945	239.7	+0.5
8th September, 1945	239.6	Nil
Average for July, 1945 ...	236.6	—0.1

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

	Commodities		Market	Unit	This week Rs. a. p.	Last week Rs. a. p.
1.	*Wheat	Average	Amritsar	per md.	8 2 0	8 4 0
		Superior	,,	,,	8 8 0	8 8 0
		Ready	Lyallpur	,,	8 11 0	8 10 0
		Red	Hapur	,,	..	10 4 0
		Dara	Cawnpore	,,	..	..
		..	Calcutta	,,	21 0 0	21 8 0
2.	*Rice	Punjab Basmati New	Amritsar	,,	23 0 0	22 8 0
		Punjab Basmati Old	,,	,,	20 0 0	26 0 0
		Punjab Basmati Sela	,,	,,	17 12 0	18 8 0
		Parmal	,,	,,	14 8 0	15 8 0
		Sone	,,	,,	..	13 8 0
		Begami	,,	,,	..	12 8 0
		Jhone	,,	,,	11 12 0	...
		Common Rice	Cawnpore	,,	13 3 6	13 5 1
		Medium Grade	Calcutta	,,	13 0 3	13 2 2
3.	*Linseed	Ready Eold	Bombay	,,	8 0 0	...
		,, Small	,,	,,	8 0 0	...
		,, Bold	Cawnpore	,,	12 3 9	...
		,, Small	,,	,,	12 0 0	...
		,, ,,	Calcutta	,,	10 0 0	...
4.	*Mustard	Yellow	Cawnpore	,,	11 12 6	...
		Black	,,	,,	11 7 8	...
5.	*Groundnuts	Karnel (Coromandal)	Madras	,,	18 0 0	...
		Karnels	Bombay	,,	..	13 0 0
6.	*Potatoes	Desi	Cawnpore	,,	..	16 0 0
		Pahari (Haldwani)	,,	,,	..	362 0 0
	†Cotton (Raw)	I.C.C. (July 1945)	Bombay	per candy of 784 lbs.	362 0 0	362 0 0
7.	†Cotton (yarn)	No. 10½s.	,,	per lb.	350 0 0	362 0 0
		No. 20s.	,,	,,	0 12 10	0 12 10
9.	†Cotton (piece-goods)	Long cloth (std. quality)	,,	,,	1 1 0	1 1 0
10.	†Jute (raw)	Firsts (Mills)	Calcutta	per bale (400 (400 lbs.)	79 0 0	79 0 0
		Lightnings (Mills)	,,		74 0 0	74 0 0
11.	†Jute (bags)	B. Twills (2¼ lbs.	,,	per 100 bags	66 12 0	66 12 0
12.	†Jute (cloth)	Hessian cloth 8os.	,,	per 100 yds.	22 2 0	22 2 0
		Hessian cloth 10½ os.	,,	,,	29 0 0	29 0 0
13.	†Wool (raw)	Kandhar (cleaned)	Karachi	per md. (82 82 lbs.)	82 0 0	82 0 0
14.	†Hides & skins (raw)	Cow Hides (Agras)	Calcutta	per 20 lbs.	170 0 0 to 190 0 0	170 0 0 to 190 0 0
		Goat skins (good quality)	,,		1 9 0 to 1 13 0	1 9 0 to 1 13 0
15.	†Hides & skins (tanned)	Cow hides	Madras	per lb	2 12 6 to 3 0 0	2 12 0 to 3 0 0
		Goat skins	,,		71 0 0	71 0 0
16.	†Shellac	T.N.	Calcutta	per md.	4 14 9	4 14 9
17.	†Kerosene Oil	Superior	,,	per tin of 4 gallons	13 5 0	13 5 0
18.	†Coal	Selected Jharia A	,,	per ton f.o.r.		
19.	†Cement	Indian	,,	full wagon load of 16½ to 23 tons	68 12 0	68 12 0
20.	†Coffee	Plantation A	Mangalore	per cwt	137 0 0	137 0 0
21.	†Tea	Indian market	Calcutta	per lb	0 13 11	0 15 3
22.	†Sugar	First Crystals	Cawnpore	per md. (ex-factory)	16 1 6 to 16 12 0	16 1 6 to 16 12 6
23.	‡Oils—Linseed	Ready	Bombay	per quarter	...	...
	Castor	,,	,,	,,	...	...
	Copra	,,	,,	,,	...	...
	Groundnut	,,	,,	,,	...	...

This weeks figures are from:— †Indian Trade Journal, Sept. 13, 1945.
*Report of the Agri. Marketing Adviser to G.I., 17th Sept., 1945.

COTTON STATISTICS

A.—CURRENT PRICES

	BOMBAY (Rs. per candy of 784 lbs.) Sept. 13 1945	Sept. 6 1945	NEW YORK (Cents per lb) Sept. 13 1945	Sept. 6. 1945
Futures:			**Futures:**	
Sept. 1945 ...	350	350	Oct. 1945	22.89	22.90
Jan. 1945 ...	414½	399½	Dec. 1945	22.93	22.95
Mar. 1946 ...	421½	407½	Jan. 1946	22.87	22.89
Spot:			Mar. 1946	22.91	22.87
Jarrila F.G. ...	353	352	May 1946 ...	22.87	22.80
			Spot ...	23.35	23.34

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

	Sept. 1. 1945	Aug. 25, 1945	This season 1944-45	Last season 1943-44
Receipts at Bombay	537	7,210	2,051,085	1,878,494
Receipts at Karachi		11,205	1,122,228	906,544
Total bales	537	18,415	3,173,313	2,836,038
Exports from Bombay	...	23,000	1,012,000	861,000
Exports from Karachi	...	350	167,890	189,723
Total bales	...	23,350	1,179,890	1,050,723

SUGAR POSITION IN INDIA FOR THE SEASON 1944-45

(Figures in tons)

Producing Areas.	Production up to 22-8-45.	Dispatches during the period 16-8-45 to 22-8-45.	Progressive total of dispatches up to 22-3-45.	Percentage of progressive dispatches to production.	Balance stock as at close of 22-8-45.
U.P. ..	5,31,967	12,426	4,07,997	76.7	1,23,970
Bihar ..	1,70,484	4,257	1,13,754	66.7	56,730
Bombay ..	75,085	817	54,960	73.2	20,125
Madras ..	49,097	960	37,023	75.5	12,044
Punjab ..	8,248	59	6,831	82.8	1,417
Bengal ..	11,906	70	10,411	86.9	1,575
N.-W.F.P. ..	4,127	63	3,477	84.3	650
Orissa ..	2,556	19	2,052	80.3	504
Indian States ..	1,15,178	1,355	90,744	78.8	24,434
Total ..	9,68,698	20,066	7,27,249	75.1	2,41,449

Note:—Balance stock of 1942-43 and 1943-44 season's sugar as at close of 22-8-45 was 980 tons.
(2) Production returns have not been received from 1 factory only.

D—Prices

INDIAN STOCKS AND SHARES

	17-9-45 Rs. a. p.	12-9-45 Rs. a. p.
GOVT. SECURITIES:		
3¾% (1918-52) (98)	100 3 0	...
3% (1945) (100)	...	...
3% (1960-66) ..	98 9 0	98 9 0
3% (1952-54) (98½)	101 7 0	101 9 0
3½% G.P. Notes ..	101 12 0	101 12 0
4% (1960-70) ..	...	...
4½½% (1955-60) ..	117 4 0	117 4 0
5% (1945-50)	100 5 0	100 11 0
Calcutta		
3% Loan (1953-55)	100 3 0	100 7 0
3% Loan (1945-52)	101 2 0	...
3% Vic. (1957)	...	...
4½% (1955-60)	100 7 0	...
5% Loan (1955-60)	100 2 0	...
TEXTILES: Bombay		
Ahmedabad ...	403 6 0	400 0 0
Bom. Dyeing (250)	1,932 8 0	1,868 12 0
Central (10) ...	375 0 0	378 12 0
Century (100) ...	895 0 0	895 0 0
Colaba (10) ...	242 8 0	240 0 0
Ind. Bleaching (10)	166 0 0	166 0 0
Kohinoor (100) ...	605 0 0	599 0 0
Phoenix ...	660 0 0	641 8 0
Sholapur (1,000) ...	7,000 0 0	7,000 0 0
Simplex ...	286 0 0	...
Swadeshi (100) ...	547 0 0	...
Vishnu (50) ...	496 0 0	...
Finlay (100) ...	282 0 0	282 0 0
Swan (100) ...	...	307 0 0
Morarji (100) ...	710 0 0	715 0 0
New Great (100) ...	365 0 0	385 0 0
Apollo ...	3 15 0	3 15 0
Sassoon Ordy. ...	13 11 0	13 10 0
Sassoon Defd. ...	2 12 0	...
Poddar ...	320 0 0	320 0 0
Gokak ...	...	295 0 0
Calcutta		
Ben. Nag. (10) ...	...	...
Cawn. Tex. (2½) ...	12 13 0	...
Dunbar (100) ...	362 0 0	367 0 0
Kesoram ...	19 4 0	...
Elgin Mills (10) ...	66 2 0	66 4 0
Muir Mills (50) ...	...	...
N. Victoria (2½) ...	7 14 0	8 0 0
Basanti ...	...	13 4 0
Madras		
Bowreah ...	693 0 0	...
B. & Co. Ord. (100)	343 0 0	...
Bang. Wool (100) ...	500 0 0	...
Pankaja (100) ...	271 0 0	...
Cambodia (10) ...	30 2 0	...
Coim. Spg. (50) ...	...	1162 0 0
Sitaram Spg. (50) ...	170 0 0	...
Varanta (100) ...	315 0 0	...
Madura (25) ...	74 12 0	...
Lakshmi Old (50)	176 0 0	...
Sharda (100) ...	...	...
Lahore		
Ajudhia ...	7 8 0	...
Cawn. Tex. (2½) ...	...	...
N. Vic. Ord. (2½)	...	...
N. Vic. Pref. ...	...	...
Raja Tex. (10) ...	69 12 0	68 4 0
JUTE: Calcutta		
Alliance (100) ...	746 0 0	...
Anglo-India (100)	523 0 0	528 0 0
Barnagore ...	...	279 0 0
Garpara ...	38 6 6	...
Auckland ...	387 0 0	...
Bally ...	422 0 0	...
Belvedere ...	626 0 0	...
Champdany ...	274 0 0	273 0 0
Chittavalsah ...	39 8 0	...
Craig ...	13 4 0	...
Howrah ...	92 9 0	93 0 0
Kanknarah ...	674 0 0	...
Megna ...	159 8 0	...
National ...	35 8 0	35 10 0
Reliance ...	83 12 0	...
Union ...	546 0 0	...
Orient (100) ...	327 0 0	318 0 0
Presidency (5) ...	13 14 0	13 15 0
Nuddea (50) ...	140 8 0	140 0 0
TATA SHARES: Bombay		
Chemicals ...	19 9 0	19 12 0
Oil ...	70 0 0	72 0 0
Power (1,000) ...	1,863 0 0	1,852 8 0
Hydro (100) ...	202 0 0	202 0 0
Steel Ordy. (75) ...	434 0 0	428 8 0
Steel Pref. 1 (150)	226 4 0	226 4 0
Steel Pref. 2 (100)	170 8 0	168 4 0
STEEL ENG.: Calcutta		
Br. In. Elec. Com.	...	14 10 0
Braithwaite (10) ...	1 4 6 0	...
National Iron (10)	...	11 7 0
Steel Cor. Ord. (10)	34 12 0	34 3 0
Jessops Ord. (10) ...	...	26 3 0
Kumardhubi (10) ...	11 1 0	11 0 0
Bharti Elec. (10) ...	...	...
Ind. Iron ...	41 5 0	41 8 0
Burn ...	425 0 0	...
COAL: Calcutta		
Amalgamated (10)	55 2 0	54 10 0
S. Karanpura ...	37 6 0	36 13 0
Bengal (100) ...	754 0 0	...
Bhalgora ...	24 13 0	24 6 0
Burrakur (10) ...	44 12 0	44 6 0
East India (£) ...	45 4 0	...
N. Damuda (½) ...	...	...
Equitable ...	71 10 0	72 2 0
Standard ...	45 7 0	...
Ghusak and Muslia	18 3 0	17 12 0
Kuardi ...	19 12 0	...
New Beerbhoom ...	47 12 0	...
Raneegunge ...	...	...
Dhemo Main ...	29 12 0	...
SUGAR: Calcutta		
Buland ...	...	...
Balrampur (10) ...	16 15 0	17 1 0
Samastipur ...	21 2 0	...
Belsund (7½) ...	16 2 0	16 0 0
Carew (10) ...	30 13 0	31 5 0
Murree Brewery (5)	...	...
New Savan (10) ...	...	...
Ram. Cane Ord. ...	22 0 0	22 5 0
Cawnpore ...	43 1 0	...
Lahore		
Pun. Sugar (100) ...	...	...
Gokulnagar Ord. ...	...	...
Murree Brewery (5)	...	...
Jagjit ...	246 0 0	...
Jaswant ...	9 14 0	...
Madras		
Mysore (10) ...	58 8 0	...
Deccan (10) ...	...	...
Deccan (25) ...	74 8 0	...
Travn. Sugar (7) ...	15 14 0	...
South India (10) ...	...	...
PLANTINGS: Madras		
Cochin Malabar (3)	18 1 0	...
Chembra Peaks (2)	10 1 0	...
Woodlands (10) ...	12 0 0	...
Thirumbadi (2) ...	...	4 6 6
Travan. Rubber ...	...	10 7 0
TEA: Calcutta		
Bishnauth (10) ...	46 0 0	...
Cen. Cachar (100)	126 8 0	...
East India ...	22 2 0	...
BANK: Bombay		
Central ...	83 4 0	83 8 0
Imperial F.P. ...	2,217 8 0	2,197 8 0
Imperial P.P. ...	570 0 0	571 4 0
India ...	189 0 0	189 8 0
Reserve ...	138 12 0	138 4 0
New India Ins. ...	83 6 0	84 4 0
Calcutta		
Reserve ...	135 12 0	135 0 0
United Comm. ...	...	26 0 0
Lahore		
United Com. (50)	...	75 12 0
Hind. Com. (50) ...	...	52 8 0
Pun. Na. (P.P.) (50)	...	...
Pun. Na. F.P. (100)	226 0 0	...
Bharat Bank Pref.	...	...
National Bank 'A'	...	...
National Bank 'B'	...	...
New Bank of La. B	...	...
Oriental ...	4 6 0	...
MISC.: Bombay		
Ajmer ...	14 14 0	14 14 0
Assoct. Cement. ...	217 0 0	216 4 0
Bom. Sub. (100) ...	210 0 0	210 10 0
B.I.C. ...	7 6 0	7 6 0
Alcock ...	410 0 0	410 0 0
Belapur Sugar (150)	224 8 0	215 0 0
Bom. Bur. (50) ...	562 8 0	571 4 0
Bom. Bur. N. (50)	197 8 0	198 12 0
Bom. Steam (250) ...	600 0 0	600 0 0
Bom. Tram ...	148 4 0	148 0 0
Bombay Petrol ...	5 11 0	5 12 0
Scindia Steam ...	37 0 0	36 14 0
Shivarajpur (50) ...	51 0 0	52 0 0
And. Val. (1,000) ...	1,822 0 0	1,820 0 0
Indian Iron (10) ...	41 2 0	41 3 0
Indian Copper (2s.)	3 3 6	3 4 6
Prem. Cons. (30) ...	216 0 0	210 0 0
Burma Corpn. ...	6 6 0	6 7 0
Calcutta		
Bengal Peper ...	...	...
I.P.P. (100) ...	227 0 0	226 0 0
Shree Gopal (10) ...	...	...
Star (10) ...	...	...
Titaghur ...	32 12 0	32 10 0
Ind. Copper (2s.)	3 4 0	...
Cons. Tin ...	4 9 0	4 10 0
Burma Corpn. ...	6 8 0	6 8 0
As. Ben. Com. Ord.	19 14 0	...
Aluminium Corpn.	16 1 0	...
Rohtas Industries	15 10 0	15 10 0
Br. Bur. Petroleum	5 13 0	5 13 0
Ben. Navigation ...	...	...
Min. Ramindari ...	192 4 0	192 0 0
Dalmia ...	16 15 0	...
Lahore		
Indian Iron ...	41 5 0	41 8 0
Dharangdhra ...	...	...
Ramour Distly. ...	...	...
Na. Saltpetre ...	...	1 1 0
North India Oil ...	...	...
Shree Gopal (10) ...	...	...
Star (10) ...	...	...
Kaycee Glass ...	...	...
Kaycee Industries	...	...
Jagjit Distillery ...	7 1 0	7 4 0
Hind. Motors ...	...	3 12 0
Madras		
Andhra Cement ...	122 8 0	...
Bruntons ...	10 0 0	...
Hind Trust ...	21 12 0	...
Ind. St. Rolls ...	9 10 0	...
Mysore Chem. Fil.	30 0 0	...
Mettur. Chem. ...	15 6 0	...
Singarani ...	19 14 0	...
Spencer ...	14 14 0	...

Madras quotations are for 16-9-45.

COMPANY DIVIDENDS

Names of Companies	Amount per Share.	Date of Meeting or Pay-
Bengal Flour Mills Co. Ltd.	As. 10	2nd October
Britannia Building & Iron Co. Ltd.	As. 8	26th September
Calcutta Tramways Co. Ltd. (Ord.)	1s.-6d.*	26th September
Chartered Bank of India, Australia & China	2s.-6d.(I)*	3rd October
East India Tea Co. Ltd.	Re. 1-4	27th September
Eastern Bank Ltd.	2s.-6d.(I)†	1st October
India General Navigation & Ry. Co. Ltd. (Ord.)	14s.(a)	28th September
India General Navigation & Ry. Co. Ltd. (Pref.)	6s.(f)(a)	28th September
Indian Copper Corpn. Ltd.	2s.-4d.(E)	19th October
National Bank of India Ltd.	17½s.(b)*	20th September
National Insulated Cable Co. of India Ltd. (Ord.)	As. 8	27th September
National Insulated Cable Co. of India Ltd. (Pref.)	Rs. 5-8	27th September
Rawalpindi Electric Power Co. Ltd.	As. 9-3/4(I)	10th September
Raza Textiles Ltd. (Ord.)	Rs. 3-8	27th September
Raza Textiles Ltd. ('A' Pref.)	Rs. 6-8	27th September
Raza Textiles Ltd. ('B' Pref.)	As. 5-1/5	27th September
Tata Iron & Steel Co. Ltd. (Ord.)	Rs. 23	1st October
Tata Iron & Steel Co. Ltd. (Defd.)	Rs. 129-8-9	1st October
Tata Iron & Steel Ltd. (1st Pref.)	Rs. 9*	1st October
Tata Iron & Steel Co. Ltd. (2nd Pref.)	Rs. 7-8*	

(I)—Interim Dividend.
*—Less Income Tax.
(f)—Final Dividend.
†—Less Tax @ 10s. in the £.
(b)—Including Bonus of Rs. 2 per share.
(a)—Less Tax @ 5s.-2d. in the £ (after allowing Dominion Income-tax relief) @ 4s.-10d.
(E)—Dividend Less Tax (after allowing 4s.-8d. Dominion Income Tax relief @ 5s.-4d. in the £ evual to 1.76d. net per share.



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Food Planning for 500 Million

THE final report of the Famine Inquiry Commission, though not as spectacular and sensational as its *post mortem* on Bengal, is, nevertheless a competent, comprehensive and, on the whole, impartial survey of the agricultural economy of this country. Not that it has no grave defects in its presentation and conclusions. On the contrary, in its attempt to cover the widest possible ground in the shortest possible time, the report is marred, in large parts, by a limping and inconclusive analysis of technical data. Its economic appraisal of *Burns' Technological Possibilities* is so indecisive as to be altogether fatal to the realization of its bold, forward food policy. It fixes certain targets—34.5 million tons for rice and 12 million for wheat in 1960 at a satisfactory level of intake—but its attitude with regard to the actual achievement of these and other targets is marked by a Roger de Coverley philosophy, which is not conclusive to their realization by a lazy and incompetent government.

Nevertheless, the Commission is to be congratulated on its recommendation that "The State should recognize its ultimate responsibility to provide enough food for all." Not only is the Government to be charged with the responsibility of increasing the food resources of the country so as to be able to feed 500 million in 1970—Professor Fisher's estimate—but it is also charged with the additional responsibility of improving the diet of the people by increased production of protective and supplementary goods. What is most significant is that the Commission regards "the development of industry" as an integral part of "our proposed food policy." "In order to increase agricultural production and improve the national diet, simultaneous industrial development to augment the total wealth of the country is essential. The growth of industry will itself help to solve some of the most thorny problems of village economy, such as excessive population pressure on land, rural unemployment etc. (p. 125) . . . . pressure of population on land, especially in those parts of the country where it is very pronounced, cannot be relieved entirely by intensive farming, cottage industries, agro-industries, village public works and internal migration. . . . . We are convinced that unless the numbers employed in industry are increased very considerably, efforts to raise the standard of living of the great mass of the population will labour under a severe handicap and may prove fruitless. It is essential that a proper balance between agriculture and industry should be established; this cannot be achieved except by industrial expansion." (P. 311) This is the standpoint we have repeatedly emphasized *ad nauseam*. We, therefore, unreservedly endorse the Commission's analysis of the population problem as primarily "that of underdevelopment of resources,"

(p. 73) though we do not entirely agree either in its attack on the fanatical Malthusian or in its criticism of the Malthusian theory by examples of mere phenomenal importance. We agree with the Commission that "a serious population situation" (p. 73) exists in the country; and that this is likely to become more serious, if the anticipated increase in the rate of growth of the population materializes. The per capita sown area has already declined from 0.90 to 0.72 acres in the period 1911-41 (a decline of 20 p.c.) whereas experts regard 1.2 acres per capita as necessary for even an "emergency restricted diet." In spite of all this data, the Commission has laboured to prove that food production has kept pace with population growth: "As a result of achievements in irrigation and the extension of cultivation nearly 400 million are now being fed on food produced within the country, supplemented to a relatively small extent by imports at a level of consumption which has hitherto been compatible with a fall in the death rate. Food production has at least to this extent kept pace with population growth." We regard this statement as singularly unfortunate and unwarranted by facts. We endorse Mr. M. Afzal Hussain's conclusion (vide his separate minute) that " . . . . as compared to 1911, there is at least 10 per cent. shortage of food grains per capita." This is based on incontestable facts. We must confess that we are surprised that Mr. Afzal Hussain recommends, in spite of all this, a reduction of nearly 20 per cent. in the area under cereals. This is, of course, counterbalanced by increases in pulses, tubers, edible oilseeds and fodder crops; but it is certainly a faulty scale of priorities, which places "abundant health" higher than "mere satisfaction of hunger."

We commend the Commission's scale of priorities that the country must first be made self-sufficient in cereals. This does not mean that a simultaneous and vigorous drive to increase the supply of protective foods is not to be undertaken, but that there are certain strong limitations to such an increase on a sufficiently large scale must be recognized. We strongly feel that the Commission's attitude to Government's inter-war and war-time food policy, especially the 'Grow More Food' Campaign, is not conducive to the realization of the Commission's scale of priorities. No mention is made of the inter-war cotton policy as a strong contributory cause of the disastrous food situation that developed in the country with the cessation of Burma imports and the arrival of troops. The failure of the 'Grow More Food' campaign is attributed not to the short-sightedness, apathy and lack of initiative on the part of Government, but to inherent difficulties in the situation. While we have no intention to minimize these, we think that the Commission has let off the Government too easily.

We endorse the Commission's suggestion that we should continue to import wheat to the extent it is necessary to feed the deficit areas and the defence services less some 8 lakh tons, which are surplus to the surplus areas. This surplus is not much. It amounts to, by a fortuitous coincidence, the annual requirements of the defence services. Hence we have to feed our deficit areas almost wholly by imports. The problem is likely to be serious in view of the world shortage of foodstuffs and the annual increment of as much as 6 lakh tons in our demand to feed the increase in population. The Commission, is, therefore, right in recommending that the Central Government should have at all times a reserve of 5 lakh tons to meet any emergency that may arise; and that this reserve should be maintained by imports. As soon as an emergency arises, not only should this reserve be employed, but the Government should resort to requisitioning as far as possible by monopoly procurement and over-all rationing for urban areas.

As regards the transition, the Commission must be congatulated on its brilliant, though a little too cock-sure, analysis of the issues involved; and for devising ways and means for a "return to normal conditions" by "a gradual, regulated and co-ordinated process." The *laissez faire* policy is, of course, to be abandoned once and for all; but the controls must continue, in some form, though with different emphasis, during at least the first stage of the transition. The price level of wheat and rice must be controlled, but this must be done in a manner as to be fair both to producer as well as to consumer. The Commission thinks that these objects can be attained by stabilizing the price level of principal cereals within 240 and 180 p.c. of the pre-war level. This is not only desirable but also practicable. For the general maintenance of controls till this objective is achieved, the existing organization of the Food Department must continue. This is a view with which most people will not agree, but the department as at present constituted is a necessary evil till "the gradual transfer of responsibility for the distribution of supplies from Government agencies to normal trade machinery" is complete. This will naturally depend upon the arrival of rice imports from Burma, improvement in the transport conditions, world conditions of food and shipping and internal demobilization. But we must have some regular food organization. In this respect, we welcome the Commission's recommendation of an All-India Food Council and Regional Food Councils. The Government should lose no time in setting up these bodies.

As regards long-term food possibilities, the Commission believes that though there is still room for extending cultivation, we must look in the main to an increase in the productivity of land by manuring, improved variety of seed and protection against pests and diseases. On the other hand, the problem will soon get out of hand, if we do not limit population. Emigration is a possible solution and the Commission looks forward to the day, when Indians will "emigrate as colonists, entitled to the full rights of citizenship, to these sparsely populated areas" of the Commonwealth and the Empire. This is largely wishful thinking. It is unlikely to materialize in the near future. We must, therefore, plan unreservedly for a population of 500 million in 1970.

But it is one thing to feed the people and another to feed them on an adequate and nutritious ration. Even now, the Commission remarks, "The simple fact is that a well-balanced and satisfactory diet is beyond the means of a large section of the population." But it is fundamentally a question, not of purchasing power as such (as the Commission imagines, vide p 111) but of basic scarcity of protective foods, of which there is abundant evidence in the body of the report itself. Unfortunately the Commission does not hold out much promise in this respect in spite of all the vigorous measures it recommends. With regard to milk, for example, it says: " . . . looking at the problem realistically, we cannot visualize any immediate possibility of increasing the production of milk to such an extent that it can become a regular article of diet consumed in adequate quantities by the poorer classes in the greater part of India; very reluctantly we conclude that the ideal set by nutrition experts half a pound of milk or more daily for every child in the country—is not a practicable objective attainable within the next few decades." This, we believe, is pessimism with a vengeance; and if based on facts, calls for greater efforts than the Commission has recommended. In this perspective, the apparently mistaken enthusiasm of Mr Afzal Hussain for milk and tubers does not appear to be wholly mistaken. His advocacy of a radical reorientation of cropping systems based on the findings of Wright and Russel is at least entitled to a full hearing and implementation at least half the way ahead.

If the prospects are really as black as the Commission points out, then undue delay in the execution of impending irrigation projects, designed to cover some 8½ million acres, will indeed be criminal. The Commission is right in recommending to Governments the abandonment of its "hard cash" attitude to irrigation projects. Private irrigation projects should be encouraged, but in these days, the private enterprise system in irrigation even by wells or tanks will not serve the purpose adequately. In any case, power will have to be supplied by a central state agency. In this connection, the Commission has done well by pointing out the possibilities of lift irrigation by mechanical means.

Apart from these purely technical factors, the Commission also deals with matters of economic organization as land tenures, economic holdings, marketing, credit, co-operation, rural welfare, etc. In the matter of land tenures, while the presentation of issues and facts is accurate, if not brilliant, the analysis is highly defective. The central man in the picture in all systems of land tenure, zamindari or ryotwari, permanent or temporary, is, it is true, the occupancy right holder; but the central fact is not that, but a multiplicity of interests, which batten on the primary producer through privileges acquired by historical accident. While we have no desire to minimize the difficulties involved in mending or ending this system, we unhesitatingly support Sir Manilal Nanavati's proposal to abolish the zamindari system as an economically unjustifiable encumbrance on a too-crowded and over-worked land system. We also support his substitution of cash for share rents, but certainly not his proposal for impartible tenures, at least so long as industrialization is not well on the way.

On the whole, it must be said that the Commission has done a yeoman's work. We wish, as the Commission expects, that it will be the last of famine commissions and the first of a series of food commissions. But it is not only necessary that we should or should not have a commission or commissions. What is more essential is a Government anxious to carry out progressive policies and enthusiastic at that. The tragedy is not that we have had a series of famine commissions, but a government, characterized by utter moral poverty and administrative incompetence. Hense it is not a series of food commissions—the country is fed up with commissions—that will bring to us the heaven on earth. What will do the trick effectively—food commissions will then be welcome—is an immediate and revolutionary change in the system of Government.

Monetary Prospects in India and Abroad

WITH the end of the war India is faced with difficult and uncertain monetary prospects. India does not, of course, stand alone; other countries have also similar problems to solve. But Indian experience has not been quite the same as that of other countries and we may perhaps better appreciate our problem in its international setting. The United States, which accounted for nearly 40 per cent. of the world's productive capacity before the war, more than doubled her industrial production in a few years of war and thus could effect about 20 per cent. rise in her general standard of living in spite of her giant defence and lease-lend programme. The United Kingdom increased her production to half as much again as the pre-war level, reduced her overseas assets by about £2,000 mn., accumulated sterling debts to the extent of nearly £3,000 mn. and financed the remainder of her economic war effort by effecting about 20 per cent. reduction in her general standard of living. India, on the other hand, financed her economic war effort in part through about 25 per cent. increase of industrial production and in part through a reduction of pre-war low standard of living by roughly the same percentage. Thus the United States has today 1,711,000 machine tools or about 600000 more than American industry ever before operated at one time. Similarly, the United Kingdom has today about 25 per cent. more machine tools than before the war. On the other hand, in our case the war-time increase in industrial production has been effected more largely through multiple-shifts than through a durable increase in our productive capacity. In the United States and the United Kingdom while there has been thus large increase in productive capacity during the war, inflationary forces have been largely held in check by means of comprehensive economic controls. In India, on the other hand, while inflationary forces have reached their peak at the end of the war, increase in productive capacity has been largely held in check.

How does this curious paradox relate to the world monetary situation today? In all the countries, war finance has led to an unprecedented accumulation of financial resources, while at the same time real civil demands have been starved. In the United States today liquid asset holdings of business and individuals amount to over 200 billion dollars or the entire national income at current rates. Similarly, in the United Kingdom, the total of private savings during the war amounted to about £7,000 mn. or again nearly the same as the entire national income at current rates. Total of deposits held by clearing banks exclusive of advances to customers and other accounts alone amounted to £3,791 mn. at the end of 1944. This vast accumulation of deferred wants and incipient purchasing power in these two "key" countries means that the global economy as a whole is charged with an "inflationary potential" for the next year or two. How will this affect the monetary development in our country in the immediate future and can we say on weighing the different factors that either the inflationary or the deflationary forces are likely to prevail on balance in our economy?

In the first place, we find that in India not only had inflationary forces freer play in the course of the war, but that at the end of the war the inflationary potential is comparatively less strong than in either the United States or the United Kingdom. As we saw, in both the latter countries, the accumulated purchasing power is about the same size as the entire year's national income. In India, on the other hand, the net increase in liquid holdings of businesses and individuals

and including depreciations and reserve funds and other deposits of Governments have been about Rs. 1,700 crores, including, *viz.*, hoarded currency of about Rs. 200 crores, bank deposits, exclusive of advances, of about Rs. 500 crores and (up to March 1945) Government securities and funds of about Rs. 1,000 crores. As our national income at current prices is generally put at between Rs. 4,000 and 5,000 crores, this betokens a considerably lower inflationary potential than that in U.S.A. or U.K.

However, what is of relevance from the monetary point of view is not this theoretical maximum of inflationary potential, but an estimate of the incipient purchasing power that will most probably be exercised during the period under review. Here we at once notice a number of striking differences. The predominantly inflationary nature of our war finance has led to greater inequality in the distribution of national income. This meant that, unlike in Great Britain or the United States, small savings have played a negligible role in our war-finance and that by far the larger part of the war-time financial accumulation has accrued to businesses rather than small individuals. Thus we find that in the United States in December 1944 out of the total liquid holdings of 193.6 billion dollars, only 66 billions belonged to businesses, while 127.6 billions have been personal holdings. In Great Britain, small savings per annum topped the thousand million mark. In India, on the other hand, the closing balance of all items of small savings was Rs. 135.35 crores in 1939-40 and Rs. 157.25 crores in 1944-45. This gives a net addition of only Rs. 40 crores in five years or barely Rs. 8 crores per annum. Similarly, to the extent that large insurance funds and banking reserves have been compulsorily invested in Government securities, a very large part of the public holding of Government securities are practically immobilized and does not constitute incipient purchasing power in the relevant sense. Even the hoarded currency may not come out until perhaps the deflationary distress has reached its worst, as gold came out after 1931.

This is a vital difference. In Great Britain or the United States, the bulk of the accumulated purchasing power resides in the hands of individual holder and is ready to satisfy the back-log of demand in respect of durable consumers' goods, housing etc. In India, on the other hand, the bulk of such purchasing power represents business profits and reserves, reserves and funds of commercial Departments of Governments as well as insurance, banking and other institutional funds compulsorily locked up in Government securities. It is clear, therefore, that in so far as business reserves and funds cannot be properly utilized during the next year or two due to the difficulty in procuring foreign exchange facilities or capital goods from abroad, they constitute a sizeable detraction from the inflationary potential in our economy. And we may add that we are apt to overestimate the inflationary potential even in respect of the U.S.A. with its 200 billion dollars of liquid holdings, in regard to which an authoritative person like E. A. Goldenweiser has ventured to suggest, "We are going to have some spending but not an orgy of spending."

In the United States total of personal holdings alone exceeded 127 billion dollars in December 1944, while in Great Britain net personal savings accumulated during the war amount to nearly £6 billions. These, therefore, constitute the back-log of consumers' demand which charges their respective economies with high inflationary potential during the period of reconversion. In contrast, in India the total of small savings would hardly exceed Rs. 100 crores. We have already estimated that, allowing for changed price level, we could expect for the next year or two an annual outlay on durable consumers' goods, like vehicles and watches, of only about Rs. 50 as against Rs. 8 before the war. We have also anticipated a building boom involving an annual outlay of Rs. 20 crores. To these we have to add such investment demands, *e.g.*, replacement demand for plant and machinery from private industry and commercial Departments of Governments. Altogether it would be over-optimistic to anticipate that the so-called pent-up demand for consumers' and investment goods could exceed Rs. 150 crores or Rs. 200 crores per annum during the immediate post-war period. We have also to remember that in the more highly industrialized countries the problem of reconversion would be more complex and time-consuming than in India where the bulk of the war supplies has consisted of products of light industries requiring comparatively less time and expense in the reconversion or re-tooling up process than the heavier industries. This would mean that the period of reconversion during which inflationary pressure will be at their peak, would be, speaking in general terms, much shorter in India. Again comparatively speaking, India remains so slightly industrialized that any inflationary pressure is more likely to be dissipated through increasing imports than to result in rising prices, once the war-time shipping bottleneck has been broken.

No doubt, the very existence of a global inflationary situation in the rest of the world would give an inflationary stimulus to our own economy. Such inflationary impulse will, of course, be imparted through an increasing volume of our exports and rising prices in the international market. But during the war, our internal prices have risen much higher than world prices in general and the rupee has become overvalued. Consequently we must discount the possibility of inflationary pressure from outside on our economy. The volume of world trade may rise to a higher level, but, as Great Britain, the United States and other countries are all poised for a scramble for world market, our export prospects have to be soberly estimated. Our exports totalled Rs. 161 crores in 1938 and Rs. 218 crores in 1944 and it would be optimistic to believe that it could increase by a further 50 per cent. during the next year or two—especially having regard to our high domestic prices and costs.

How much can this help to bridge the gap in our public expenditure consequent to the end of war? In 1944-45 our defence expenditure on our own account was Rs. 456 crores and on Allied accounts Rs. 440 crores, making a total war expenditure of about Rs. 900 crores. In 1944-45 also the rate of total war expenditure was scheduled at Rs. 900 crores. Now with the end of the war, the war expenditure on behalf of the Allies have *suddenly* come to a halt. War supplies from Indian resources had already begun to be cut off, under the terms of the Hydari mission. Consequently, our defence budget must presently fall to Rs. 150 or 200 crores as against Rs. 50 crores before the war—the rate of fall depending on the rate of demobilization. Autonomous or dependable outlay on account of pent-up consumers' and investment demand is unlikely to exceed Rs. 150 or 200 crores per annum in the next few years—and so much of this outlay which would be spent on imports or war surpluses in India would not be available to maintain the buoyancy of our war-time price-structure. Of course, the Government may slow down the rate of demobilization of the army and retrenchment of the administrative staff on the false theory that the Government's responsibility consists not of providing the "general framework of a full employment economy" but in keeping particular classes of men in particular classes of jobs which are now rendered redundant by the end of the war. But the total problem remains much bigger.

It is clear, therefore, that even after allowing for inflationary stimulus from outside, a sudden and sizeable deficit in public expenditure is indicated. No doubt the war-time price-structure is not tenable and but must be stepped down to a lower and valid level. But not the whole of war-time rise in prices has been due to the Fisherian relationship between the supply of money and the supply of goods; the purely inflationary rise in prices has been topped by another modicum of rise due to breakdown of the distributive system and speculative factors. This latter rise must now tend to be levelled down irrespective of the purely monetary situation. With the end of the war, the so-called recoverable or inflationary war expenditure of Rs. 440 crores has, of course, immediately stopped; but even on account of our budgeted defence expenditure of Rs. 460 crores, a deficit in public and private expenditure would be expected except in so far as the Government chooses to take active and primary initiative. Our domestic political situation itself would be regarded as a bearish factor; but the fact that our Government is failing to claim our international claims properly and passively acquiescing in the progressive whittling down of our international rights including the sterling balances, and that we shall thus be unable to get any priority in respect of supply of capital goods and other assistances from abroad would hold up almost all expansionary programme in the interim period. The inflationary war expenditure of Rs. 440 crores should no doubt stop. But the fact that it stops suddenly instead of tapering off, *may* itself set up a chain of repercussions causing our price-structure to topple over rather than fall in an orderly manner. Inflationary forces both at home and abroad now pressing against our economy, are of considerable strength. But inflationary forces in India have already worked themselves to a height much above that prevailing particularly in the "key" countries, *viz.*, the United States and Great Britain. The balance of monetary forces, global and domestic, will thus seem to remain unmistakably tilted against us, unless the Government can enunciate a clear and concerted public expenditure policy designed to help the orderly reduction of our price-structure and at the same time lead up to our long-term economic programme.

Our Sterling Assets

II

BEFORE reviewing the British arguments in favour of large-scale scaling down of the sterling debt, it is necessary to clarify one or two preliminary matters on which there are apparently still some confused thinking and misconception. India's own share of the total British war debt of about 3500 million pounds is about £1,5000 million. But this vast sum is made up of different items, although the bulk of it represents the British liability for expenditure incurred by India on Britain's behalf. These items are made up of the following: (1) All dollar and non-sterling assets held by Indians which were compulsorily acquired and taken over to the Empire Dollar Pool; (2) the annual excess dollar balances acquired by India through normal trade and taken over to the Pool; also dollar exchange resulting from American military expenditures in India; (3) the annual balances of India's external accounts; (4) direct purchases of our raw materials and food by the British Ministries of Supply and Food; and, finally, (5) the expenditure incurred by Britain under the Defence Expenditure Plan of which a considerable part is stores and supplies. India's balances of dollar were taken over in December 1940 and dollar securities in March 1941. To this day the extent of these commandeered dollar finance has not been revealed despite persistent public demand. They might well be of the order of Rs. 100 crores. Item (2) refers to the surplus dollar accruing from a favourable trade balance to the U.S.A. and amounts to Rs. 52.18 crores from 1938-39 to 1944-45, even after taking into account a passive balance of Rs. 5.67 crores in 1944-45. Figures of the annual balance of accounts of India are not available, because bullion figures are not given out. Bullion export was there, but import was almost nil until 1943 when it began as a profiteering operation in the name of anti-inflation. In any case it has been paid for as a commercial transaction and is reflected in the figures of sterling assets. But the merchandise surplus on private trade alone (for which figures are available) adds up to the not inconsiderable figure of Rs. 370 crores from August 1939 to March 1945. As regards item (3), direct purchases of food and raw materials by the British Ministries of Food and Supply amounted in 1943-44 alone to £96.95 mn., comprising tea purchases of £28.76 mn., Ministry of Supply purchases £29.6 mn. and Ministry of Food purchases £38.69 mn. On this basis their total purchases for the war period might easily be £400 mn. or over Rs. 530 crores. It will be seen that items (1) to (4) inclusive can by no stretch of imagination be regarded as anything but purely commercial obligations incurred by Britain. We shall revert to (5) presently.

Secondly, in considering the British case which bases itself on a highly moral and superior plane, it is necessary to recall how much India has done and sacrificed towards the purposes of the war so as to dispel the notion fostered by interested persons that India is seeking to make a financial gain out of this war. British journals and statesmen have themselves encouraged the spread of this belief by their writings and utterances. The *London Economist* wrote in 1943: "The counterpart to locomotives and machine tools exported to India after the war will not be current import of tea and jute but sterling handed over to the Indian Government during the war to save India from Japanese invasion." The British Chancellor of the Exchequer in presenting the budget in April 1943 also said that "the greater part of the additional cost of India and of the defence outside her frontiers fell upon Britain" and that, therefore, a financial situation of some difficulty was being created for Britain in the future. In the above citations (which can be multiplied) is implicit the suggestion that India did not bear her fair share of the burden but that Britain (with characteristic self-denial and altruism) sacrificed herself not only to save India from Japan but to present her with a gift of sterling in the process. Were this true and were it a fair summary of the situation, India would only be too willing to forgo all claims on Britain. But what are the facts?

Apart from the physical aspect of India's sacrifice, represented by her vast volunteer army of 2½ million men and its achievements in various fields in Europe, Africa, Middle East and Far East, the financial burden which India imposed upon herself for her defence and fight against the Japanese can compare favourably with that of Britain and U.S.A. India's defence expendi-

ture which was about Rs. 50 crores in 1938-39 had risen to more than Rs. 396 crores in 1943-44 and to Rs. 457 crores in 1944-45, i.e., nearly nine times. The total defence expenditure of India during the five years ended 1944-45 was nearly Rs. 1,300 crores. From another angle, the magnitude of the defence expenditure during the war represents more than twice the total net expenditure of the Central Government during the eight years preceding the war. Additional taxation borne by the country has been heavy and substantial and lain upon all classes of the community. Taxation has increased many times during the 5 years from 1939-40. The comparative weight of the burden of taxation and defence expenditure in India cannot be fully understood except in terms of the very low national income and an extremely limited taxable capacity. Yet, the whole of the Indian defence expenditure and the expenditure of the civil departments have been met by taxation and borrowing, which represent a diminution of income available for consumption. The sacrifices of other countries have not been appreciably greater. The British public paid 53.3 per cent. of the cost of the war in taxation as compared with 47.7 per cent. of the American people. By the same standard, India has borne even a higher burden, the proportion of taxation to defence expenditure being 83.4 per cent. in the period from 1939-40 to 1944-45. If the burden of direct taxation to total revenue is considered, it will also reveal an astonishing rise, as may be seen from the fact that the proportion rose from 24 per cent. in 1940-41 to 59 per cent. in 1944-45. These few essential facts have to be stated because too often the extent of India's financial sacrifices is easily overlooked.

Let us now revert to the British share of the expenditure incurred in India during this war. The Indian defence forces were, as every one knows, not solely maintained for the defence of India, but as part of Imperial defence. This has been conceded by the British Government, although somewhat reluctantly, and recent agreements regarding Indian defence expenditure have fully recognized its imperial purpose. In 1929 the Garran Tribunal was set up to arbitrate on the demands made on India by His Majesty's Government and the resistance to those demands by the Government of India and on its recommendation an annual subvention of £1½ million was granted by H.M.G. to the Government of India. Ten years later the Chatfield Committee was appointed to make recommendations for the modernization of the Indian Defence Forces. As a result the subvention was increased to £2 million a year and a capital grant of £34 million was provided to be paid to the Government of India of which one quarter was to be regarded as an interest-free loan repayable by India after five years, the remainder being regarded as a free gift. The Indian Government, in addition to being responsible *for defence of the frontiers and internal security, were to provide a force approximately the strength of one division for operations outside India.*. The significance of the arrangement lies in this, that Britain and India have agreed to a division of the financial burden of military expenditure whether in war or peace, in addition to each country's bearing in full its own expenses of defence. With the outbreak of the war the financial arrangements between the Government of India and H.M.G. were again reviewed and what is known as the Indian Defence Expenditure Plan was drawn up. Under this plan "India bears the whole cost of her own defence and also the charges of the troops employed overseas in accordance with the Chatfield recommendations, while, with this exception, His Majesty's Government meet all expenditure arising in India for Imperial defence during the war and in addition provide free of cost all equipment needed for the modernization of Indian forces, air, naval and military. In accordance with this plan the Government of India have met the cost of all forces required for India's defence; in practice this has covered all military and air forces, European and Indian, in India and the Royal Indian Navy, including the capital costs in connection with them, e.g., of the air-fields needed against Japanese invasion and also the cost of all special measures essential to the defence of India. Defence of India includes, of course, everything necessary for meeting aggression from every quarter. The British Government have been bearing the full costs of all Indian forces employed outside India except for those of the division which India has agreed to provide for operations outside India under the Chatfield scheme. This is the substance of the financial allocation between the two countries during the war.

The essence of this arrangement is that the Government of India have been asked and agreed to provide for the war effort of Britain and her far-flung empire. India's own defence expenditure, be it for meeting German and Japanese aggression or for any other purpose, is met entirely to the last pie by herself. Britain has contributed nothing towards it. The story put out by the *Economist* that sterling is to be handed over to India in the process of saving her from Japanese invasion is just not true. What is true is, of course, the fact that India has been a vast base for Britain's operations in the African, Middle East and Far East theatres of war, and has been both a recruiting and training ground for British defence and a big supplier of stores and munitions for Britain. If, having entered into an agreement which bases the financial allocation on the principle of each country bearing its own defence and dividing the joint expenditure on the basis of what is essentially Indian and what is essentially empire, Britain now seeks to find argument to escape from the liability which has resulted from the agreement, British prestige and integrity would be damaged beyond repair.

Has the agreement been unfair to Britain? Public opinion in India has been critical of the application of the theory of the so-called joint war measures which could be interpreted and applied in a manner unfavourable to her. In particular, there has been a feeling that more expenditure has been imposed on India owing to measures which may be required for empire defence but not necessarily for that of India. In any case, an agreement which was entered into between the British Government and the Government of India represented by a British civil servant could not have been unfair to Britain. Modern wars are a frightfully expensive business. Britain's burden of external debt has, no doubt, become exceptionally severe. But India's burden, in relation to her income and resources, has been no less. To argue backwards, from the fact that the financial agreement has resulted in an unexpectedly large liability and therefore must be wrong is to forget the fact that, however the terms are settled, such a result was inevitable. It is always open to Britain to say that after all, India is her colony and dependency and that she could exact as much as she liked from her and that she could treat as void her own agreement and promise. But Britain cannot go back upon her plighted word without being untrue to herself.

India has paid a heavy price for her victory, no less than Britain which fought, according to Lord Keynes, with "fanatical single-mindedness" and without counting the cost. She has denied herself willingly or unwillingly of every comfort and necessary of life. In no other country had the war effort meant so little regard to essential human needs. We doubt whether in all the six years of the war there was one moment of time when in the financing of the war the minimum needs of the civil population were ever allowed to weigh in the scale. Had it been the case, not only would the Bengal famine have been averted, but several changes in export, import and financial policies would have taken place. The accumulation of sterling has been the result of India's huge sacrifices and privation and distress.

To the question why, now that the suffering and sacrifice having been undergone already, India should seek to reimburse herself financially, the answer is clear. Her weak and emaciated population could be restored to health only by a large capital outlay, and she cannot afford to give up the resources which sterling assets represent. If sterling will not be made available, it would mean a greater strain upon her economy, postponement of economic recovery and little prospect of even a restoration of her old deplorably low standard of living. If to Britain the maintenance of her pre-war standard is a vital necessity, to India the restoration and improvement of her standard is no less urgent. Expenditure in education, sanitation, public health, housing and other forms of essential public outlay cannot be postponed without the risk of a social and economic upheaval. Her internal resources are hardly adequate for the purpose. The part which "sterling balances" can play in her economic rehabilitation is one which she can ill afford to abandon.

(To be continued)

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The Week's Notes

A GLARING EXPOSURE

We invite the attention of the Government of India and H.M.G. to the following passage, which appears on page 119 in the World Grain Review and Outlook. 1945, a publication of the Food Research Institute, Stanford University, California: "It is difficult to refrain from inferring that certain British officials in London or Washington, or the Combined Shipping Adjustment Board itself, either delayed or failed to expedite shipments of needed grain to India while a continued flow of less essential foods to Britain and the wellfed United States was being permitted or encouraged. If there were adequate official reasons for such action or lack of action, these should be publicly stated as soon as possible." This charge, if true, is so serious as to warrant the immediate appointment of a committee of inquiry at the highest level. As H.M.G. would be a party in the case, and as the honour of the British people is involved, we suggest that in the sheer interest of public morals, the case ought to be submitted to the International Court of Justice. If it is proved that some British officials deliberately gave a higher shipping priority to the export of less essential foods to Britain and the United States, while people were dying here in thousands week after week for want of any food whatever, these officials should be brought up for trial.

THE A.-I.C.C. ON STERLING BALANCES

On Sunday last, the All-India Congress Committee passed the following resolution on India's sterling assets unanimously:

"The A.-I.C.C. has noted that enormous credit balances due to India have accumulated and are kept in London in Sterling. These balances are not available for utilization for India's own immediate needs of industrialization and general economic development. They have arisen out of the supply of goods and services provided by this country for Britain's war effort. The goods and services which these balances represent were obtained from India mostly at controlled prices, and the suggestions made in certain British quarters that the amount of these balances is inflated is contradicted by the actual facts, as recorded and admitted by a British Parliamentary Committee which recently investigated the subject. The British demand, therefore, for a scaling down of the amount is wholly unwarranted, and India cannot submit to any settlement of this problem which involves a sacrifice of her just claims and great injury to her future development. The A.-I.C.C. is of the opinion that every effort must be made for an early settlement of the question of India's Sterling balances so that they may be utilized for the planned economic development of the country."

It is possible to suggest that there has so far been no talk in British official quarters of any whittling down of the sterling dues. But, as we have set out in a current series of articles on the subject and as seen from America's conditions to Britain in respect of dollar credits, an official H.M.G. demand for debt reduction might come sooner and with much greater force than most of us imagine. It is quite appropriate, therefore, that the A.-I.C.C. has taken a firm stand on the question. It need hardly to be added that only a national government responsible to the people of this country can have the authority to negotiate the matter with Britain and that no decision which is likely to be forced upon the present subordinate and irresponsible Government of India will be acceptable to her people.

SERIOUS OMISSION

Details regarding the first instalment of a 'twenty-year project' plan for post-war Bengal are out recently. The former deals for the present mainly with those schemes which are considered most urgent and can be executive within the first five years. It is said that they carry within them the 'germs of long-term policy.' The plan has before it some ambitious objectives such as the liquidation of Permanent Settlement, comprehensive irrigation and land reclamation projects, raising of the standard of living by increased opportunities for employment, development of subsidiary industries, vastly improved agricultural, veterinary and health services, construction of over 3,500 miles of new roads, implementation of the Sargent Report, and strengthening of the administration generally. As far as they go, these represent fairly ambitious objectives and Bengal Government have done well in incorporating all of them in their twenty-year plan. One is, however, surprised to find that this plan for post-war Bengal which contains the 'germs of long-term policy' and which deals with 'most urgent schemes' in the first instance is awfully silent on the problem of housing. When we consider that Bengal contains one of the most heavily concentrated areas of industrial workers in India in the Hooghly riverain around Calcutta, this silence grows not only awful but even irritating. It is true, that a few months back, the problem of slum clearance in Calcutta was taken up by the Bengal Government and legislation in this respect was also under consideration. What has happened to it is not yet known. But there can be no two opinions that a plan and that too a long-term plan which envisages to raise the standard of living of the people concerned, should necessarily have a well-thought-out plan for housing industrial labour. Do the Government of Bengal think that an all-round raising of the standard of living is possible without paying adequate attention to the problem of slum clearance in overcrowded areas? Increased opportunities for employment will no doubt help to raise the standard of living; but that is not all. A sound long-term reconstruction plan (particularly for Bengal) must contain an extensive housing programme as one of the main planks in economic reconstruction. Allocation of expenditure and other details will be a concern for municipal and local bodies, improvement trusts, Government and employers. But a planned policy should necessarily come from the Government.

FUTURE OF FOOD CONTROL

Referring to the future of food controls, the Food Member said in his recent speech before the Central Food Advisory Council that the world situation in 1946 is not likely to be less difficult than in 1945 and that the present controls with regard to procurement, distribution, movement, prices and rationing can be relaxed in 1946 only at the risk of a serious break-down. While there is a prospect of getting rice from Burma and other Far Eastern countries, the quantities available, according to the Food Member, are likely to be small. He says that countries devastated by the war or normally dependent on imports will have as strong a claim as India. We are afraid that the possibilities of and India's claims for imports of rice from Burma and the Far East are not being properly appreciated and that the Food Member is taking an unnecessarily pessimistic view. Among the countries affected by the war, Europe certainly is not an appreciable consumer of rice and South-East Asia is normally a surplus region and should be able to get back to pre-war levels of production. There is no evidence that Japanese occupation has seriously or permanently dislocated the rice growing capacity of South East Asia. The pre-war importance of India as a customer for Burmese rice certainly entitles her to a large share in whatever quantities of rice which Burma may be able to export in the near future. We are afraid that the general official partiality for controls and the natural anxiety of Government departments to perpetuate themselves may stand in the way of a proper presentation of our claims for Burma rice. We do not certainly advocate any premature or ill-considered withdrawals of food controls, but we do feel that there is a grave danger of the Government failing to show sufficient earnestness and energy in securing proper priority and shipping facilities for imports from Burma. It is a strong temptation for the Food Department to go on preaching the gospel of scarcity and justifying the continuance of controls, and incidentally of itself. The Food Member has promised to set up a mixed committee of officials and non-officials, which would go into the question of relaxing food controls, but unless the committee is sufficiently representative of the consumers and the commercial community, it may also end up by piously endorsing official *obiter dicta* on the rashness of doing away with controls during the next two or three years.

INDUSTRIAL FUTURE

Presiding over the first Andhra Industrial Conference held recently at Bezwada, Mr G. L. Mehta made a wide and general survey of the future economic status of our country. Referring in particular to the problem of industrialization he stressed the need for a national economic policy in view of the essential economic unity of the country. But at the same time, he pointed out that a fairly high degree of regional planning and decentralization of industries would not only be quite compatible with a common economic policy, but would also moderate a drift towards over-centralization. Post-war development of industries is essential, he reiterated, in order to keep up the level of economic activity and also to provide an offsetting influence against the possibilities of a deflationary spiral. The prospects of intense competition from foreigners being certain, Mr Mehta's emphasis on the need for thorough investigation, organization and research in order that our industries may be stabilized and survive in an era of 'titanic corporations and rapid technical developments' should be taken seriously. The scope of development in this country is great since the past development has not been commensurate with our resources or needs. Mr Mehta made a special reference to the meagre attention paid so far in this country to the development of electric power and inland water transport. Visualizing a great future for the port of Vizagapatam especially if a vast hinterland is secured by opening up and developing the Central Provinces, the Andhra districts and the Nizam's Dominion, Mr. Mehta referred to the importance of adopting a national shipping policy and encouraging ship-building industry.

OBJECTIVE ROAD PLANNING

Mr A. W. H. Dean, President of the Indian Roads Congress, made many valuable and constructive suggestions for road planning in his speech at a meeting of the Indian Roads Council held last week. He emphasized that we have already reached a stage when we must pass from generalities and produce actual designs with detailed drawings and specifications with an estimate of requirements in labour, plant and materials. If such statements are kept ready at hand, financial authorities will be assisted in making appropriate sanctions and work will be started without loss of time according to schedule. Districts Provinces and States are interdependent for road communications and it is inevitable that "roads must go over the borders." Where roads cross the borders a uniform standard of construction and traffic capacity should be maintained. It is necessary, therefore, that allocation of responsibility should be decided. The time has now come to start work on road construction and in the interests of safety and precaution road schemes on a big provincial scale should proceed on established and well tried methods. This does not, however, preclude us from introducing modern ideas in road construction. But their feasibility and utility must be demonstrated by actual experiment. Mr. Ormerod, Vice-President, has prepared a pilot scheme for urban roads. Delhi Province has been selected as the venue for the experiment since its area is small and the cost of experiment is not likely to be prohibitive. The items suggested by him include construction of specially designed cycle-tracks to facilitate milk vendors and to relieve heavy cyclists' traffic, pedestrian sub-ways to and from the Jumna river to avoid risky crossings; a short road with dual carriage ways segregating traffic in opposite directions; construction of two fly-over on crossings and two round-abouts for pedestrian crossings as well as for separation of slow and fast moving traffic. It is proposed to carry out the scheme by engaging co-operative labour units manned by demobilized soldiers and equipped with tools, plant and housing. Surely, it is high time that the Road Board which is at present an inter-departmental body of the Central Government was made really representative of all the Provinces and States who are entitled to have a voice in taking decisions. At the same time the Government of India owes it to itself to ensure co-operation and co-ordination of policy and elimination of friction as between Provinces and States.

MINERALS IN THE COLONIES

In a letter to the Editor, in the August issue of the *Crown Colonist* a correspondent who signs himself 'Fabian' draws attention to the regular loot of the colonies' mineral resources and furnishes interesting information. As is well known the standard of living in the colonies is deplorably low. Minerals, where they exist, constitute one of their chief natural endowments. But only a very small part of the wealth extracted from these mines is retained inside the colony itself by way of wages and taxation. As Lord Ammon stated 'there is a big permanent draining of wealth from the territories in the way of profits, royalties and dividends.' What amount of capital has been put into these ventures, is not known, but the correspondent believes if it could be computed it would assuredly not come to much. But the profits that have been reaped out of these enterprises have been colossal. Thus between 1935-39 the dividends of the four inter-related Northern Rhodesian copper companies did not once fall to less than 13-3|4 per cent.; while in 1936-37 those of Roan Antelope Copper Mines Ltd., actually reached 80 per cent. The Malayan tin companies have earned enormous profits and paid correspondingly high dividends. Writing in 1924 W. R. Jones said of the Tasmanian-registered Tougkh harbour Tin Dredging Co., N.L., that it had 'already paid in dividends 4-1|2 times its total capital. . . . the average dividends for the past fourteen years being over 30 per cent. The lowest payment by Malayan Tin Dredging Ltd., in the decade 1927-37 was 16-1|4 per cent, in 1932 and 1933 and then the figure rose to 92-1|2 per cent.! And this was not an isolated instance. There is besides another more disquieting feature arising out of the injustices perpetrated through the royalty laws. Mining operations, particularly in Africa have far-reaching consequences on the economic and social conditions in the colony and yet the Colonial Governments have very little control on the mining concerns. In the whole of Africa the only colonies where the Crown possesses sovereign rights over the mineral resources are the East African territories and the northern territories of the Gold Coast. In Nigeria, the Crown owns mineral rights over some 200,000 square miles but hands over half the royalties to the successors of the Royal Niger Company. In Northern Rhodesia, the British South African company continues to enjoy all mineral rights and collect heavy royalties. It may be noted that some times before the war, these amounted to a sum equal to the wages paid to the entire African labour force employed

on the mines! These facts need no comment.

BENGAL GOVERNMENT'S BOAT CONTROLS

During the famine of 1943 the Government of Bengal refused to believe in its existence in the early stages, but when it assumed terrific dimensions they bestirred themselves into frantic efforts to fight it. The movement of food materials to inland places was a primary and immediate necessity and in order to meet it partially Government entered into contracts with boat builders for the construction of boats. It appears that initial orders were placed for the completion of the first lot of 10,000 boats to be followed up by subsequent orders bringing the total construction to 60,000 boats. It also appears that the work of steel boats was contemplated to be taken on hand. There was a lamentable insufficiency of transport facilities and the work of boat construction was to be expedited and speeded up to the maximum limit possible. Boat contractors made heavy investments for the immediate programme as well as for the extension. Government on their part had to perform a good many obligations. Many essential raw materials such as timber, scrap, nails, sail cloth and tar being controlled items, it was up to the Government to make necessary releases and grant priorities and other concessions. Inspection of completed boats, load tests, final approval for acceptance and payments were matters for Government to speed up. But the emergency which was the occasion for these contracts has long disappeared and it seems that Government on their part are anxious to get rid of the obligations they have undertaken. The programme of boat construction which was originally planned has not been completed according to schedule mainly because raw materials were not available in time and the terms of contracts contained some lacunae giving rise to differences between the parties. It is alleged that Government are now following a policy of withholding approval on mere technical grounds, introducing modified or new specifications and adopting dilatory methods in making payments. They are cancelling or suspending contracts. It is not necessary at this stage to go into the details of the transactions and apportion responsibility for breaches of contracts. But it is abundantly clear that the claims of boat builders ought to be adjusted in a spirit of justice. Quibbling with words and playing upon technicalities will not terminate disputes, but rather aggravate them. It is to be hoped that the whole matter will be settled amicably.

A GRAVE ALLEGATION

The recent session of the U.P. Motor Owners' Conference was marked by vehement protests and grave allegations against the Provincial Government in their execution of the scheme of rail-road co-ordination. It is alleged that the authorities are enforcing their scheme despite opposition from road operators and are holding out threats of cancellation of permits. While the formation of joint rail-road companies is still in process, it is said that Government are accepting from among the road operators docile persons who would be easily amenable to their influence. The selection appears to be made without the concurrence of organized bodies of operators. The president of the conference even asserted that Government have appointed seven nominees as promoters to form seven new companies and that these promoters have no practical experience of the trade whatever. These are highly questionable methods in direct violation of the War Transport Member's assurance that "the scheme would be introduced by prsuasion and not by regimentation." The allegations cannot be brushed aside lightly and it is the clear duty of the U.P. Government to come out with an explanation of their policy in this matter. More enlightened and liberal policies are followed elsewhere. The Madras Government have been content with prescribing certain minimum standards for private bus companies and they have left it to the choice of operators to amalgamate with rail-road companies or to compete with them. In Bombay the promoters are selected by the operators themselves with an assurance from Government that a fixed number of them will be accepted as managing directors. It is surprising that a uniform policy in regard to formation of rail-road companies is not followed in the various provinces although the issues involved are practically the same. The fault lies with the Central Government who have failed to indicate the necessary line of action in this behalf.

CHINA'S CLOTH PROBLEM

It is a problem before the Chinese Government to provide adequate clothing for China's 450 millions. At present the masses of population are very shabbily clothed and the only solution for some years to come is heavy expenditure on imported cotton and cloth. When hostilities started with Japan in 1937, there were 5,000,000 spindles in China, nearly 50 per cent. of which were installed in Shanghai alone. Roughly, there was 1 spindle for every 90 persons. As Japanese occupation advanced, nearly 90 per cent. of the spindles fell into enemy hands. A great number was either destroyed or badly damaged by bombing and shelling. A major part of the remaining spindles, is reported to have been used by the Japs as iron scrap. Free China was able to collect and remove hardly 300,000 spindles, which together with the buildings in which they were installed, were again subjected to damage by air raids. Essential materials for cotton textile mills could not be imported from foreign countries for obvious reasons. Chinese factories manufactured some machinery but it is capable of only low and inferior output. In Free China there were about 800 power-looms. The annual production of yarn by modern machinery was about 100,000 to 130,000 bales, each bale being equal to 420 pounds of 20 count yarn. About 38 pieces of cloth, 40 yards long and 36 inches wide, can be woven from 240 pounds of yarn. China can produce annually 10 to 15 million piculs of cotton (1 picul is equal to 11 pounds). But after enemy occupation Free China was left with an annual production of one million piculs only. It is hardly surprising, therefore, that the cotton textile industry holds priority in her programme of reconstruction. Cotton cultivation is to be increased by offer of better prices, and new cotton mills are to be set up with even distribution in the valleys of the Yangtse and Yellow rivers. The target for the first 10 years is 10,000,000 spindles.

FOREIGN MINISTERS' CONFERENCE

The Foreign Ministers' Conference is expected to end by the close of this week or the beginning of the next. But it has so far, despite great labour, failed to evolve a satisfactory solution to any of the complex problems that face it. The chief business for which the Conference assembled was the drawing up of a peace treaty with Italy, Rumania, Bulgaria, Hungary and Finland. But the Big Three failed to come to an agreement over the question of the disposal of Italian colonies. In consequence, the council of Foreign Ministers decided that the question of the Italian colonies is so vast and complex that it must be held over for discussion at the next session of the council. The rift in Anglo-Russian relationship, visible for long now, has meanwhile become clearer. Following the conflict of views in regard to the Italian colonies there is reported to be a severe divergence of opinion in regard to the affairs in South-Eastern Europe. This schism has been widened by the fact that the Soviet Government has concluded a far-reaching economic agreement with Hungary without previous consultation with the Western Allies. If the conference fails it is obvious the whole future of a peace plan will be jeopardised. And in the present atmosphere of power politics with both sides manouvering for strategic positions only a miracle can avert that contingency.

DISPOSAL OF WAR SUPPLIES

Against the background of the current plans for the disposal of the United States war surpluses, it is interesting to recall what the *Wall Street Journal* had to say recently on this score. According to the journal, these disposals would as far as possible, be in the countries in which most of these surpluses are located. This is good news not only for the manufacturers of the United States who would thus be spared the competition of the surpluses in the home market, but also to these other countries, like ours, who are hungry for all sorts of consumer goods and capital goods. The journal asserted that the United States Government would not haggle on competitive prices. The Government would consider the quick disposal of consumer goods in order to relieve current shortages, insure reasonable return and clear the way for expanded production. The whole plan is said to tie in with the revival of foreign trade.

WOOD PRESERVATION

The enormous losses caused by deterioration of wood underline the importance of adopting proper methods of preserving it. The revised edition of *Indian Forest Bulletin No.* 110, recently published, explaining the aim and scope of wood preservation and the agencies of wood deterioration. It classifies Indian timbers on the basis of their natural durability, and describes wood preservatives under the following heads: preservative oils, water soluble preservatives and toxic chemicals dissolved in volatile solvents. This is followed by a discussion on the preparation of timber for treatment, the various processes of treatment, classification of Indian timbers according to their amenability to impregnation with preservatives, the handling of timbers subsequent to treatment and the cost of treatment. Protection of wood by methods other than standard preservative treatments, protection of plywood, sapstain and its prevention and protection against fire are also briefly dealt with.

DECENTRALIZATION IN THE UNITED STATES

The increasing tendency towards decentralization of industrial activity in the United States of America especially towards the West and the South in recent years is the subject of discussion in an article in a recent issue of the *Magazine of Wall Street*. The war experience has added further support to this tendency and the prospects of further decentralization in the years ahead seem to be bright. However it is realized that there is need to proceed with caution. Concentration causing the assembling of great masses of workers at one spot has created problems of housing, supply and transportation. This has been the result of mass production. Concentration of manufacturing processes do make for efficiency. But carried too far it is sure to adversely affect efficiency itself. Decentralization there has always been under the stress of natural economic factors. There is now a new decentralization move under the regional pressure. This is due to new population shifts and new regional potentials. There are also other advantages arising out of proximity to market, the spread of pay rolls over the country, on account of diversity in employment units.

The important industries which are now considering schemes of decentralization are the motor industry, the electrical goods industry and the food industry. The decentralization possibilities in the motor industry are obviously limited to assembly plants. The General Motors had even before the war assembly units scattered throughout the country and there will be new additions in the near future. Ford intends to expand assembly operations both on the East and West coasts. The Sylvania Electric Products has to avoid bottlenecks in production traceable to labour shortage and transportation difficulties, put thousands of persons to work in a score of smaller communities situated throughout the Eastern States. These are in the nature of small units feeding the larger plants with parts and subassemblies. The General Electric is contemplating new plant facilities at the Pacific coast. In these industries the motivation for these moves of decentralized production has been the desire for better labour relations and more stable labour supply, for cost reduction through greater operating efficiency, and lower sales and distribution costs. The food industry is also ripe for decentralization and is heading for new processing plants in hundreds of small towns. The proximity to the raw food supply will however be a factor of deciding influence.

WAGE DEVELOPMENTS IN U.S.A.

The U.S.A. Government formerly looked askance at wage incentive plans and preferred the policy of pay regulated by time on the job. It appears, however, that it has shifted its position of late. Recently, WPB has published a handbook for general distribution in order to popularize the piece work rate on which mainly the wage incentive plans are based. This hand book cites all-round benefits of the incentive system. It says, 'Reports on the operation of new wage incentive plans indicate that, on the average, an increase in production per man-hour of about 40 per cent. occurred in the first 90 days of operation. Wages increased on an average of 15 to 20 per cent. and costs decreased by about 10 to 15 per cent.' While this is a welcome development both from the point of view of employer and employee, it seems, however, that it is not going to allay the situation regarding wage disputes incident to business reconversion. It is reported that such wage disputes are blanketing National War Labour Board under an avalanche of cases. Number is approaching 20,000 mark and Congress is thinking of 100 additional enforcement agents for War Labour Board. Indeed the payment of 1945 wages to produce consumer goods selling at 1942 prices poses a problem of simple arithmetic which just does not add up. Therefore, the last-ditch fight would be made against wage cuts both by labour and its friends in Congress. A suggested solution which is winning favour is to permit producers to add to 1942 prices the increased costs of production occurring between 1942-1945. This development, if it materializes, is significant in this that it throws cost of living statistics off and tries to get around the trouble some subject of wage deductions, and when technological and other improvements cut production costs, it even promises that actual take-home pay may be greater.

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SPECIAL ARTICLES

Prices in Transition

BY V. R. PILLAI

MANY people fear and others hope that the end of the war will be followed by a severe depression. There are reasonable grounds which lend support to this view. The perennial stream of money which was injected into circulation on account of the disbursements on behalf of the British and Allied Governments in India would soon dry up. The expenditure of the Central Government which had reached the dimension of Rs. 500 crores a year would be subjected to drastic cuts. The demobilization of the war-services, the closing down of war factories and the dislocation of war-trades would all throw millions out of employment. The net result can only be a diminution in money incomes which in conjunction with an increased supply of goods would lead to a depression.

On the other side of the picture, there are several potent factors which may equally be expected to arrest the deflationary tendency in the economy.* The price level during the war period has been considerably held in check by the operation of price control and rationing as also the various measures intended to mop up purchasing power in the form of heavy taxes, loans, compulsory deposits, control of capital issues, etc. Further, the acute shortage of consumption goods and the paucity of openings for new investment have led to a hoarding of currency on an unprecedented scale. Thus the small savings of the war period amounting to about Rs. 200 crores, the 650 crores of demand deposits with the banks, about 150 crores of refundable deposits with the Government, the currency hoards whose size it is difficult to estimate, and the post-war reconstruction funds of Provincial and State Governments virtually constitute an inflation potential for the post-war period. The course of Indian prices will be largely affected by the proportions in which these resources will flow into investment or press on the commodity market and their relative distribution between domestic goods and foreign goods. But the side of this potential in India is not very considerable compared to the position in the U.S.A. and the United Kingdom. It is, therefore, highly doubtful if the inflationary tendencies in the economy are of the magnitude necessary to combat the forces of deflation.

The factors outlined above do not support the contention that the cessation of hostilities will be immediately followed by a depression. On the other hand, it is highly probable that the first impact will be to produce boom conditions. The pent-up demand for consumption goods will make itself felt in the commodity market, while the demobilization process will necessarily take time so that the income stream will dry up only gradually. The supply of goods cannot be expected to increase rapidly except to the extent that current production of foodstuffs, clothing, iron and steel goods, cement and other building materials, etc., are diverted to the civilian sector of the economy. The tendency will, therefore, be, in the absence of controls, to raise prices still further.

The demobilization problem in India stands on a very different footing from that of Western countries. It cannot be lightly brushed aside as a "wholly transitory" phenomenon. The immensity of the numbers involved is seldom realized: The latest published figures show that the Indian army has expanded from a peace-time strength of 200,000 to over 2,500,000. The number engaged in auxiliary work for the armed forces exceeds 8,000,000. It is estimated that over 5,000,000 are employed in the war industries, 1,000,000 in running over-burdened railways and several millions more in the subsidiary cottage industries. The reabsorption of these millions into lucrative employment is a problem of immense magnitude. Our income and price levels must necessarily depend upon their successful transfer to peace-time employment. Industrial expansion offers small scope for absorbing these men immediately, because we are dependent on the outside world for the necessary capital equipment. Their import, however, hinges on the ability of the producing countries to spare them and on the size of our liquid resources in foreign exchange to procure them. The difficulties of importing capital goods would set serious limits to the pace of industrial expansion.

The future of Indian prices is, therefore, inextricably bound up with the prospects of agriculture. The outlook here also is not very bright. It is unlikely that many of the men discharged from the war-services will be inclined to return to agricultural pursuits; and even if they do, it will only increase the pressure on land where the Law of Diminishing Returns is already in active operation. The chances of increased employment in agriculture are meagre. Fresh areas to be brought under the plough immediately do not appear promising.

With regard to service incomes, the main constituents of that income are Government service, transport, trade, professions and domestic service. Government especially is a great employer in modern times and the machinery of Government has expanded enormously with the introduction of war-time controls. The retrenchment in this field will contribute a considerable share to the army of unemployed during the transition period. The transport system has been worked to the limit of its capacity and will be forced to relieve a large part of its personnel when it returned to a peace-time basis. The professions may not show an appreciable change but domestic trade and domestic service may be expected to provide increased employment. In the balance, however, the total level of employment in the services will tend to be much less than during the war period.

Thus our review of the prospects of employment in the post-war period leads to the conclusion that it would be presumptuous to expect that the level of employment and income will come to settle anywhere near the present high level. Therefore, the first flush of demand for consumption goods during the transition period would soon spend itself when the pent-up desires are alleged and the accumulated savings dwindle. The boom conditions engineered by the increased propensity to consume and the flow of accumulated savings into investment could not last long. The incapacity of the economy to absorb the unemployed and unemployable factors and to maintain the level of income will turn the tide.

The fall in incomes together with the diminished propensity to consume will lead to a fall in "effective demand," to lower prices, shrinking margin of profits, curtailed output and a cumulative process of depression. It is possible that agriculture and the consumption trades will be the first to be hit and the depression would spread to the instrumental trades.

But what about the vast expansion in currency? The note circulation has increased from the pre-war level of Rs. 170 crores to over Rs. 1,135 crores, an increase of over 567 per cent. But the official general index of prices has gone up to only 250 in June 1945 and has since shown a downward trend. The level of prices has remained fairly steady during the last year in spite of the continuous inflation of the currency. This disparity between the increase in note circulation and the rise in prices is certainly due to war-time controls on the one hand and the hoarding of currency on the other. No doubt, the effect of the large floating volume of currency will be to exercise a pull to raise prices, and it will, as we have already seen, raise them if the controls are removed in the immediate future before the supply of goods adjusts itself to the demand. But this will be a transitory phase. The currency factor cannot avert a depression if new money ceases to be injected into circulation. So long as employment and income cannot be kept up, the large volume of currency instead of being absorbed into the income and industrial circulation will tend to get blocked in the hands of individuals, especially business men and may return to the banking system in the form idle balances.

The resumption of international trade may introduce complications. The threat of an influx of cheap consumer goods in the post-war period is a real one and has to be faced. The technical efficiency of Indian industries is low compared to the scientifically advanced countries like the U.S.A. and the United Kingdom. Many of our nascent industries may wither under the blast of foreign competition and it may aggravate the problem of unemployment unless protective measures are adopted. On the other hand, the high cost of foreign capital equipment would be an additional handicap even to our established industries. But the volume of our external trade is small compared to our internal trade and the bulk of our exports are staple commodities. The depression, therefore, may not affect all trades in the same measure.

Thus the post-war problem in India is essentially a complicated one and it will be the task of future policy to combat the grave threats to our economy from within and without. If the above analysis of future trends has any plausibility, it would suggest a monetary policy to stabilize prices at an optimum level, a fiscal policy to check the influx of cheap consumer goods which compete with Indian industries, and above all, an economic policy aimed at sustaining the level of income and employment.

University of Travancore.

Food Control in the Madras Province--III

THE GROW MORE FOOD CAMPAIGN—I

DURING the past six years of global war, almost all countries, whatever be the extent of their participation, have found it necessary to combine in varying proportions two means of meeting 'shortages.' Consumption has been controlled and, in most cases, restricted so that scarce supplies may be eked out, and made to go the farthest extent possible in satisfying essential demand. At the same time, efforts have also been made, with varying degrees of success, to increase production and thus narrow the gap between supply and demand. Under war conditions, with as much of the productive resources as available mobilized for purposes directly connected with the waging of war, production generally speaking cannot be increased to such an extent as to obviate the need for economy of consumption. Nevertheless, to the extent to which a country succeeds in more fully employing its productive resources, to that extent, obviously, the need for the restriction of consumption is reduced. The cut in living standard would be less than what it would have become necessary otherwise, and the real cost of war would be kept down.

The scope for increasing production is naturally much less in agriculture than in manufacture. *Naturally* in a special sense. For, in spite of all the great developments in scientific agriculture, natural agencies still play a considerable part in agricultural processes. The part they play is, of course, much more considerable and even decisive in countries, where the practice of agriculture continues to be primitive. But whatever be the degree of the dependence of the crop on the climate in various countries, it should still be possible to step up production, to a greater or less extent, by the adoption of suitable measures. Where agricultural efficiency is at a high pitch, and natural resources are abundant, as in the United States or Australia, the possibilities of increasing production at a pitch are indeed great. In less fortunate countries, such as our own, the scope for emergency action is more limited, and the agricultural economy can respond only poorly to improvised stimuli for expansion, unless certain basic changes are effected in its organization and technique.

In the early months of 1942, however, the strategic situation, particularly in the Pacific, was not such that the Government of India could, even if they dlems of agricultural reorganization. Faced with a would, devote time and thought to the complex probserious lacuna in our food resources, they thought, and rightly, that all means capable of adding to food production in the short period should be adopted, irrespective of considerations of cost, or of their value in the long run. The Food Production Conference of representatives of Provinces and Indian States, which met on the 6th April, 1942, had only this limited and immediate objective in view. It made a number of recommendations, which formed the basis of the 'Grow More Food' Campaign started later in the year.

The Foodgrains Policy Committee have aptly remarked that agricultural production does not admit of any sudden innovation. The various ways by which it is practicable to increase production are well-known and fall into one or the other of two broad categories. (a) Measures aiming at increasing the yield per acre, and (b) measures seeking to bring more land under food crops. In the first category are included what may be called "intensive cultural practices," which consist mainly in the use of more manure, more water and better seed. The measures in the second group may be directed either towards discouraging the growing of non-food crops and favouring the growing of food crops or towards expanding the aggregate arable acreage by bringing fresh lands under the plough. In the Madras Province, all the above means of intensive as well as extensive cultivation have been practised, with varying degrees of success.

'More Manure' should be the central slogan of any food production drive in the province. The soil surveys carried out in important agricultural areas have revealed the existence of a pronounced degree of soil deficiency:

District	*Per cent. area deficient in*	
	Nitrogen	*Phosphate.*
Godavari	43	23
Kistna	33	55
Guntur	80	33
Tanjore	87	80
Periyar	0	90
Malabar	0	90

The extension of irrigation and the introduction of new and high yielding varieties of crops seem to have speeded up the exploitation of soil fertility. A stage has now been reached when the application of

more manure has become the basic condition of increased production of paddy, particularly in the delta areas.

Unfortunately, the province is deficient in all the important manures. About 267,500 tons of oilcakes of all kinds are produced and allowing for the quantities used as cattle feed, some 200,000 tons may be taken to be normally available for manuring. These will be sufficient only for 1 million acres of paddy, whereas there are about 10 million acres under the crop. Green manuring is known to increase the yield of paddy by 25 per cent., and yet only some 650,000 acres out of 8 million acres of irrigated paddy land is green manured. There are 14 bone-mills in the province producing 25,000 tons of bonemeal. The greater part of the bonemeal, however, is used up in the manufacture of proprietary manure mixtures, which are mostly used for plantation crops, sugarcane and tobacco. The average annual consumption of ammonium sulphate before the war was 31,000 tons. But now this chemical has become scarce, because imports have not been forthcoming freely. The Madras province has a large livestock population, and cattle dung should normally do service as a major manure. But the use of dung as fuel is as widely prevalent there as in other parts of the country. Much valuable manure in the form of urban sullage and sewage is usually allowed to go to waste in the absence of arrangements for composting. It has been estimated that the province is deficient in manures to the following extent.: Potash 56,000 tons; nitrogen, in the form of oilcakes, ammonium sulphate and ammonium phosphate, 52,000 tons; and phosphoric acid, in the form of bonemeal or superphosphate, 100,000 tons. This estimate does not allow for the requirements of plantation crops, but takes into account the needs of tobacco and cotton in addition to these of food crops.

The Government have taken certain energetic steps to conserve the provincial resources.. They have prohibited the export of oilcakes, bones, bonemeal, bonegrist, fish guano, chemical manures and green manure seeds and encouraged the import of oilcakes from Hyderabad and Kathiawar. Within the province, the Madras Oilcake (Movement Control) Order, 1943. regulates inter-district movement under licenses issued by the Director of Agriculture, in accordance with a zonal scheme of supplying the deficit areas from the surplus areas. The Madras Manure Dealers' Licensing Order, 1943, which makes it compulsory for every dealer to obtain a license from the Director of Agriculture, comply with all official instructions regarding sale, or storage for sale, or distribution of manure, and submit monthly returns of stocks and sales. The wholesale and retail prices for groundnut cake have been fixed in all districts, and for castor cake in a few districts. The Government have sanctioned a permanent advance of Rs. 52 lakhs for the purchase and sale of manures, and the Department of Agriculture have opened a number of depots in all the districts, where manures are sold at less than all-in cost, the Government bearing the overhead charges relating to internal transport. storage and distribution. Manures worth about Rs. 75 lakhs were distributed in 1944-45; the subsidy on this turnover amounted to Rs. 1.5 lakhs, to which the Central Government contributed half. The manures are generally sold for cash, but *Takkavi* loans are issued freely for their purchase. To a certain extent, free distribution of manures to 'poor and deserving ryots' has been sanctioned. The rate payable for removal of green leaf manure from reserved forests has been reduced by half. Thus, the Government have explored more or less all possible means of conserving existing manurial resources and ensuring their proper distribution at reasonable prices.

They have been less successful, however, in developing additional sources. The situation with regard to chemical fertilizers is particularly disappointing. The Government of India allotted to the province about 17,800 tons of ammonium sulphate, 3,000 tons of ammonium phosphate, and 1,100 tons of super phosphate for distribution during 1944-45. This quota is quite insufficient, as even the pre-war consumption of ammonium sulphate alone was about 31,000 tons. For the inadequacy of chemical fertilizers, the Central Government is to be blamed. It will be recalled that, as early as in September 1943, the Gregory Committee urged the immediate establishment of plant producing at least 350,000 tons of ammonium sulphate per year. But action has been slow and even the preliminaries have not yet been completed. Meanwhile, the provinces have had to be content with the meagre doles which the Centre can give them out of limited lend-lease supplies. In another direction, however, responsibility for dilatoriness seems to be that of the Madras Government. It is surprising that no local body in the province has actually got going a scheme of composting town-refuse and night soil through the Bangalore process. It is only recently that the preliminary step of training a certain number of supervisory and subordinate staff has been completed. Greater attention has been paid to the encouragement of green manuring. In 1944-45. some 3 million lb. of green manure seeds were distributed by the Agricultural Department, as against the one million lb. distributed in 1942-43. Arrangements have been made to distribute 3.5 million lb. in the current year and 4 million lb. in 1946-47.

Next to adequate manuring the provision of irrigation and drainage may be considered as the most effective short-term means of increasing production. In recent times, the province has always had a considerable portion of its cultivated area under irrigation. The total area irrigated by major and minor works was, on the average, some 6.9 million acres during the quinquennium ending 1921-22. By 1941-42, the quinquennial average had risen to 7.5 million acres. owing chiefly to the completion of the Cauvery-Mettur project in the thirties. Besides the major and minor works, there is an extensive system of well irrigation, which is particularly important in districts not served by the principal canal and reservoir projects. On the 10 million acres of paddy area in the province, about 8 million are irrigated.

Under war conditions, the scope for spectacular irrigation projects is obviously limited. The Government, however, seem to have attempted to tap all possible sources, except tube wells, which are not considered to be practicable in the province. An active programme of 'Grow More Food' irrigation works was started by the Public Works Department in February, 1943. Up to 30th June, 1944, 63 irrigation schemes have been sanctioned at a cost of about Rs. 74 lakhs. Out of these, 51 schemes costing about Rs. 59 lakhs and expected to bring under cultivation about 56.000 acres have been taken up, and 14 completed. A scheme to bring under irrigation about 40,000 acres of commanded but unirrigated land in the Cauvery-Mettur project area has been completed, and it is hoped that by October 1945, a further 40,000 acres may also be brought under irrigation. Two main principles have been followed in the selection of these schemes: (1) maximum results in minimum time, and (2) distributing the works all over the province instead of confining them to particular tracts such as the delta areas.

The Revenue Department have carried out some minor irrigation works, but the difficulty of finding suitable small works and the shortage of minor irrigation staff have limited the expenditure under this head. The Government have sanctioned about Rs. 2 lakhs for distribution as special loans for sinking wells and repairing old ones. An expenditure of Rs. 98,903 was incurred for this purpose in 1943-44. Also a provision of Rs. 26.5 lakhs has been made in the budget for 1944-45 for *takkavi* loans. This is more than double the budget provision for 1942-43. Special consideration has been paid to the development of well irrigation in districts, where the rainfall is scanty and precarious and canal and reservoir irrigation insufficiently developed. A sum of Rs. 1,15,625 has been sanctioned as subsidies to ryots for sinking wells in these 'dry' areas.

There is a considerable lag between the area which the existing major irrigation works *can* irrigate at present, and the area actually irrigated by them. Taking the canal projects the total area irrigable at present is 3,562,000 acres, but only 3,416,000 acres were charged as irrigated in 1942-43; in the case of the reservoir projects, the figures are 4,115,000 acres and 3,786,000 acres, respectively. Thus, for some reason or other about 475,000 acres remained unirrigated at the beginning of the 'Grow More Food' campaign, although existing irrigation works were capable of irrigating them. This waste has been sought to be eliminated by encouraging the ryots in various ways to make an extended use of existing irrigation facilities. Concessional water-rates, exemption from water-cess and waiving of assessment in the case of off-season crops and of dry lands subsequently converted into wet and cultivated with paddy and the extension of the period of water supply to stimulate the expansion of single-crop into double-crop lands are some of the means resorted to, particularly in the delta areas.

Dr. Burns, the late Agricultural Commissioner to the Government of India, reveals that a circular letter sent to the Directors of Agriculture of provinces and States, asking which three methods were considered most effective in increasing growth of food and in what order, brought replies of which the following is an analysis:

(Eight Directors replied)

Method employed	Places Allotted 1st	2nd	3rd	Total
Measures involving water supply (irrigation concessions, etc.) ..	3	2	1	6
Measures involving manure supply ..	Nil	3	2	5
Manures involving seed supply	3	3	1	7

The popularity of better seed is not surprising although its potentialities are limited in the absence of proper manuring and adequate water supply. From the administrative point of view, seed supply, as Dr. Burns points out, is easier to carry out than manure supply. From the 'Grow More Food' point of view, a high-yielding strain is, perhaps, the most direct means of increasing production.

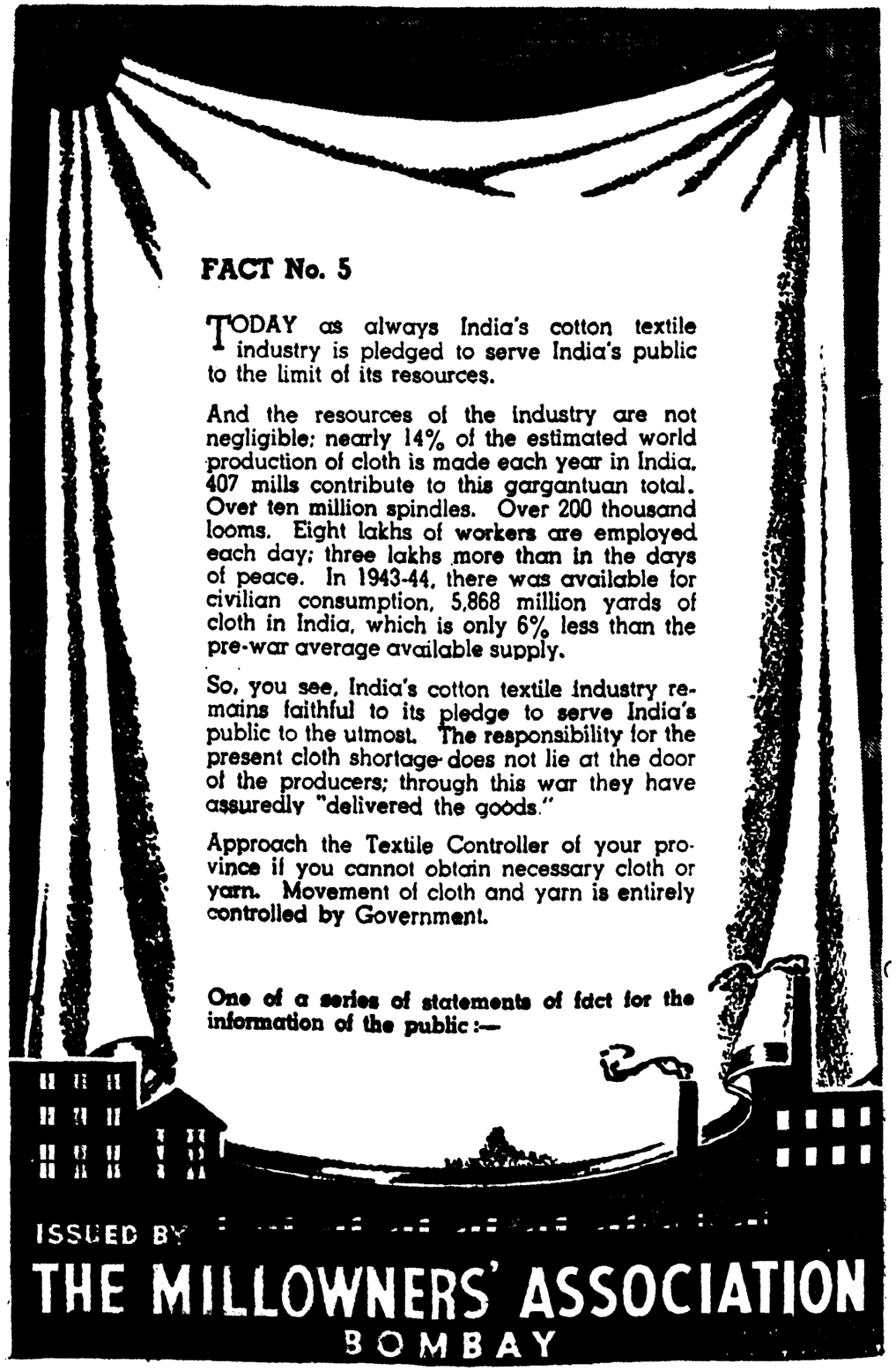
Even before the war, the Agricultural Research Stations in the province have been engaged in the evolution of improved strains. The greatest attention has been paid, naturally, to the paddy crop. There are about 125 strains, covering various varieties and suitable for different areas. There are 12 strains of *cholam*, 6 of *cambu* and 8 of *ragi*, the three major millets. The propagation of improved seeds has been actively pursued under the 'Grow More Food' campaign. Improved strains are first multiplied on a Government farm, then on the lands of reliable farmers in two stages, *viz.*, primary seed farm and secondary seed farm. The crop is carefully rogued under departmental supervision at all stages, finally purchased by the Government who pay a premium of 4 annas to rupee one per bag of 166 lb. over the market rate, and sold at the agricultural depots. Paddy seed schemes running in 13 districts, and they are expected to bring under improved strains some 5 million acres by the end of 1946-47. The total cost is placed at Rs. 12.5 lakhs. Again, the need for enabling the dry millet producing districts to be as little dependent as possible on the surpluses of rice-growing areas has invested millet multiplication schemes with an importance and urgency, which would not have been theirs normally. Schemes have been sanctioned at a cost of Rs. 6.5 lakhs, and they are expected to bring 800,000 acres under improved seeds. The following is the programme, which the Agricultural Department have set before themselves:

(Figures in Thousands)

Crop	1944-45 Quantity of seed distributed Lb.	1944-45 Area to be covered Acres	1945-46 Quantity of seed distributed Lb.	1945-46 Area to be covered Acres	1946-47 Quantity of seed distributed Lb.	1946-47 Area to be covered Acres
Paddy	120,000	4,000	135,000	4,500	150,000	5,000
Milleth	3,600	600	4,200	700	4,800	800
Pulses	60	6	70	7	75	7.5

Thus, when the programme is complete, about 50 per cent. of the total and over 60 per cent. of the irrigated paddy area would have come under improved strains. In the Cauvery and Godavari delta areas and in the districts of South Arcot, Nellore and Trichinopoly, the whole paddy area would have come under improved strains, while considerable areas would have been covered in other important rice-growing districts. There are at present about 422 departmental depots, selling improved seeds to the ryots. This number will have to be greatly increased as the schemes progress. The Government have placed at the disposal of the Director of Agriculture a permanent advance of Rs. 28 lakhs for the purchase and distribution of improved seeds in the districts where seed multiplication schemes are working. The overhead charges are equally shared by the Madras Government and the Government of India, and are not included in the sale price. Seeds worth about Rs. 46 lakhs were distributed in 1944-45, and the subsidy involved in this transaction was estimated at about Rs. 5.75 lakhs. *(To be continued)*





THE WORLD ABROAD

Threat to Our Sterling Assets

FROM OUR WASHINGTON CORRESPONDENT

WASHINGTON, Sept. 24, 1945 (By Cable).

IN their search for a solution of Britain's financial problem the Anglo-American conferees passed the factual presentation phase last week and then virtually took a recess with plans to renew talks toward the end of this week. This will give each side an opportunity to consider a multitude of documents and statistics presented in support of its position and then only the proposed solutions will be taken up. Correspondents have been able to learn in considerable detail what is going on inside so far as Britain's statement of her financial situation and the need for aid is concerned. They have also elicited much information as to the advantages which, Britain feels, will result from the successful bargaining here not only for the United States but also for the entire world. But if Britain has any proposals to make how and in what amounts financial aid should be made available she is making them a wellkept secret. The view prevailed in some informed circles that each side is jockeying for position hoping the other would make the first proposition. It seems obvious that the British are unwilling to state on what terms a loan would be acceptable until every chance for obtaining a grant has been exhausted.

Perhaps in realization of the fact that Britain has a much greater convassing job to do with the American citizens and Congress than with the executive officials Lord Halifax last week went on the radio to explain his country's position regarding the aid from United States and stated quite candidly 'our economic situation is serious.' But just as emphatically he added that it was not desperate for a desperate situation implies despair about its satisfactory solution and 'no one in Britain feels that.' In a typically masterful presentation Halifax pictured for the Americans the economic situation in which Britain found herself upon the end of war and termination of Lend-Lease—a picture in marked contrast with the situation in America which has been converting smoothly to peace-time life. Against such a background he said 'broadly speaking we have two courses open to us. One is to cultivate our own garden that is to say develop our trade as much as we can with what is known as the Sterling area peoples from whom we can buy without having to pay in dollars we have not got. We should have to buy as much as we could from them and as little as we could from outside. That means controls, barriers and restrictions. It may not be the best solution but if it seems the only way out, whether we want to or not, we may have to take it. The other solution is you and we should try to see if we can work out something together that will make for freer and expanding world trade. I believe that if we can get this in the long run everybody will be better off. This is not only our problem but something which vitally concerns the whole world.'

It is learned here that, meanwhile, Britain has taken the line, in the talks with American officials that the division of labour between her and United States for the prosecution of war was the best possible military arrangement but one which left the United States advantageously situated in the post-war whereas it has had just the reverse effect on Britain. For example while Britain's assets were being liquidated early in war, her manpower mobilized for total war effort and her exports reduced to one-third, the United States was building a worldwide trading mechanism and exports inclusive of lend-lease were expanding to twice the pre-war level. Consequently, in the British view, there must be arranged some device for enabling her to import from the United States until foreign markets have been restored and foreign exchange begins to accumulate. The British Delegation are also said to be making it clear that they believe that internal rehabilitation can be accomplished largely, if not entirely, with Britain's own resources. It appears that Britain's search for aid is being based on the hypothesis that there should be a redressing of balance between the two countries following the war and mutually beneficial means must be devised for Britain to regain her export trade. Observers believed at the end of six meetings between the British and American officials that at the end of this year there will ensue a critical belt-tightening period in Britain unless satisfactory arrangements are worked out here. In this connection it must be pointed out that the year is wearing away and Congress, which does not always act swiftly, must pass judgment on whatever solution is proposed.

The United States is continuing to stress its view that there must be a scaling down of sterling balances held in London. This proposition affects India more than any other country. Alongside of this, there is a feeling in the official circles that the U.S. should not be asked to be more generous than members of Britain's own family. In any question regarding imperial preferences, the scaling down of Britain's sterling debt, it is, however, emphasized by both sides that the Dominions and India must be brought into the negotiations and in respect of the sterling balances it is expected that they would make the reductions of balances conditional upon the availability of dollar credits or some other satisfactory arrangements for making foreign purchases. The British apparently take the view that it is difficult to discuss the sterling question with the Dominions until they know how far Congress will go in extending aid. Consequently, about the farthest that the British Delegation could go was to state that if the sterling area gets great benefits from any arrangement made here it probably would be willing to reach quick agreement on what its corresponding obligations would be.

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A DELHI DIARY

THE recent Congress resolutions about Wavell Plan II, self-determination, the I.N.A., Sterling Balances, demobilization etc., are the subject of considerable debate in political circles here. It is being felt in the highest circles that even without real power, the Congress is evolving into a parliament of the nation. Its rejection of Wavell Plan II—a carbon copy of Cripps proposals with several unfortunate erasures—was a foregone conclusion. Its resolution about self-determination is regarded here as balanced and logical. It is being increasingly felt that the Pakistan proposal is now doomed. The Congress has obviously made up its mind against any further appeasement of the Muslim League. The elections are to be fought, as Pandit Nehru has made it clear, not on the Pakistan issue, but on "Quit India" demand. The Congress has no doubt that the nation will endorse it. which means authority for the Congress to proceed with constitutional negotiations in the first instance, followed either by the formation of a national Government or by direct action—if that is unfortunately necessary. Political circles here are struck by the spirit of compromise, demonstrated by persons, who count no cost for freedom. But they are equally struck by the firmness with which the Congress High Command has stated the alternative to constitutional settlement. The resolution about sterling balances has been very well received in business circles. While some Anglophobes regard it as unfortunate, the commercial community and economists feel that it will strengthen the hands of the Government of India, if it so desires. In any case, the resolution is regarded as timely in the view of alarming reports from America about a well staged manoeuvre to override our claims. The resolution about demobilization is being well talked of for its sanity both of expression as also of views. The Congress is obviouly out, it is being frankly said, to win the sympathies of all sections composing the nation. As the future Government of the country, it must command the confidence as also the affection of the armed forces, on whose support the effective exercise of sovereign power so demonstrably depends. Its resolution about the Indian National Army is being similarly interpreted.

Sardar Patel's "Quit Asia" demand has had an echo almost throughout the whole continent. Almost simultaneously came the news of nationalist uprisings in Java, Indo-China and Siam against the restoration of the *ancien regime*. In Indo-China, according to an American broadcaster speaking from a United States warship off Saigon, "the War of Independence" has been going on for several days. The British say that they, not having enough troops in Indo-China, are using 2,000 released prisoners of war and calling on 5,000 Japanese stationed in Saigon area. To cope with the sluation in Java, the Dutch Government is also asking for the release of Dutch ships from the United Nations shipping pool to take 2,000 marines to the island. The colonial issue has, thus, been effectively brought to the foreground by practical happenings in the East simultaneously with Russian proposals about Italian colonies at the Big Five Foreign Ministers' Conference now in session in London. According to the special correspondent of a contemporary, as soon as Molotov returns to Moscow, Russia will declare her attitude to the colonial issue and make a direct reference also to the Indian issue. Meanwhile, indignation is being expressed in political circles in the city that Sir Geoffrey Prior should be appointed to represent India at the Foreign Ministers' Conference in London.

The Indian Council of World Affairs had an interesting meeting last Wednesday when Sir V. T. Krishnamachari, one of the Delegates to the San Francisco Conference, spoke on the United Nations Charter. In the course of the talk, he revealed that the Indian Delegates stood on the right side with China and Russia in pressing, without success however, for the inclusion of "independence" as the goal of Colonial administration by the Colonial powers.

It is understood that Mr. Vellodi, Textile Commissioner, Bombay, will not after his leave return to his appointment but will proceed to England to take up the office of the Deputy High Commisnsioner in London. The Deputy High Commissioner's post has been kept vacant for an unconscionably long period in the search of the Government for a suitable Muslim for the post. It is a pity that it has not been found possible but the High Commissioner's office in London has suffered much on account of this delay as well as of the insufficient and ill-equipped staff. New Delhi moves slowly and its proverbial delay is causing despair both at home and abroad. Reorganization of the staff of the High Commissioner's office is long overdue. It is manned largely by superannuated Britishers whose knowledge of India is next to nothing. Indian students going to England do not feel the slightest enthusiasm in calling at that office and are not drawn to it. But for the compulsion imposed on them they would be glad to be miles away from it. The staff are perhaps overworked and do not inspire confidence among the students. These conditions reflect little credit to India. The Indian section of the staff is terribly discontented at the poor emoluments and bad conditions of service and employment. On the technical side too the office should be strengthened. It is realized both here and in England that there can be little hope of effecting an improvement as long as the present Government continues. New Delhi has also lost faith in itself. Demoralization is thus complete, but not demobilization of the present Government.

Within the next two weeks, a number of Committees will be meeting to consider various problems connected with planning. Sir Ardeshir Dalal has already called a meeting of the Standing Committee of the Legislative Assembly to discuss in all probability, the Government's statement on Industrial Policy of April last and to acquaint the members with the result of his recent overseas mission. Early in October. the Industries (Reconstruction) Committee will be meeting and about the middle of the month, the General Policy Committee—all presumably to discuss the Government's statement on industrial policy and review the progress of planning. It remains to be seen whether these bodies will give the Government's Industrial policy the enthusiastic support which the economic 'brains trust' is said to have given at its recent meeting in Bombay. One important question is bound to be discussed shortly by all the Policy Committees, *viz.*, industrial finance. Some months back, the Governor of the Reserve Bank in a public speech, suggested the formation of an industrial finance corporation to be participated in by Government, Reserve Bank, banks and other financial institutions. It is understood that the Reserve Bank has submitted the detailed scheme of an Industrial Investment Corporation and that it was discussed at the recent Bombay meeting of the economists. Why should not the Government publish the scheme. if they want further public discussion?

ARGUS.

SECRETARIAT LIBRARY
2 OCT 1945
MADRAS GOVERNMENT

MONEY MARKET

Gilt-Edged Firm—Rise In Bullion Prices

BOMBAY, Sept. 23, 1945.

EASY conditions prevailed in the money market.

Inter call rate was quoted at 1|4 per cent. and three months and six months deposits at 1|2 per cent. and 3|4 per cent. respectively.

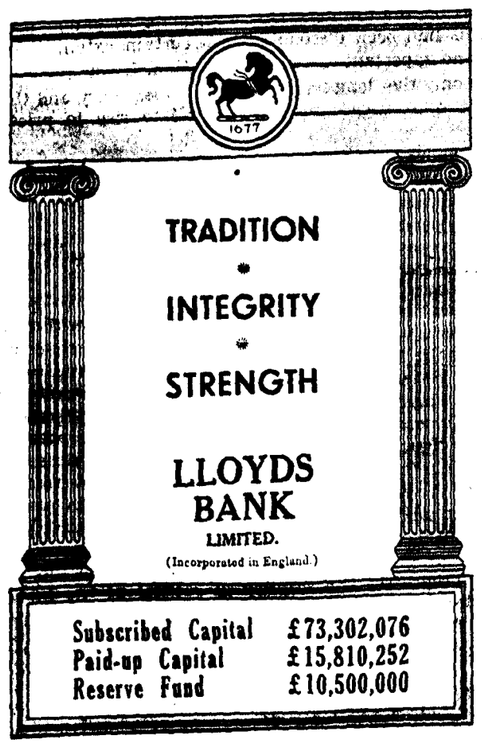
Applications for Rs. 2 crores 3 months Government of India Treasury Bills amounted to Rs. 4.47 crores as against Rs. 2.83 crores last week. Tenders at Rs. 99.14.9 were accepted is full and these at Rs. 99.14.6 were allotted approximately 44 per cent. Total amount accepted was Rs. 2 crores, the average rate of interest being Rs. 0-6-0 per cent. per annum. as against 5 as. 11 ps. per cent. per annum last week. The increase of one pie in the Treasury Bill rate is attributed to the absorption of funds by the provincial loans. Tenders for Rs. 2 crores have been invited for the next week.

The results of the subscriptions to the provincial loans announced early in the week disclose the Underwriters had to take up about 55 per cent. of the U.P. and Madras loans and 25 per cent. of the Punjab loan. Most of the Underwriters were found selling these loans to the public discount of 4as. because they were getting 8as. underwriting charges. Had the authorities reduced the issue price by a slight fraction public support would have been forthcoming instead of depending upon the Underwriters.

Reserve Bank

The Reserve Bank statement for the week ended 14th September '45 shows that total notes in circulation have fallen down by Rs. 56 lakhs and the total notes issued have increased by nearly 12 lakhs of rupees. Notes held in the Banking Department show an increase of Rs. 68 lakhs. The Central Government deposits have gone up by Rs. 2 crores and 54 lakhs and other Government deposits show an increase of only Rs. 74 lakhs. Bills payable show a fall of Rs. 2.35 lakhs while other liabilities show a rise of Rs. 15 lakhs.

The statement of affairs of the scheduled banks shows that the demand liabilities have increased by Rs. 5 crores over last week and the time liabilities a fractional increase of Rs. 74 lakhs. Cash in India shows an improvement of Rs. 1.35 crores. Balances with the Reserve Bank have decreased by Rs. 45 lakhs. Advances in India have also fallen by Rs. 3 crores and 32 lakhs thus indicating that the trade demand for funds was almost absent. Bills discounted in India indicate a slight rise of Rs. 19 lakhs.



Gilt-Edged

The gilt-edged market was firm throughout the week in sympathy with the upward trend of the other markets. 3-1|2 per cent. paper which opened at Rs. 101,11.6 gradually rose and closed at Rs. 102.1, the demand emanating from institutional investers. 3 per cent. non-terminable paper met with good demand round about Rs. 97|-. Long dated loans were exceptionally firm. 3 per cent. 1963|65 registered a rise of 3as. to close as Rs. 99.6.0 3 per cent. Funding Loan 1966|68 was quoted at Rs 98.11. Sellers were scarce in all these scrips. Short dated loans, particularly 3 per cent. 1946 Defence Bonds eased by one anna and closed at Rs. 102-5-0.

Bullion

The Bullion market worked only for four days during the week under review. The tone of the market was firm and the prices of silver jumped up by Rs. 5-1|2 and of gold by Rs. 3. On Monday came a Washington report to the effect that the U.S. Administration were contemplating to raise the price of imported silver from the fixed level of 45 cents by 5 to 10 cents. It was said that inspite of huge stock which America held, Americans administration wanted to encourage imports of silver for expansion of industries. This gave an opportunity for the bulls to put up the prices. Silver opened on Monday at Rs. 124.4., registered an increase of Rs. 3-1|2 and closed at Rs. 127.10 on Tuesday. There was a squeeze in the Calcutta market and 600 bars of silver were despatched from Bombay to Calcutta. This influenced the market. On Wednesday silver was quoted at Rs. 127 and within half an hour the price jumped to Rs. 129. Reaction set in and the prices came down to Rs. 126.13 when there was renewed buying. Fluctuation continued and silver closed at Rs. 129.11 after touching Rs. 130 earlier in the day.

The stock is reported to be 2,000 bars. Arrivals from upcountry averaged about 50 bars per day. The daily average offtake was estimated at 200 bars.

Firmness prevailed in the gold prices too. Opening at Rs. 72.3 on Monday prices went up in sympathy with silver and closed at Rs. 73.11 on Tuesday. *Haj* pilgrims attempted to carry gold with them in the shape of sovereigns. It led to a fair demand for gold for conversion into sovereigns. Bulls who were predominating the market took the opportunity to push up the prices further. Gold opened at Rs. 73.6 on Wednesday but closed at Rs. 74.12 on Thursday after touching Rs. 75 earlier in the day. Friday and Saturday were holidays in connection with the A.-I.C.C. meeting in Bombay.

Total stocks are estimated at 1,25,000 tolas. Arrivals from upcountry averaged of 10,000 tolas and the daily average offtake was about 25,000 tolas.

Sovereigns opened on Monday at Rs. 49.2 and advanced to Rs. 50 by the evening when the demand was at its peak namely 10,000 coins. The daily average offtake during the week under view was 7,500 probably due to the *Haj* pilgrimage season. Stock is reported to be 10,000 coins.

Stock Exchange

The Bombay Stock Exchange was on the upward trend, Tata Steels again leading the market. Defds.

which were hovering around Rs. 2,250 witnessed a spectacular rise and crossed Rs. 2,300 level. Opening on Monday at Rs. 2,288 they registered a rise and closed at Rs. 2,338.12 on Thursday. mostly due to speculative buying. Tata Ordinaries likewise gained Rs. 7.8 and finished at Rs. 437.8.

In the Textile Section, Bombay Dyeings were up by Rs. 30 and closed at Rs. 1,960. Kohinoors closed at Rs. 614 as against Rs. 599 last week. Simplex, Swadeshis, Colaba Land also gained Rs. 9, 21 and Rs. 4 respectively. These rises indicate that operators have revived their optimism about the prospects of Indian industries. The trade delegation which recently returned from America and England have confirmed the earlier impression that because of domestic demands competition from abroad could not be severe and the prospectus for Indian industries for three or four years are bright. This is responsible for the renewed buying on the part of a certain section of operators resulting in the rise in the prices as stated above.

Rise In Important Shares

CALCUTTA, Sept. 24, 1945.

THE sharp rise in bullion prices and the expectations that important companies would pay satisfactory dividends resulted in a generally firmer tone on the Calcutta Stock Exchange. Though business passing was not on a large scale operators seemed to be of the feeling that there was no possibility of any appreciable setback in prices as the bullion market was bound to continue firm and the satisfactory dividend declarations would revive interest in the market. Thus, while for a time a slightly easier tone and a reduction in the amount of business was expected with the approaching Puja holidays steadier conditions have prevailed in the past few days and the leaders are quoted higher.

There is considerable speculation at the resent moment regarding the final dividend of the Indian Iron and Steel Company Limited for the year ended March, 1945. Earlier it was suggested that only one rupee might be paid and that the quotation for the shares would be marked below Rs. 41. After the encouraging speech by the Chairman of the Steel Corporation regarding a bright future for the Corporation it was said that even with a reduction in output the directors of India Iron would try to maintain dividends as Tatas did and that the Indian Iron company also had a bright future as extensions had been undertaken. Market speculation is rather strange at times. Against the expectations of a decline in the dividend there is a section of the market which is even expecting an increase in the distribution now. After the announcement that the Equitable Coal Company would pay a dividend on the ordinary shares of two rupees per share there are reports that the Burrakur Coal Company Limited would pay one rupee per share.

It is significant to note that the rise in prices has been confined mainly to the leaders and that there has been no general improvement. Business is mostly professional in character but it is expected that investors would enter the market before long.

That the failure of the provincial loans has no significance as an indication of market conditions will be evident from the steadier tone of the gilt-edged securities section. 3-1|2 per cent. Paper is quoting higher at Rs. 102|1 while among terminable loans 3 per cent. 1957 were Rs. 100|7, 3 per cent. 1963|65 Rs. 99|4 and 3 per cent. 1966|68 Rs. 98|10. There is no truth in the suggestion that the expectations regarding the yields on gilt-edged securities are different as the near dated loans are as popular as ever. The recently issued 2-1|2 per cent. 1950 is quoting at a premium while there is a rise in the price for 2-3|4 per cent. 1948|52. The failure of the provincial loans is mainly due to the underwriters should get the block. Otherwise, there cannot possibly be any reason for the poor response and the underwriters being called upon to take as much as 56 per cent. of the Madras loan. None of the loans were fully subscribed in spite of the fact the lists were kept open for full three days.

In the coal section there is a sudden rise in Burrakur on the expectations of a higher dividend, from Rs. 44|6 to Rs. 45|6. On the reports that the Karanpura Mining Syndicate Limited has been functioning satisfactorily there is a rise in the quotation for both Churulia and Karanpura Development. The Karanpura Development, Churulia and Sendra Coal have got an interest in the Karanpura Mining Syndicate Limited. New Beerbhoom were steady at Rs. 48 while there was a sudden rise in New Manbhoom to Rs. 110|8. The new shares remained firm. Equitable on the announcement of a dividend of two rupees per share improved to Rs. 73 from Rs. 72.

The jute section has been rather quiet and there is no important change in prices. The lack of interest is not quite explainable. If the expectations of operators in the goods market turn out correct there should be greater activity in jute shares before long. Howrah were sticky at Rs. 92|12 while there was very little business in the bigger denomination shares. The only share to record a rise in the quotation is Chitavalsah.

At the annual general meeting of the shareholders of Steel Corporation the Chairman remarked that owing to the pressure of an increase in demand for steel, large extensions to plant had been carried out and that from the beginning of the next year the Corporation would be producing nearly producing more than double the quantity of steel. That the large extensions to plant have been carried without any increase in the issued capital improves the prospects of larger dividends on the ordinary shares. As the brighter prospectus had been discounted to a certain extent there was no important rise in the quotation. It was regarded that only the long-term view was satisfactory and that there was no case for any immediate rise in prices.

Among others there is nothing of importance. Both sugars and teas were neglected while Calcutta Electric, among miscellaneous issues, were fluctuating around Rs. 46 pending the publication of the details regarding the agreement between the Bengal Government and Electric Corporation.

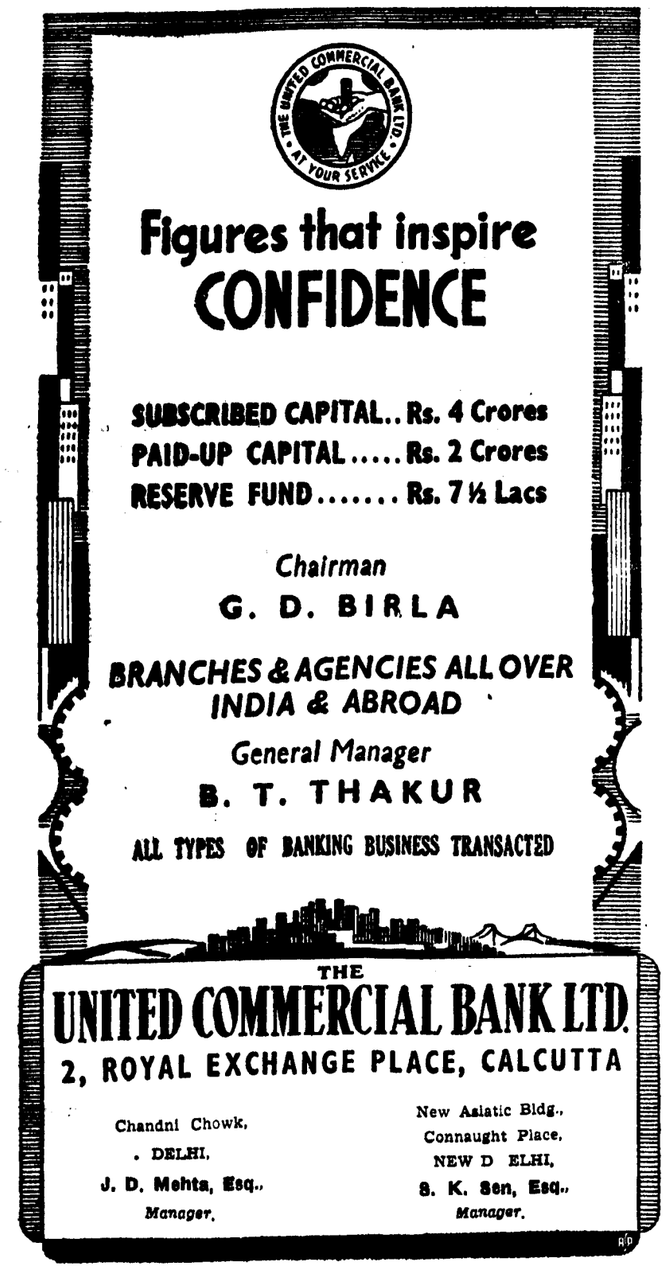
The raw jute market was rather weak with business on a very small scale. Mills were not eager buyers as the final forecast figures of the 1945 crop were much better than expectations and the important centres of cultivation of jute like Mymensingh, Faridpur and Tippera showed a large increase over the previous year's figures. The damage to the crop does not appear to be considerable. Only with the overmaturing of the crop there might be a deterioration in quality. As demand is expected to be on a larger scale for sacking the deterioration in quality of the fibre will not have any great effect on the market. Only as the season, progresses the scarcity in respect of the higher grades might become more pronounced. The production figures for the month of August showing a large reduction over July had also a discouraging effect.

In loose jute section, quotations were four annas lower Supervised Jat Middles being noted at Rs. 15 and Rs. 12 per maund. The quotation is for 30|70 assortment. Indian District Tossa Jute also quoted at the same levels.

In the pucca bales section business was poor. Apart from small sales for export to Belgium there is nothing else of importance.

After earlier quietness the jute manufactures market has closed firm. In the hessian market the quotations for near positions are at maximum rates. For 11 Porters the bazar is prepared to offer a good discount for March delivery. In the heavy goods section there has been a recovery towards the close on unconfirmed reports that large orders for sacking had been placed. It will ready quoted at the maximum of Rs. 66|12 while October|December quoted Rs. 65|6.

The reduction in the output for August was due to the shortage of coal supplies and the lower efficiency of workers. The total output at 79,324 tons was the lowest for the year, the figures for the two previous months being 81,561 tons and 88,300 tons respectively. 15,400 tons were on military account in August and 63,924 tons on civil account. There was actually an increase in production on Government account even with the smaller total output.



THE BUSINESS WORLD

THE COAL SITUATION

THE war has made large demands on all sources of industrial power, and coal has been one of the worst affected. Reserves of coal all over the world have been depleted, while in parts of Europe physical destruction of coal mining facilities has taken place.

The principal coal mining centres of the world are the United States of America, England, Russia, Japan and Western Europe. International trade in coal is quite small in relation to its production. And in this the share of the industrial regions was in 1938 81 per cent. of the world exports and the bulk of this represented intra-trade amongst European countries. The share of the industrial countries on the continent of Europe in the world exports of coal in 1938 was 36 per cent. and in the world imports 56 per cent. Thus these countries as a whole, *i.e.*, Germany, France, Belgium, Netherlands, Sweden, Switzerland, Czechoslovakia, etc., have been net importers.

In the present situation of falling or fallen production, the worst sufferers are Western Europe and Russia. England's position is also not much better though there is no physical destruction. The United States of America also has had to draw heavily upon the reserves, though her wartime production reached new higher levels. Labour shortage is a common factor affecting coal production in all these countries. In England the organization of the industry and its equipment are deficient. On the continent transport is defective and very limited.

Normal production of coal in France before the war was around the region of 45 million tons a year. This, however, sufficed to meet only about three-fourths of her requirements. The rest had to be provided by imports. Only Germany and Poland were any substantial exporters of coal to other European countries. Their exports in 1937, a fairly representative pre-war year, amounted respectively to some 40 and 11 million tons. Though Belgium and Holland also used to export about 4 million tons, their imports have more than offset their exports, the trade, being mainly an exchange of qualities. Europe in general has been a net importer of coal. Britain has been the sole overseas supplier of coal to the continent. Britain's exports averaged around 20 million tons.

French coal mines are not expecting to produce this year more than 30 million tons, which is about two-thirds of her pre-war production. Though most of her coal mines have been recovered intact, difficulties of labour supply and transport are proving too great. Recent reports show that production has now been stepped up from 600,000 tons a week to 700,000 tons a week; but even if this progress is sustained, the situation will show only slight improvement. It may account for another 5 million tons. Even this favourable feature is due to the larger labour force than any rise in output per man-shift. The labour force in the French coal mines has declined from 245,000 in the end of 1938 to 205,000 at the beginning of February last with disturbing changes in the mean-while on account of the changing fortunes of war. The fall in the output of her man-shift amounts to about one-fifth. The ultimate reason for this is malnutrition. The food shortage over the continent as a whole has had its effect on efficiency in production. Drafting of young men into the army, transportation of several miners by the German military Government into the German borders have caused serious shortage of man-power. Absenteeism among labourers has also helped in this all-round decline. The transport weakness is specially acute in Holland where there is the additional difficulty of bringing the pit props to the mines. Holland's present production of about 14 million tons is about a third of that in 1937. In Belgium production is at about 30 million tons a year, about half her pre-war level. In the Netherlands as a whole there is at least 50 per cent. reduction in their normal supplies.

In Western Germany the physical destruction has been great. Production in this area comprising the Ruhr, Aachen, Saar and Saxony is at about a sixth of the level in 1938. The monthly rate of output for this area is now 1,932,000 tons, 15.3 per cent. of the 1938 figure. Though the Saar mines have not suffered destruction, the greater part of the labour force seems to have disappeared. The Ruhr mines, which were producing about 160 million tons a year before the war, may not be expected to reach a production of more than 25 to 30 per cent. of that figure. Destruction has been great here. The exodus of labourers, especially prisoners of war, is reported to be very heavy. Here alone the labour force has declined from 310,000 in 1938 to 160,000 now. The output per man-ship should also be very low on account of the lack of food, and materials such as pit props and spare parts of the machinery.

The situation in Poland is less serious than elsewhere. The Silesian coal-mines are in the new Polish territory and they are reported to have produced 100 million tons in 1944. The old Dabrava mines are not expected to produce 50 per cent. of what they did in the pre-war days. However, Poland has now concluded treaties with Russia, Sweden and Rumania and has undertaken to supply 5 million tons this year. The dependence of Russia on the Silesian coal mines is great on account of the complete wanton destruction of her own Donbas mines. Scandinavia seems to be apparently starved of coal, but Poland is anxious to regain her market in that country. Thus the Eastern regions are not so bad as the Western Europe seems to be in their probable supplies of coal.

The over-all deficiency in the European countries is about 60 million tons of coal. About the middle of June the Allied agency, which has taken over the fuel supply problem, said that after making allowance for production in France, Belgium and Western Germany and also for supplies from Britain and the United States some 35 million tons will have to be found somewhere somehow to prevent a breakdown of services and widespread misery in Europe. All expectations are for a very cold winter this year with almost no fuel except twigs gathered from the woods for household use.

Britain is trying her best to make for shipments to the continent, but she is herself facing a continued fall in output. The fall had begun even before the war and the output had gone down from 290 million tons in 1913 to 232 million tons in 1938. The wartime output has been around 190-195 million tons. Much fuel economy and rationing have had to be adopted to prevent an acute shortage. The American mission which visited Great Britain early last year testified to the inefficiency of British coal-mines. There is a wastage of labour on account of small degree of rationalization as compared with the United States or pre-war Europe. The private mine-owners have been averse to introduction of further machinery, since labour has been fairly cheap.

But in view of the dislike for the industry, low wages and unattractive living conditions the industry should adopt mechanization for a major part of the processes now done by the human hand. Nationalization has been suggested as the only palliative but the Reid report does not advise that course but suggests the establishment of an authority which will have the duty of "ensuring that the industry is merged into units of such sizes as would provide the maximum advantages of planned production," etc. The experts, being also colliery combine directors, cannot be expected to favour nationalization. However, the other technical changes they have recommended, especially the further introduction of machinery and better conditions of wages and living for the labour, are good enough and may be expected to yield good results. It may put an end to the tendency towards declining labour. From 1,214,000 in 1924 the labour had dwindled to 790,000 in 1938 and the wartime average has been around 700,000. The several recommendations made are expected to raise the production level to 220 to 235 million tons. These changes will naturally take some time and, though England wants to regain her position as a large exporter of coal to Europe, her capacity to do so is in great doubt. Europe herself was having better standards of production than Britain in the pre-war days, and with the reorganization and reconstruction of the industry on the continent her dependence on imports will decline very much.

The United States of America is comparatively well off, but she too has had to draw upon her reserves on account of the war. During the wartime coal production in the U.S.A. reached new higher levels. Arrangements have now been made for shipments of 6 million tons of coal to Europe. Savings that occur from the cancellation of war contracts which may come to 145 million tons are, however, expected to relieve the stringent economy regulations at home. But fuel oil may well be available for export, and it is expected that about 565 million gallons may be available on account of fall in army and navy demands. A good part of this may be shipped.

While in Europe the problem is one of rehabilitation of the industry and a return to the pre-war level of efficiency, in India we need to have a coal policy for increased production to meet the long-term requirements of growing industrialization. In the past six years, the coal industry has proved unable to meet the industrial and transport requirements. The innumerable factory stoppages and transport failures testify to the fact that in the event of rapid industrialization, the coal industry, at its present level of efficiency, is likely to constitute a serious bottleneck. Wartime activity has seen a slight increase in production, though, however, the exact figures are not available. The increase in our demand for coal will depend upon the rate of industrialization. One estimate, however, puts the increased demand at 35 million tons a year, in addition to other power sources. Our reserves of good quality coal are of the order of 5,250 million tons, but of this only some 1,500 are superior coking coal which can be used for smelting iron ore. Our workable total reserves are 20,000 million tons as compared with the world reserves of coal, worked out by the International Geological Congress, of 7,397,500 million tons. Our normal production has been in the region of 20-23 million tons a year. We have also imported substantial quantities from South Africa—84,000 tons in 1938. In recent times the annual production of good quality coking coal has been about 12 million tons, but only 3 million tons are used legitimately in iron ore smelting while the remaining is wasted in inferior uses, *e.g.*, in locomotives and factory boilers wher they are burnt as raw coal. About 10 million tons are utilized by the railways. It is suggested that coal used by the railways can profitably be replaced by soft coke which in its manufacture incidentally recovers 30 million gallons of petrol, about one-fourth of India's requirements, 120 million gallons of Diesel oil, 32 million gallons of phenolics and 72,000 tons of ammonium sulphate. A blend of 80 per cent. soft coke with 20 per cent. coal is common in Europe for locomotives. Stake burning is estimated to waste about 1½ millions of soft coke. The advantages of reallocation of uses of the fuels is obvious and this is necessary if the necessity for coal conservation is realized. This will become clearer if we want to meet the new demands that will arise out of the industrialization we visualize.

The labour in the Indian mines has been known for its migratory character. Recently the Mines Welfare Fund Advisory Committee proposed building of housing accommodation, and a detailed scheme of "townships" is worked out for that purpose to be carried out in 1945-46. But the industry is disliked by all working men. As one authority put it, "there are pleasanter jobs than crouching down amidst a forest of pit props in order to shovel coal out of narrow seams." Even as at the present moment the mechanization that is used in our coal-mines falls far short of the practice in other countries. It is needless to go into details of a new coal policy, but it is clear that modernization of the machinery and a sound labour welfare policy should be the main features of that policy.

NOTES

TEXTILE EXPANSION

The Post-war Planning Committee of the Textile Control Board are reported to have evolved a tentative plan to raise the productive capacity of the Indian cotton textile industry during the next five years to 7,200 million yards of cloth *plus* sufficient yarn to enable the handloom industry to turn out another 2,000 million yards. The Committee have estimated that some 200,000 looms and 10,000,000 spindles would be required by the existing mills for renovation and another 40,000 looms and 2,750,000 spindles to erect new mills. Of these, about one million spindles would be required to establish new mills in some deficit areas. The Committee of the Bombay Millowners' Association have suggested that two-thirds of the available machinery should be made over to the existing mills and this seems a correct order of priority.

Certain quarters have not been slow to express doubts about the feasibility of the expansion contemplated. The possibility of the Indian masses consuming 9,200 million yards five years hence as against the consumption of about only 6,700 million yards in the few pre-war years is questioned. The prospects of foreign competition is also stressed. We are afraid that pessimistic thinking of this sort is based on an inadequate appreciation of the possibilities of raising the standard of living of the masses and of the im-

proved ability of domestic production to compete with foreign textiles in the home as well as in the export markets. The envisaged expansion is quite feasible as part of planned development of the entire economy. At the same time, we would endorse the view of the Bombay Millowners' Association that expansion should not be hasty or ill-considered, but should come as the result of a well-co-ordinated and gradual programme.

TATAS' EXPANSION PROGRAMME

Reviewing the latest balance-sheet of the Tata Iron and Steel Co., Ltd., we alluded to the reference in the directors' report to the need for expansion of the company's resources. At the annual meeting of shareholders held last Thursday, Mr J. R. D. Tata referred to the subject and said that both replacement and expansion of the company will involve heavy financial commitments in the coming years. He adjured them to bestow attention on the "imperative need of placing the company in the position of being able to expand its financial resources substantially." Mr Tata was reluctant to state how the directors proposed to find the necessary finance, but he stated that the conversion scheme put forward two years ago was the best in the long run. The scheme is likely to be revived—in fact, it has never been withdrawn—but whether the original ratio is likely to be revised cannot be said with certainty. The chances are against it. In fact Mr Tata dropped a gentle hint that the obduracy of a certain section of Deferred shareholders—unfortunately some of them occupying high positions in the financial world—has compelled the management to obtain finance for the Tata Locomotive Company from outside. Mr Tata gave a solemn warning that the management would be obliged to have recourse to these methods in regard to the further expansion programme. For instance, he visualized the need for an expenditure of Rs. 20 crores in the next ten years for replacement of machinery. Further, if the country's steel production were to be doubled in the next five or seven years, as the Sir Padamji Ginwala Committee might recommend, the Tata Iron and Steel Company's financial requirements might be proportionately larger. It remains to be seen whether the shareholders have wisdom enough to see on which side their bread is buttered. It appears that the company for the manufacture of locomotives and boilers has been registered with an authorized capital of Rs. 7 crores, of which Rs. 2 crores may be issued to the public. The TISCO might be taking up 40 per cent. of the share capital of this company.

DEVELOPMENT OF FOREIGN TRADE

The Commerce Department of the Government of India are said to be considering the question of trade missions abroad. We suggest that such missions as may be organized should not be merely of an official character, but should be fully representative of the manufacturers, business men and industrialists of the country. The Government's plans in this regard are yet to come to light and it is only to be honed that popular opinion will have its weight with the Government's decision. It is learnt that the Indian Trade Commissioners abroad will be visiting India by turns for short periods presumably to ascertain the views of the business men. Trade Commissioners in Australia and Canada will be here shortly and others will follow later.

It is further known that the policy of the Commerce Department would be to stimulate the export trade to the maximum possible extent, but that in this they would be guided by the supply position of the commodities concerned. No detailed scheme is as yet available and it is not known if one is coming. War has left a legacy of shortage in several consumer goods as, for example, in the products of the textile industry. Naturally in our enthusiasm for an export drive the consideration that the home market needs are the first to be met should not be lost sight of.

TEXTILE EXPORTS

In a representation to the Commerce Department, the Indian Exporters' Association have welcomed the decision of the Government of India to explore the possibilities of establishing trade relations with the pre-war overseas markets of Japan in South-East Asia and the Middle East. They have rightly pointed out that continuation of the various export controls and restrictions will handicap the restoration of normal trade relations and, therefore, pleaded for their withdrawal or relaxation as circumstances permit. The Association have also represented that the Government should, in addition to appointing Trade Representatives in foreign countries, organize and send representative trade missions of manufacturers, industrialists and exporters. This is an important suggestion and should be acted up to immediately. We have suggested often the need for closer contact between the business men here and in other countries with whom we may have trade dealings.

There are, however, two points in the Association's representation on which difference of opinion is possible. The Association pleads that the cut in the exportable quota of textile products from 600 million yards to 400 million yards a year should be restored "in view of the increase in production and the large quantity of cloth required for the army being released for civilian use." The cloth scarcity has not been relieved to any appreciable extent. In fact, there is need for further expansion of production to meet the country's demand for cloth. The cancellation of army demands is expected but will take time. In view of these facts, it is necessary that the greatest caution is exercised before anything is done that may entrench upon domestic supplies. Textiles are a major item in our export schedule and we are fully aware of the necessity for finding out possibilities of a large increase in our exports. Nevertheless, the needs of the home market should come first. The Association demands that the restrictions on the mills in the production of cloth of different grades should be removed and that the mills should be free to produce all kinds of finer and coarser cloth in order that the overseas demands may be met. The utility cloth scheme has not yet had a fair trial, and it is premature to suggest any drastic modification.

TATAS GIVES A LEAD

Extraordinary meetings of the shareholders were held in the case of the Swadeshi Mills Co., Ltd., and of the Ahmedabad Advance Mills, Ltd., in the past week, when resolutions transferring the Managing Agency of the two companies from Tata Sons, Ltd., to Tata Industries, Ltd., were passed. The agreement is to be effective for a period of 20 years from October 1. What invests the meetings with importance is the fact that the new Managing Agents have agreed to take the managing agency commission on the basis of 10 per cent. on the net profits arrived at after deducting depreciation, etc., although under the law they are entitled to take the commission on the net profits without deducting depreciation, until June 30, 1950. It is hoped that the lead given by the House of Tatas in this respect will be followed by other firms in the country. It may perhaps be stated here that this exemplary decision was taken after due representations made by the Bombay Shareholders' Association to Tatas to blaze a new trail in this regard. Other managing agencies, who are ordinarily apt to quote Tatas in respect of their policies, have now a very good precedent to act up to; and in the interests of industries as well as of shareholders, the practice of taking commission on the net profits, after depreciation has been provided for, should be adopted throughout the country.

UNITED INDIA LIFE ASSURANCE CO. LTD.

The new business written by the United India Life Assurance Co., Ltd., in 1944 has crossed the Rs. 3-crore mark and at Rs. 3,40.7 lakhs shows an expansion over the year by more than Rs. 162 lakhs. Only 13,960 proposals were actually accepted against 16,070 received for a total sum of Rs. 3,96 lakhs. The net yield, at the figure of Rs. 59.4 lakhs for the year 1944, works out to 3,68 per cent. against 3.83 per cent. and 3.96 per cent. in 1943 and 1942. The steady decline in the net yield could not, of course, be helped in view of the decline in the yield on gilt-edged securities in the past three years, and this in fact is a feature common to most insurance companies. The expense ratio has risen to 16.07 per cent. in 1944 as against 15.4 per cent. in 1943.

INDIAN BANK LTD.

The premier South Indian bank has had an extremely satisfactory half-year in the period ended June 30, 1945, judged from the accounts of the Indian Bank, Ltd. The total of deposits on that date stood at Rs. 12.88 crores, which, to be seen in proper perspective, is really double the level of deposits prevailing two years ago, and represents an increase of 33 per cent. over the figures a year ago. The profits have shown marked expansion, interest receipts amounting to Rs. 20.5 lakhs as against Rs. 15.6 lakhs in the corresponding period of 1944. The 30 per cent. increase in the gross income in the six months under review is, however, partly offset by the higher interest on deposits and call loans paid out by the Bank, being Rs. 9.99 lakhs as against Rs. 5.9 lakhs in the first half of 1944. Of course, there has been an increase in salaries and allowances to the staff. As a result, the net profit for the half year at Rs. 8.51 lakhs shows only a small increase of Rs. 84,593. This has, however, not dissuaded the directors from raising the dividend from 10 per cent. to 12 per cent. by declaring a bonus of 2 per cent. The reserve fund is higher at Rs. 35 lakhs. Another notable feature is that the Bank has been careful to retain nearly 57 per cent. of its resources in Government securities and cash. At the same time, a more forthright policy of lending is revealed by the fact that advances are nearly Rs. 2 crores higher over the corresponding period of 1943. At the current high level of Rs. 6.9 corres, advances bear a reasonably emunerative yet sound ratio to the total deposits of Rs. 12.9 crores.

WELCOME RELAXATIONS

Signs are not wanting that the Office of the Controller-General of Civil Supplies is not altogether unaware of the folly of sitting tight about controls. In the matter of issuing too many harassing and confusing orders, this office easily has been the worst sinner. In the names of the Hoarding and Profiteering Prevention Ordinance and of the Consumer Goods (Control of Distribution) Order have been issued a plethora of pettifogging rules and injunctions, which is a nightmare to all business men, honest or dishonest. Whatever be the justification for these measures in the past, there is no doubt that they are fast becoming an incubus on trade, and may soon be doing a disservice to the consumers (whose interests they claim to protect) by obstructing the smooth and efficient functioning of normal trade channels. It is important, therefore, that the Office of the Controller-General of Civil Supplies should be constantly reviewing the various restrictions instituted by him and removing them as rapidly as circumstances permit. We note that certain goods, such as wines, spirits, liquors and toilet goods, have been removed recently from the schedule to the Consumer Goods (Control of Distribution) Order and that normal trading in these articles may be resumed subject to the price provisions of the Hoarding and Profiteering Ordinance. This is only a minor step in decontrol but is, nevertheless, welcome as evidence of good faith. We do urge that the problem of decontrol should be tackled with earnestness and with the object of restoring normal trading conditions as early as possible.

INTERNATIONAL SAMPLE FAIRS

The role of international business fairs in promoting trade contacts between nations has always been recognized. In the United States there is a growing feeling that such fairs will have greater value in the future than in the past. Discussing the need for a revival of such fairs, some valuable suggestions are given in the course of an article in a recent issue of the American Foreign Commerce Weekly. The article is written on the basis that the fair proposed would be held in New York. There should be regularly recurring fairs, the length of time of each exhibition of merchandise samples not exceeding two weeks. Availability of the exhibitor or his representative at the fair would enable discussions of sales with prospective buyers. At the exhibition no retail trading is to be allowed. With regard to exhibition of articles no specialization is to be favoured. As the exhibition is to be of international significance, admission of foreign exhibitors on an equal footing with the native participants is to be ensured. The purely commercial nature and purpose of the fair should not be lost by any political or other considerations. The presence of prospective sellers and buyers at the fair would often enable to 'clinch difficult deals and to create life-long business connections." The prospective buyer has the advantage of personal discussion enabling him to suggest particular modifications of the product for the benefit of promotion of its sale in the market in which he has business control or ability. He has the chance of knowing the latest developments in the production of those articles in which he is interested. The wide range of articles presented at the fair ensures a larger attendance from different countries making for large and long-standing trade connections, than might be possible at a specialized fair. From the nature of the fair it is obvious that the articles which can take part are only manufactures. Staples, which are handled differently in international trade, would be less adapted for fairs and promotion of trade in them will have to be attained through the traditional methods. The presence of responsible official spokesmen at the fair may enable a diffusion of the business conditions of the particular countries with particular reference to tariffs, exchange regulations and other data necessary for the transfer of goods and payments across political borders and also exhibition of documentation on trade possibilities with their countries in commodities whose exhibition at the fair is not possible.

FROM THE PROVINCIAL ANGLE

FROM OUR CORRESPONDENT.

Madras Letter

MADRAS, Sept. 22, 1945.

THE question of disposal of the Silk Factory at Kollegal, constructed a few years ago on behalf of His Majesty's Government and worked for them by the Government of Madras, was discussed at a conference between Sir A. Ramaswamy Mudaliar, Supply Member, and Sir S. V. Ramamurthy, Adviser to the Governor of Madras. The discussion centred round mainly on the terms that could be offered on behalf of the Government of Madras for taking over the concern. It is stated that the Madras Government would be prepared to offer at the most Rs. 3 lakhs. The Supply Member, it is understood, promised to inform the Government of Madras shortly on what terms His Majesty's Government would be willing to dispose of the concern. In this connection, it would be interesting to note here that the factory has now 400 basins but the supply of cocoons in the Kollegal area would be enough for only 200 basins, after providing 150 basins to the local silk factory run by the Government of Madras. During the war, there were supplies cocoons from Mysore for His Majesty's Government factory as arranged by the Government of India but that has been stopped with the end of the war. There has been a considerable extension of the area under mulberry cultivation in Kollegal area during the last three or four years. But even now the total production is not adequate to keep the whole of the 400 basins in His Majesty's Government factory in full production. However, the authorities hope that with further extension of the area, a part at least of the surplus capacity of the basins may be used if they take over the factory.

The Andhra Industrial Conference

Speakers at the first Andhra Industrial Conference organized by the Andhra Manufacturers' Association, while stressing the need for the economic unity of India, favoured regional planning as essential to secure a balanced development of the country. Dr. Chen Han-Seng, Member of the International Committee of the Chinese Industrial Co-operatives, who opened the Conference pointed out that modern industrialization and a feudal agrarian system were incompatible with each other, and emphasized that a dependable home market was the unvarying basic condition for the existence of national industry. Mr. G. L. Metha, who presided over the Conference, advocated a common economic policy for India which was in no way incompatible with regional planning and decentralization of industries. He stressed the need for development of electric power and inland water transport which had been hampered by too exclusive a concentration on railways. He was of the view that with electrification and a better system of transport, here would be a wide field of choice for the location of small industries and business which are the back-bone of the country.

Bengal Letter

CALCUTTA, Sept. 23, 1945.

THE Bengal Government have at long last come forward with their post-war plan. They propose to carry out a 20-year plan which would involve a total expenditure of Rs. 250 crores. But the schemes actually included in the Plan are for the most part to be executed within the first five post-war years and seek primarily to achieve definite short-term objectives. It is claimed, however, that the schemes carry within them the germs of long-term policy.

The broad objective of the plan is stated to be to raise the standard of living of the common man and to promote his well-being. Taking the view that any plan for raising the standard of living in India must concern itself primarily with the standard of living of the vast mass of people living in the villages, the authors of the Bengal Plan have given agriculture the pride of place in their development project. To ensure agricultural development on sound lines it is considered essential that a scheme of agricultural research, costing about Rs. 1-1/2 crores, should be carried into effect. Agricultural engineering, plant breding, agricultural chemistry and animal husbandry, plant protection, and herticulture would come within the scope of such research. Along with agricultural research it would be necessary to proceed with the implementation of a scheme for land development, the object of which would be to increase the productivity of land by irrigation, supply of better seeds, manures, use of better implements and better livestock. Improved production cannot, however, bring substantial benefit to the cultivators unless it is accompanied with suitable marketing facilities. Rs. 92 lakhs will be spent on marketing during the first five years. Improved marketing facilities would require a better system of communications. It is, therefore, proposed to give the province a balanced road system which would be gradually attained in the course of 20 years.

Permanent Settlement to be Abolished

Perhaps the most far-reaching aspect of the post-war plan relates to the proposal for the abolition of this outmoded system of land tenure has been hanging fire for a long time, and though the Land Revenue Commission in Bengal (Floud Commission) recommended its abolition in 1940 in clear and emphatic terms the reformist zeal of the Government has somehow oozed out in the face of the enormity of the task. The Post-war Plan, however, lays down a programme for the gradual liquidation of the permanent settlement extending over a period of 23 years. State acquisition will be taken up first in four districts and in the Sunderbans. It will probably take 11 years to complete acquisition proceedings in the Sunderbans and four districts. The total cost involved would be about Rs. 26 crores of which Rs. 12 crores would be spent in the first five years. The net additional revenue from these areas alone would amount to Rs. 1 crore on the basis of rents now paid by the Raiyats. It is expected that there would be considerable appreciation in the value of the assets as a result of the comprehensive irrigation and other development projects to be carried out. Subsequent revisions of settlement will, therefore, substantially increase Government revenues without imposing any unfair burden on the cultivator. It appears, however, that steps towards the liquidation of the Permanent Settlement would begin to be executed after 1st April, 1947.

Financial Aspect

Bengal Government's 20-year project of reconstruction will require a total cost of Rs. 250 crores. Out of this, Rs. 145 crores will be required in the first five years. How are the Bengal Government going to provide finance of this magnitude having regard to the fact that they are already saddled with an overwhelming burden of deficit? The Government propose to raise a loan of Rs. 83 crores to be spread over a period of 60 years. Of the remaining 92 crores the Bengal Government have been promised a grant-in-aid of Rs. 69 crores by the Centre. This leaves a gap of Rs. 23 crores which, it is hoped, would be reduced in future.

Food Situattion in Midnapore

The district of Midnapore which was hard hit by the famine of 1943 is once again threatened with a grave food situation. Midnapore, the second largest district in Bengal, normally produces more food than it needs. Due, however, to brought prevailing since June last, the outturn of crop in the district is expected to be very poor. It is considered urgent that export of food from Midnapore should be completely stopped. In drought-affected areas sufficient quantities of food should be imported for feeding the people. Loans should be given to the agriculturists. If such steps are not adopted it is apprehended that a famine, worse than that of 1943, will soon visit this district.

U.P. Letter

CAWNPORE, September 23, 1945.

IT was generally thought that the position of industries in regard to coal supply would improve with the end of the war, and it was stated, as a matter of fact that the Railways had decided to run more train services on account of improvement in coal situation. It, therefore, has naturally come as a shock that the coal situation is precarious and the position regarding future supplies uncertain. The Employers' Association has asked member mills to put up notices to the effect that, unless supplies were immediately forthcoming, there would be no alternative but to impose, probably at short notice, a reduction in working days of textile mills. Any such reduction would effect all shifts alike. It was stated by the Association's Secretary that the coal shortage had arisen due to scarcity of wagons, and all the mills of Cawnpore were very nearly in the same position on account of the arrangement by which they have been pooling their coal arrivals.

Sugar Memorandum Criticised

Cawnpore Sugar Merchants' Association has criticised the U.P. Government's Memorandum on the suggested central control of the Sugar Industry. The U.P. Government have opposed the nationalisation of sugar industry and favoured some form of central control which could ensure the U.P. and Bihar sugars finding markets as at present. The Government had also recommended that as with the end of the Sugar Control Order need would arise for setting up an all India Marketing Organisation the present Indian Sugar Syndicate may be used as a nucleous for the same. Adequate Government Control would prevent this monopolistic body from acting in the interests of manufacturers alone.

The Sugar Merchants' Association say that it was surprising that the U.P. Government had chosen it to make such far-reaching recommendations to the Central Government without bringing the matter before the Sugar Control Board and without giving the trade interests concerned an opportunity to express their views. The Association has also criticised the working of the Syndicate and stated the opinion that it was not a proper organisation to be entrusted with the task of taking up marketing of sugar. If the Government did not see their way to accept the proposal for the nationalisation of the sugar industry, the Association would much rather the status quo among the various interests connected with the sugar industry and trade were maintained.

Control Relaxation Advisory Committee

The various Chambers of Commerce of the Province

have pressed suggestions for the immediate lifting of Controls. The U.P. Chamber in a representation to the U.P. Government has pointed out that the decontrolling process adopted by them was tardy. The setting up of a Control Relaxation Advisory Committee has been suggested, and it is mentioned that its recommendations for the lifting and modification of controls should be final and accepted by Government. Such a body would ensure co-ordinated action and prevent any chaotic conditions of dislocation of internal economy.

The Upper India Chamber of Commerce Post-war Reconstruction Committee which recently considered the matter has also favoured the immediate lifting of controls, specially the four dozen controls imposed by the Provincial Government. It is suggested that the proposed Control Relaxation Advisory Committee should be presided over by a High Court Judge. The Government viewpoint on it will be represented by the Chief Secretary. The trade interests will also have their spokesmen on it.

Worsening Food Situation

Considerable anxiety has been caused in the U.P. towns by the reported shortage of food stocks in the rationed towns and the consequent cutting down of food rations. In Cawnpore, for example, every adult can now draw daily only 4 chataks wheat and 1 chatak rice as against 6 chataks wheat and 2 chataks rice. The present ration is considered inadequate, and representations on the subject have been addressed to the U.P. Government. Among the measures suggested for improving the food situation is the imposing of a ban on food exports from the Province. The making of arrangements for import of foodgrains from other parts of the country and even from foreign countries is also suggested.

Cloth Supply Increased

U.P.'s cloth consumption has been raised to 42,000 bales monthly from 31,000 bales. This will give 13-1|2 yards per head per annum as against 10 yards. The exports from the U.P. which were allowed to the tune of 5,650 bales monthly will cease from 1st October. There will be some improvement in the imports, but this will not apply to finer sorts.

Mills in Cawnpore complain of having to carry large stocks of cloth owing to the failure of the Provincial Textile Controller to issue permits to the district importers for indenting their cloth from the mills. For about two months now the mills in U.P. have not been able to cloth to their quotaholders. They have to give it to the persons holding the Textile Controller's permits, and credit the 3 per cent. profit due to the quota-holder to him.

Shorter Working Hours

The likelihood of shorter working hours in the Government factories to tide over the present unemployment crisis is indicated here. The Labour Commissioner, U.P., is satisfied that no trouble may be expected in the textile factories. But other industries were giving trouble, which was aggravated by the shortage of raw materials. The Labour representatives have suggested to the Labour Commissioner that the raw materials may be issued from a central pool, overtime work should cease, three shifts of shorter duration might be worked instead of the present two of nine hours each.

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AGRICULTURE

Co-operative Agricultural Marketing

CO-OPERATION was requisitioned to the service of the ryot in India nearly forty years ago. The pressing problem at that time was to relieve the farmer from the perpetual burden of debt. But credit societies, started in response to the urgent need, became just another source of borrowing and as there was no check on the expenditure of loans raised very little progress was made in the liquidation of debts. It was recognized that unless the cultivator's capacity to pay was increased by enhanced income through greater production and better distribution, very little progress could be made in improving his condition. With this view the Co-operative Departments in different provinces have been endeavouring for the last fifteen years or more to develop non-credit activities, particularly marketing. Co-operative marketing societies and purchase and sole unions have been formed in many provinces and States. Their activities extend over a wide range from simple bargaining to storing, grading, processing and wholesale selling.

Madras has made considerable headway in co-operative marketing. In 1941-42, there were in this provinces 185 marketing societies or loan and sale societies as they are known. They had a membership of 55,000. They sold produce worth Rs. 75 lakhs and advanced loans to the extent of Rs. 147 lakhs. They received assistance from the Madras Provincial Co-operative Bank in the shape of loans and subsidies amounting to Rs. 97 lakhs and Rs. 29,600, respectively. The loan and sale societies have built about 90 godowns for which government aid has been mainly instrumental. Government advanced loans at the rate of 3 per cent. per annum repayable in 25 yearly instalments and also made free grants equal to 25 per cent., or in the case of credit societies equal to 50 per cent., of the cost. A remarkable feature of co-operative marketing in Madras is that some organizations undertake processing activities thereby ensuring better price for the producer. Tanjore, West Godavari and Nellore Co-operative Marketing Federations hired rice mills for hulling of paddy and sold rice worth Rs. 22.77 lakhs in 1943-44. Bombay was the first province in India to organize co-operative marketing. In 1941-42 there were 110 sale societies in this province which sold goods to the value of Rs. 128 lakhs. Other organizations also participated in co-operative marketing. Multi-purpose societies and purchase and sale unions handled goods worth Rs. 4 lakhs and Rs. 16 lakhs. A Provincial Marketing Society has been started recently to assist the organizations in their business and also to co-ordinate their activities. The United Provinces are not lagging behind. In 1940-41 there were about 700 ghee marketing societies which sold ghee worth Rs. 1.60 lakhs. Government subsidies have, of course, accelerated the pace of their growth. Remarkable success has been achieved in the marketing of sugar-cane under the sugar-cane development scheme. Cane is sold to cultivators through marketing societies which provide other facilities such as improved seed, implements, manure, fertilizers, etc. In 1940-41 there were in the U.P. 81 central cane organizations which supplied nearly 70 per cent. of the cane crushed in the province. Bihar followed the good example of the U.P. and organized nearly 1,500 canegrowers' co-operative societies and 32 co-operative development and marketing unions in 1940-41. They supplied 13 per cent. of the cane crushed. In the Punjab, the functions of co-operative marketing societies are performed by commission shops. In 1939-40, they numbered 20 and handled produce worth Rs. 33-1|2 lakhs including the produce of non-members also. The remaining provinces have not recorded any appreciable progress.

These may be described at best as modest beginnings in organized marketing. The success achieved so far does not compare satisfactorily with what has been accomplished abroad. It is estimated that in the U.S.A. producers' co-operatives handled goods in 1935-36 which were valued 40 times as much as those handled in India in 1939-40 when prices were definitely high. Indian societies have narrowed the sphere of their operations, developed little contact with consuming centres and placed too much reliance on local markets. They do not present adequate storage facilities nor do they command sufficient staff with business talent so essential to face the competition of commercial firms of long repute. Transport which entails high cost and falls to provide ordinary facilities has added not a little to their difficulties.

While an elaborate and smooth machinery is necessary for a successful drive for co-operative marketing, other factors require equal attention. The first requisite, apart from marketing as such, is the adequate provision of credit. A system of controlled credit which would minimise the risk of bad debts can be efficiently integrated with marketing. The ryot requires credit for cultivation which can be supplied by sale societies on the pledge of produce and on the clear understanding that it is to be sold through marketing societies alone. Here it may be stressed that mere party agreements are not enough and that legislation is necessary empowering marketing organizations to recover arrears of loans from the proceeds on behalf of sale societies. Equally important is the extension and improvement in the means of communication. Every provincial government has given priority to road development in its post-war plans. But in the actual execution of these plans the need of expending appropriate funds on feeder roads must not be overlooked. The outlying villages must be linked with main roads and railways. It has been pointed out *ad nauseum* that railways which have a monopoly of long-distance traffic are operated primarily on the principle of profit-making and that they usually charge monopoly prices. Agriculture is not an industry which can afford high costs; rather, it is entitled to liberal concessions. Cheaper and better transport will naturally go a long way towards reducing the costs of marketing.

The aim of co-operative marketing is to ensure better price and higher income to the ryot by eliminating the superfluous and expensive agency of middlemen and also by minimising other incidental costs. If this aim is to be achieved planning and regulated action are absolutely necessary. The first object in view would be to bring the largest possible volume of produce within the control of the co-operative organization by enlisting the largest possible membership. It would be naturally expected that co-operative societies ought to attract expanding membership by their untility and business efficiency. But four decades of co-operation have amply proved that the desired progress cannot be attained merely by voluntary activity. It seems clear that some amount of legislative compulsion is indispensable. In the U.K., Canada, Australia and South Africa, if a definite

majority of peasants growing a particular crop decide to sell through a co-operative organization, the minority is also required to sell through the same channel. In fact, nothing would appear objectionable in such compulsion since the sole object is to secure a better price for the producer. If this principle is accepted, it naturally follows that co-operative societies will have to make downright purchases of the produce of non-members also. An experiment on these lines surely deserves to be made in a suitable selected area.

The capital structure of the existing co-operative marketing societies is not satisfactory. The size of their share capital will be determined by the type of crop grown in the area concerned—whether it is a food crop, or commercial crop or perishable crop—and the probable turnover in business. But it may be stipulated as a working rule that an average society should have a share capital of approximately Rs. 50,000. Large capital will inspire confidence and induce financing co-operative banks to advance adequate loans to societies. Provincial and Central Co-operative Banks in turn must be placed in a position to obtain cheap finance from the Reserve Bank of India. It is stated that legal difficulties stand in the way of the Reserve Bank of India making grants of loans under the present system of warehousing and marketing. A system of compulsory licenses for warehouses and recognition of warehouse receipts of goods as legal and acceptable securities for loans would facilitate advances of credit. A simple Warehouse Act devised to meet legal requirements would clear the difficulties.

The ideal, organized machinery of co-operative marketing can best be evolved on a federal basis. Sale societies will continue to function as primary units. A society may be restricted to one village or to a group of villages. An extensive network of these societies must be spread in each locality, leaving no village outside the ambit of their activities. Sale societies in a specified area will be integrated with Marketing Federations. The jurisdiction of a federation will ordinarily correspond with a district or districts in the civil administration; but rigid formation strictly on these lines may lead in some cases to uneconomic and wasteful organization. Crop should also be a principal factor in determining the jurisdiction. To take a common example. if two border taluks of a wheat district grow cotton as the staple crop, they ought to be linked with the neighbouring cotton district. The functions of sale societies and federations will be mutually exclusive allowing no room for over-lapping. Marketing federations should be responsible for processing and sale of produce, leaving all earlier functions to sale societies.

In India, the importance of standardized grades as an efficient and profitable way of marketing was not recognized until recently. Even now prices are fixed arbitrarily in a number of cases and acceptance is refused on the plea that goods do not tally with sample. Grades are a safety valve for both the parties since they ensure a better price for the producer and stipulated quality for the consumer. The result of grading of agricultural commodities have demonstrated that graded eggs fetch 20 per cent., graded tobacco 13 per cent., graded potatoes 9 per cent., and graded ghee 8 per cent. more than the value of ungraded products. The first attempt to introduce grades was made by the Agricultural Produce (Grading and Marketing) Act of 1937. This Act prescribed grades for scheduled products which include fruits, vegetables, eggs, dairy produce. tobacco, coffee, hides and skins, fruit products, *ata*, oil-seeds, vegetable oils, cotton, rice, lac, wheat, sugar-cane, *gur*, myrobalans and so on.

After grades are fixed the next important requirement is suitable storage. At present, produce is very often stored in godowns which are most ill-conditioned and are infested by rats, insects and damp. Sale societies must be provided with godowns which would be proof against damage. But their cost on an average is prohibitive and no progress in their construction can be made without State aid. The Madras Government has accepted the principle of a free grant equal to 25 per cent. of the estimated cost of construction and the balance of 75 per cent. as a long-term loan at 3.5 per cent. Such financial accommodation ought to be extended in every province and State. It may be emphasized here that permanent warehouses are necessary at important centres where produce is intended to be stored over long periods.

Marketing federations come in the picture at a late stage after produce is assembled, graded and stored. Their functions primarily will be to co-ordinate the activities of sale societies, to study market movements. to supply marketing intelligence, to keep in touch with outside deficit areas and to dispose of the produce in bulk. Federations in surplus areas will be in a position to build buffer stocks. When the policy of stabilization of agricultural prices comes to be adopted these buffer stocks may be used for adjustment. Marketing federations can very well strike new paths. Fruits, vegetables and other perishables, which have a standing demand in towns and cities, gain considerably in price, if they are transported to the market in a fresh condition. Marketing federations may profitably maintain their own fleets of motor lorries for the carriage of such articles. Agricultural produce is often sold in unprocessed condition, entailing much avoidable loss to the ryot. Official estimates state that by marketing his produce as paddy instead of as rice, the cultivator loses annually three to four crores of rupees. What a heavy loss in one single crop! Would it not be possible for marketing federations to undertake processing operations? But here again little can be done unless the State assists in the purchase of plant, machinery and other equipment..

In every country the State gives aid to co-operative organizations in some form or the other. In India the plea for State aid is all the more pressing. The ryot has neither the ability nor the training at present to manage his own institutions. This is not to say that there should be a strict government control over the administration of co-operative societies for all the time. Such a course will stifle the spirit of co-operation. But until its principles are understood and efficiently practised, constant supervision and guidance by officers of Government are necessary. Co-operative socities will have to be staffed with government officials for some years to come. The temptation on their part to apply the principles of bureaucratic administration must be avoided and a democratic spirit encouraged. Co-operative marketing fostered from within by energetic efforts on the part of village leaders and aided by the State in a right attitude will help the ryot increase his income and raise his standard of living.

BANKING

Commercial Banking at Home and Abroad---II

(1929-43)

IT will be recalled that the commercial banks have been the most significant group as compared with other credit institutions both taken separately and together, till 1929 in almost all the countries, though a tendency towards decline in their relative importance had set in after 1925. This tenderness increased in the post-1929 period with the increasing popularity and multiplicity of other credit institutions, *viz.*, savings banks, agricultural and co-operative credit banks and insurance companies. The percentage shares of commercial banks in aggregate deposits of all the credit institutions (excepting the central banks) in 1929 were 40, 42, 69, 83, 71 and 48 for Germany, Italy, U.K., U.S.A., Union of South Africa and New Zealand respectively. These came down to 24, 31, 66, 79, 64 respectively in 1936. In the case of New Zealand it increased. For some countries like France, Canada and Australia it remained stationary. The change in the relative importance of commercial banks in the 22 countries (Canada, Chile, U.S.A., Greece, U.K., Union of South Africa, Australia, Finland, Japan, Denmark, Sweden, Yugoslavia, New Zealand, Netherlands, France, Norway, Italy, Switzerland, Germany, Czechoslovakia, Bulgaria, and Poland) for which statistics are available, during 1929-36 may be summarized as follows:

TABLE—I

Percentage Share of commercial Banks in	Aggregate deposits of all institutions considered		Aggregate assets of all banking institutions considered		Aggregate assets of all banking & Ins. Institutions	
	No. of countries.					
End of	1929	1936	1929	1936	1929	1936
Less than 25 p.c.	..	4	..	3	..	3
25 to 30 p.c.	1	..	..	2	..	5
30 to 40 „	2	4	4	4	6	3
40 to 50 „	5	4	5	5	8	6
	8	12	9	14	14	17
50 to 60 „	5	4	8	4	3	3
60 to 70 „	3	3	1	3	3	..
70 to 80 „	2	1	2	..	..	..
80 to 90 „	3	1	1	..	..	..
Over 90	1	1	1	1	..	..
	14	10	13	8	6	3
	22	22	22	22	20	20

Corresponding statistics for India, however, are not available. The tendency is well noticeable in the case of most of the countries even after 1936.

Before coming to a study of the trends in respect of capital resources and deposits, etc., in the period 1929-43 it is necessary to point out that the pattern of the balance-sheets of these commercial banks underwent alterations. It changed, for instance, during 1929-34 when the economic depression shadowed the entire world; and once again during the war (1939-45) when 'it has been distorted beyond recognition.' Hence the two years 1929 and 1939 are important landmarks in the banking history of every country.

BANKS' OWN RESOURCES

Banks' capital resources which consist of capital and the reserves, constituting a guarantee fund for the deposits placed by the public tended to fall relatively to their public liabilities, in almost every country during 1913 and 1929. Increase in deposits is *inter alia* the chief factor responsible for this decline. The decline had been very much pronounced in the case of Germany to the tune of 73 per cent. in 1929 as compared with 1913. France and Italy also witnessed a decline of 60 and 58 per cent. respectively, during this period. In countries, such as England and Wales, Scotland, U.S.A. (all banks and national banks), Canada, Union of South Africa and Australia it was 25, 23, 20, 26,44, 25 and 10 per cent. respectively. The commercial banking legislation which instituted four-fold restriction viz., (a) minimum capital requirements, (b) minimum ratio between own funds and liabilities to the public, (c) the obligation to constitute sufficient reserves and (d) certain regulations dealing with the employment of funds, held in check this downward tendenncy. During the period 1929-34 the declining ratio improved in a number of countries. Out of twenty countries named in the foot Note (excepting U.S.A. and U.K., and combining Australia and Newzealand as one) twelve countries witnesssed a progressive increase in the ratio during this period. In France deposits and investments banks, both separately and togather and in Germany all the commercial banks and the BIG BERLIN banks too experienced a continuous increase. But it may be stated that inspite of all this, increased ratios remained below the 1913 level. The movements of ratio were erratic in the case of Chile, Czecho-slovakia, Greece and Scotland, oftentimes rising above the 1929 level and in many of the following years viz. 1931, 1932 and 1933 but settling below the 1929 mark. In England and Wales it sank down to 6.7 in 1934 from 7.4 in 1929. While in U.S.A. in the case of all banks including stock savings banks it rose from 15.4 in 1929 to 18.8 and 17.2 in 1932 and 1934 respectively. The member banks registered 116.4 in 1934 as compared with 15.0 in 1929. The increase has been due to the contraction of the deposits in the days of deposit depression. The business activity index in all countries had fallen very low. Again with the onset of the recession, the ratio once again began to decline as it did in the pre-1929 days. During the war just over, there has been enormous growth of deposits 'a counterpart of monetary inflation' and this brought about a relative decrease in the percentage of capital and reserves to the public liabilities, which is shown in the table below. The pace of decrease has been more rapid during 1939-43 as compared with 1920-29. Banks in India registered a fall to the extent of 52 per cent. in 1933 as compared with 8.6 per cent. in 1939. The results are arrived on the basis of the details of the six banks.*

It need also be mentioned that the war-time increase in currency notes and business activity led to the opening of new banks and branches and to an increase in the capital thereof; but this increase has been easily offset by the mounting figures of deposits.

* Banks of Allahabad, Baroda, India, Mysore, Central and Punjab.

TABLE (2)

Banks' own resources to their Public Liabilities

	1929	1934	1937	1939	1940	1941	1942	1943
India				8.6	8.7	6.9	5.2	4.1
Australia	20.2	20.3	19.5	..	..	..	..	..
Canada	9.8	10.8	9.6	7.4	7.6	6.9	6.7	5.1
France								
Deposit banks	8.3	9.3	9.4	6.3	4.4	3.9	3.9	3.8
Investment	19.2	31.8	23.2	16.2	13.8	11.3	9.6	11.2
D & I	9.5	10.8	10.6	7.1	5.0	4.5	4.4	4.4
Germany								
All Com Banks	10.9	18.2	..	..	..	..	..	..
Big Berlin Banks	7.5	8.0	8.8	6.9	5.8	5.1	4.6	4.1
Italy	14.5	14.1	12.1	7.7	6.7	..	..	..
Japan	19.2	16.9	..	..	..	..	..	..
Union of S. Africa	12.2	9.7	8.6	..	5.9	5.5	4 3	..
United Kingdom								
England & Wales	7.4	6.7	6.1	5.4	4.8	4.0	3.7	3.4
Scotland	10.1	10.0	9.2	8.5	7.8	7.3	6.5	5.9
U.S.A.								
A.	15.4	16.1	11.7					
B.	15.0	33.2	26.8					

;DEPOSITS: Their movements and composition.

It has been already pointed out that there has been no uniform tendency in respect of movements of deposits in all the countries during 1913—1929. In some countries like Italy, Netherlands, Norway, England and Wales, Scotland, U.S.A. and Australia and New Zealand the indices of deposits with 1913 as base were sufficiently high suggesting a 'quantitative development of commercial banking in them.' In many cases the rise was to the tune of 150 to 200%. For Germany and France the indices were very low. As would be seen in the table of movements of deposits, during the period 1929-34, they increased in many countries, at first in 1930, but with a very few exceptions they fell abruptly in 1931 and 1932. The movement in the various countries has not been uniform for the simple reason that causes at work were different in character. In some countries terms of trade and in others currency policies played a prominent part. The decline in deposits was in the main most severe type in the agricultural countries of the Eastern and South-Eastern Europe which maintained the gold or official rate for their currency—for example, Poland Roumania and Bulgaria. In other non-European countries deposits sank to the rockbottom level in 1931 and further decline in them' was witnessed soon after the external value of the currency unit has been allowed to depreciate'. The excess of payments abroad resulting from the fall in the export value in the first years of the depression had not only a direct effect in reducing bank deposits; but causing a depletion of the central banks gold and foreign assets reserves, it tended also to bring about an indirect but multiple contraction in deposits.' Between 1929 and 1932 deposits in German and Austrian banks contracted more sharply than those in any other industrialised states, mainly because of the transfer of funds accounting for international differences. Countries like France, Switzerland, Belgium and Netherlands etc. received, inspite of the currency hoarding and the consequent contraction in the total deposits, an inflow of capital which very well maintained the deposits. In U.S.A. currency hoarding played an important part in cutting the deposits down in 1931 and 1932; but it is interesting to note that the contraction in the neighbouring country, Canada, whose economy was rather dependent on the prices of food stuff and raw materials was relatively less marked as compared with U.S.A.

TABLE (3)

DEPOSITS: MOVEMENTS

	(1929=100)				(1939=100)			
	1932	1933	1934	1937	1940	1941	1942	1943
INDIA	106	...	111	113	108	133	188	275
France	99	87	82	34	146	181	217	252
Germany	61	58	60	67	135	157	195	230
Italy	81	80	73	...	114	144	..	..
U.K.	108	107	108	123	128	150	164	190
Canada	83	33	38	102	100	112	131	156
U.S.A.	71	63	86	106	109	117	148	179
Mexico	74	107	107	147	141	170	250	..
Union of S. Africa	90	134	141	154	118	147	194	284
Australia	95	96	101	110	109	115	127	150
Newzealand	94	109	110	118	108	114	135	156

The shift of deposits from the current portfolio to time account is very important in so far as it exercises a direct deflationary effect since "it reduces *pro-tanto* the means of payment of the country. It may not be noticeable from the movement of the Commercial Bank deposits. During the first years of depression in most cases from 1929 to 1932 the current account lost its importance and the savings deposits increased in many countries, besides U.S., Br. Dominions, Switzerland and Sweden. This shift of deposits from current to time account is important since it shows the reduced activity of the current accounts. The fall in the demand deposits was sharp in U.K. and U.S.A. in 1931 and 1932. The decline in current account deposits first came to an end in certain Latin American countries, *viz.*, Brazil, Chile, Columbia, Ecudor and Mexico where the Central Banks made large advances to the Government with a view to enabling them to meet the budgetary deficits and also to increase the cash base of the commercial banks. The recovery in the current account was noticed in Australia in 1933, South Africa in 1933 and 1934. In Canada the recovery in current account was not very substantial till 1933. During 1933-34 the volume of sight deposits rose in most of the countries. Such countries like Ecquador, Chile and Columbia where the current account had reached the lowest level in 1931 came at the head of the list in order of increase of current account by 1934. In U.S.A. they rose more than in any other country of 'man major financial importance' in 1934.

TABLE (4)

DEPOSITS: THEIR COMPOSITION

(a) Current and sight as percentage of total deposits.
(b) Time and other deposits as percentage of total deposits.

	1929	1932	1936	1939	1940	1941	1942	1943
India* (6 banks) ..	32.0	42.0	..	48.0	54.0	60.0	71.8	71.1
	68.0	58.0	..	52.0	46.0	40.0	28.2	28.9
France: Deposits ..	92.7	94.2	95.9	96.1	98.6	97.9	91.4	87.5
	7.3	5.8	4.1	3.9	1.4	2.1	8.6	12.5
Investments	89.4	70.5	69.8	97.5	98.0	98.8	85.7	75.8
	42.6	29.5	30.2	2.5	2.0	1.2	14.3	24.2
D & I ..	89.1	92.5	93.9	98.2	97.5	98.1	91.2	86.5
	10.9	7.5	6.1	1.8	2.5	1.9	8.8	13.5
Germany: All Banks	37.1	46.9	49.2	.	..	..	..	..
	62.9	53.1	50.8	..	..	..	..	..
Big Berlin	41.8	48.2	49.8	85.6	85.6	83.4	79.9	77.5
	58.2	51.8	50.2	14.4	14.4	16.6	20.1	22.5
Italy ..	72.8	72.1	..	75.0	74.0	..	..	..
	27.2	27.9	..	25.0	26.0	..	..	..
U.K. ..	54.0	50.7	56.0	58.3	64.3	66.6	66.6	67.5
	46.0	49.3	44.0	41.7	35.7	33.4	33.4	32.5
Canada ..	30.4	24.0	27.7	31.2	37.5	39.0	47.6	48.0
	69.5	76.0	72.3	68.8	62.5	61.0	52.4	52.0
U.S.A. A ..	55.2	53.3	65.3					
	44.8	46.7	34.7	51.7	55.5	57.3	57.0	58.6
B ..	59.0	57.8	69.1	48.3	44.5	42.7	43.0	41.4
	41.0	42.2	30.9					
Mexico ..	80.4	83.4	77.3	..	..	..	..	..
	29.6	16.6	22.7	..	..	..	..	..
Union of S. Africa	50.3	42.8	76.0	..	75.0	80.0	81.0	..
	49.7	57.2	24.0	..	25.0	20.0	19.8	..
Australia ..	33.3	32.1	37.9	36.8	39.2	42.8	49.3	56.3
	66.7	67.9	62.1	63.2	60.8	57.2	50.7	43.7

The deposits which had contracted during 1929-32, increased rapidly after 1939. The increase during this period 1939 onwards was more rapid than it had been in 1920-29. The increases under the two periods are different in nature. During the previous period or say in normal times, the growth could "be attributed to the banks themselves in the performance of their traditional job, *viz.*, collecting savings," while in the wartime, this increase is brought about by the increase in currency. The increase in the deposit is seen the foregoing table. The increase has been greater in the case of demand and sight deposits as compared with the time and other deposits. From table No. 4 it is clear that the current and sight deposits accounted for much greater percentage of the total deposits and their proportion has been increasing during the war time. This indicates the preference for liquidity.

PROPERTIES FOR SALE

SULPHUR OPERATION IN KOHI-I-SULTAN BALUCHSTAN

THE properties attached to the Central Government's Sulpher Operations, Koh-i-Sultan railway Station Nokkundi, (Baluchistan) and stocks of sulpher ore lying at Nokkundi railhead are offered for sale. Purchaser has right to work the sulpher mines or dismantle the properties and to dispose of the stocks of sulpher ore as he thinks fit. Government, however, reserve the right to sell not more than 1,500 tons of high grade ore now lying at rail-head by the end of this year 1945. Working the mines will be in accordance with the Central Government Mining Rules. Detailed prospectus and plans are available for perusal with the Director, Geoligical Survey of India, 27, Chowringhee, Calcutta, the Officer-in-Charge, Sulpher Operations, Hut No. 254, Residency Compound, Quetta (Baluchistan), and the Assistant Secretary to the Government of India, Department of Labour New Delhi, up to the 29th October 1945. Tenders are invited, and should reach Rai Bahadur A.C. Das, Deputy Secretary to the Fovernment of India, Department of Labour, New Delhi, on or before the 30th October 1945. Tenders should be sealed and .supercribed "Tender for Koh-i-Sultan Sulpher Operations."

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V D PURI, District Manager.
The Punjab National Bank Ltd, NEW DELHI.
YODH RAJ, Chairman & General Manager



THE auctioneer's monotonous yet practised voice drones on. With consummate skill he plays upon human weakness, extolling his wares, calling for a bid, sometimes here, sometimes there, and up and up goes the price. When the hammer falls at last, the hopeful bargain-hunter pauses and thinks for a moment....Have I paid more than I should have? He has at least paid more than he wanted to! Do you ask yourself the same question whenever you make a purchase? Perhaps you do not realise that in these days every time you buy something you are participating in an auction. It is common knowledge that goods are in short supply and that buyers are many. Maybe for each article there are dozens, perhaps hundreds of buyers, all anxious to secure it. The sellers know it and take advantage of it in the same way as the auctioneer. Do not buy at inflated prices.

PLAN TODAY FOR TOMORROW
SAVE ALL YOU CAN

But remember to invest your savings where they will be safe, and waiting for you when you need them.

Avoid buying land, buildings, commodities, manufactured goods or jewellery. Their prices are very high and likely to depreciate as time goes by. Today's best investments are Insurance, Co-operative Societies, Savings Bank Accounts, Post Office Savings Bank Accounts and best of all National Savings Certificates and Government Loans. SAVE SAFELY FOR THE FUTURE.

ISSUED BY THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA.

AAA 149

CURRENT STATISTICS

A—Finance and Banking

RESERVE BANK OF INDIA

ISSUE DEPARTMENT
(Rs. in lakhs)

	14-9-45	7-9-45	15-9-44	1-9-39	14-9-45 compared with 1-9-39
Notes held in the Banking Depot.	10,20	9,51	9,17	35,04	— 24,84
In circulation	1151,21	1151,77	938,22	182,13	+969,08
Total Notes	1161,40	1161,28	947,39	217,18	+944,22
A Gold Coin and bullion	44,41	44,41	44,41	44,41	
Sterling Securities	1042,33	1042,23	831,33	82,50	+959,83
Total of A	1086,74	1086,74	875,74	126,91	+959,83
Rupee Coin	16,82	16,70	16,81	14,69	+ 2,13
Rupee Securities	57,84	57,84	57,84	37,39	+ 23,45
Silver bullion under coinage	..	..	..	..	..
% of Reserve to Liabilities	935.72	92.581	92.437	63.149	+30.423

IMPERIAL BANK
(Rs. in Lakhs)

	14-9-45	7-9-45	15-9-44	1-9-39	14-9-45 compared with 1-9-39
Fixed Deposits, Savings Bank, Current and other Accounts	245,46	242,77	230,93	87,26	+158,20
Govt. Securities	140,25	138,92	139,13	51,03	+ 89,22
Other Investments	4,84	4,74	5,73	96	+ 3,88
Loans	14,24	14,35	17,09	7,66	+ 6,58
Cash Credit Overdraft	36,05	37,66	41,95	19,76	+ 16,29
Bills discounted	3,12	2,85	2,81	2,95	+ 17
Cash in hand with R. B. I. and other Banks	56,92	54,21	49,28	14,69	+ 42,23

BANK OF ENGLAND
(£ '000)

	19-9-45	12-9-45	20-9-44	30-8-39	19-9-45 compared with 30-8-39
Total Bullion	5,23	571	2,150	268,700	—263,177
Public Deposits	97,00	18,200	11,500	21,000	— 21,300
Other Deposits	302,900	273,600	220,900	129,100	+173,800
Of which Bankers' Deposits	246,300	218,600	175,100	90,100	+156,200
Govt. Securities	295,300	275,400	192,100	115,000	+180,100
Other Securities	11,700	11,800	14,800	31,000	— 19,300
Of which Discounts and Advances	2,700	2,800	2,800	6,400	— 3,700
Notes held	21,000	20,300	51,700	34,300	— 13,300
Notes in Circulation	1,329,5000	1,330,200	1,150,800	529,600	+800,000
% of Reserve to Liabilities	6.7%	6.9%	21.24%	21.38%	—14.48

BANKING DEPARTMENT
(Rs. in lakhs)

	14-9-45	7-9-45	15-9-44	1-9-39	14-9-45 compared with 1-9-39
Cash	10,51	9,82	9,45	35,15	— 24,64
Balances held abroad*	480,08	472,94	288,66	10,08	+470,00
Investments	24,71	25,32	11,57	6,81	+ 17,90
Bills discounted—					
(a) Internal and External	..	..	..	..	..
(b) Treasury Bills	3,93	3,93	37	1,16	+ 2,77
Loans and Advances to Government	2	..	117	31	— 29
Deposits—					
(a) All Govts.	376,68	388,26	175,93	14,89	+361,79
Of which G. of I.	135,48	371,88	..	14,89	+220,91
(b) Banks	114,87	114,13	100,42	26,91	+ 87,96
(c) Others	15,67	12,87	12,31	1,24	+361,79

*Including Cash and Short-term Securities.

SCHEDULED BANKS
(Rs. in Lakhs)

	14-9-45	7-9-45	15-9-44	1-9-39	14-9-45 compared with 1-9-39
Demand Liabilities in India	644,71	639,66	583,51	134,36	+510,35
Time Liabilities in India	258,26	258,52	190,63	102,24	+151,02
Cash in India	34,35	3,800	25,45	6,76	+ 27,65
Balances with Reserve Bank	113,97	114,42	99,95	25,17	+ 88,80
Advances in India	252,80	256,13	202,24	101,52	+151,28
Bills discounted in India	13,67	13,49	9,72	3,57	+ 10,10

U. S. FEDERAL RESERVE BOARD
(Million dollars)

	20-9-45	13-9-45	21-9-44	31-8-39	20-9-45 compared with 31-8-39
Resources—					
Total Reserve	17,921	17,921	18,975*	14,661	+3,269
Total Bills Discounted	30	457	172	6	+ 295
Bills bought in open market	..	..	..	(550,000)	—(550,000)
Total U. S. Govt. Securities	29,965	29,808	16,540	12,426	+ 10,579
Liabilities—					
F. R. Notes in actual circulation	29,976	29,984	20,001	14,600	+ 9,875
Reserve Account	15,558	15,329	13,445	10,951	+ 4,601
Total Reserve to Deposits and F.R. Liabilities	43·2%	43·2%	52·9·%	36·9%	— 43·7%

Figures in brackets are the actual ones * Gold only.

TREASURY BILLS SALES
(3 Months Tenure)
(Rs. in lakhs)

Date of issue	Amount tendered	Amount accepted	Average rate	Interest	sold in favour of Issue Dept.
1945					
June 26,	5,80	2,00	0 3 11	..	4,69
July 3,	2,26	86	0 3 11	..	1,64
,, 10,	2,42	42	0 4 0	..	1,10
,, 17,	70	58	0 4 9	..	1,45
,, 24,	87	87	0 5 1	..	45
,, 31,	2,98	1,60	0 5 11	..	98
Aug. 7,	3,14	3,14	0 6 3	..	300
,, 14,	3,90	1,70	0 7 0	..	75
,, 21,	3,64	2,00	0 7 0	..	3,00
,, 28,	4,85	2,00	0 6 9	..	2,18
Sept. 4,	5,18	2,00	0 6 11	..	4,22
,, 12,	2,38	2,00	0 5 11	..	5,41
,, 18,	4,47	2,00	0 6 0	..	..

CLEARING HOUSE RETURNS
(Rs. in lakhs)

	1943-44	1944-45	July 1945	Aug. 1945	Sept. 7 1945	Sept. 14 1945
Bombay	24,43,31	22,36,97	216,02	1,81,58	43,12	30,75
Calcutta	17,40,12	23,51,59	244,80	2,29,56	62,97	59,35
Cawnpore	1,02,41	1,12,95	8,44	7,98	1,78	..
Delhi	1,02,41	1,20,94	11,83	10,89	2,15	2,43
Karachi	1,02,64	1,24,54	10,92	10,75	2,46	..
Lahore	1,02,64	74	8,21	7,52	2,02	2,00
Madras	78,52	1,27,37	23,57	21,82	5,57	5,43

NON-SCHEDULED BANKS
(Rs. in lakhs)

Date	Liabilities Demand	Liabilities Time	Total	Cash Balances	% of Cash Balances to Liabilities
31-12-1943 (530)	17,32	17,47	34,79	4,88	14.0
30-6-1944 (572)	21,06	23,37	44,43	5,29	11.9
29-7-1944 (572)	20,31	15,58	43,43	4,85	11.1
26-8-1944 (579)	23,13	23,81	45,93	5,15	11.2
23-9-1944 (579)	22,57	23,24	45,51	5,07	11.1
29-9-1944	22,18	25,78	47,96	5,30	11.1
27-10-1944	22,29	24,48	46,80	5,51	11.9
24-11-1944	24,84	28,29	53,13	6,04	11.4
29-12-1944 (613)					

Number of banks submitting their returns within brackets

TREASURY BILLS MATURITIES
(3 Months' Tenure)
(Rs. in lakhs)

Date of maturity	Amount	Date of maturity	Amount
Sept. 26, ,,	2,00	Nov. 14, ,,	3,14
Octr. 3, ,,	2,00	,, 21, ,,	1,70
,, 10, ,,	86	,, 28, ,,	2,00
,, 17, ,,	42	Dec. 5, ,,	200
,, 24, ,,	58	,, 12, ,,	200
,, 31, ,,	47	,, 19, ,,	2,00
Nov. 7, ,,	1,50		

STERLING PURCHASES BY RESERVE BANK OF INDIA

	1943-44	1944-45	Aug. 1945	Aug. 1944	July 1945	July 1944
Amount (£ in '000)	114,549	80,803	14,198	10,184	8,603	8,229

Average rate of purchases remained 0-1-6 all the time.

EXCHANGE RATES (T.T.)

	Sept. 28, 1945	Sept. 21, 1945
Bombay on London (s.)	1-5 31/32	1-5 31/32
London on New York (Rs.)	3321	3321
London on Bombay (s.)	1-6	1-6
Bombay on New York (s)	4.02¼—4.02¾	4.02¼—4.02¾
New York on London (s)	4-03	4.03

BANK RATES

	Date of last change	Previous Rate	Present Rate
Bombay	28th Nov. 1939	3½%	3%
London	26th Oct. 1939	3%	3%
U.S.A.—New York Fed. Res.	29th Oct. 1942	1%	1½%
	27th Oct. 1942	1½%	1½%

CASH POSITION
(Rs. in lakhs)

	14-9-45	7-9-45	15-9-44	1-9-39	14-9-45 compared with 1-9-39
Reserve Bank of India	10,51	9,82	2,45	35,15	—24,64
Scheduled Banks	148,32	147,42	125,40	31,37	+116,95

B—General

DETAILS OF LOANS AND GRANTS OUT OF THE CENTRAL REVENUES AND COTTON FUND DURING 1943-44 AND 1944-45

Name of the Provinces, etc.	Irrigation Facilities		Land Clearance and improvements		Manure for distribution		Seed multiplication and distribution		Compost making; Bonus to cultivators for diverting areas from short staple cotton to food crops; Fish production; and miscllaneous schmes		Total	
	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Ajmer-Merwara ..	..	..	..	..	7,250	3,000	2,27,000	1,33,715	..	55,081	1,69,600	1,92,255
2. Assam ..	..	2,35,500	..	..	2,10,300	48,417	17,77,667	4,29,900	..	1,76,668	19,87,967	5,99,485
3. Baluchistan ..	..	38,148	..	..	..	1,000	1,66,400	1,17,016	..	26,091	2,34,250	1,91,797
4. Bengal ..	..	5,67,259	..	..	6,16,000	89,700	79,14,000	13,98,850	..	4,66,962	11,22,500	45,04,976
5. Bihar ..	..	11,09,000	..	5,76,970	1,92,500	11,00,000	7,71,200	3,06,100	..	2,37,952	11,22,500	45,04,976
6. Bombay ..	8,22,500	13,24,830	3,00,000	16,00,000	..	8,22,927	..	9,14,719	..	1,42,500	70,68,976	23,88,151
7. C.P. and Berar ..	29,34,000	8,99,000	3,46,970	1,47,985	22,86,000	8,21,000	15,00,000	4,62,186	..	50,000	..	84,750
8. Coorg ..	..	..	..	41,250	..	6,000	..	..	..	7,500	61,25,000	33,57,412
9. Madras ..	..	9,76,250	16,25,000	2,02,466	19,00,000	6,66,833	26,00,000	7,75,626	..	7,36,237	12,74,000	11,91,168
10. N.-W.F.P. ..	..	10,21,000	..	41,250	..	..	12,74,009	1,60,500	..	9,666	28,44,000	11,22,891
11. Orissa ..	3,73,500	2,45,600	8,22,000	1,33,900	1,39,300	1,14,250	6,62,100	1,61,697	46,000	4,67,474	..	13,05,000
12. Punjab ..	..	7,00,000	..	9,00,000	..	15,000	..	..	..	1,93,860	..	5,73,335
13. Sind ..	..	..	..	..	..	..	..	3,49,336	..	2,24,000	..	24,94,940
14. U.P. ..	..	29,83,500	..	1,01,000	..	2,13,000	..	1,71,050				
15. I.C.A.R. ..												
States ..	..	..	..	..	..	..	..	79,000	..	3,59,426	..	4,34,426
16. Baroda ..	..	4,03,000	..	82,000	..	33,750	..	80,000	..	6,15,000	..	12,12,750
17. Kashmir ..	..	..	..	..	..	..	..	16,800	..	..	..	16,800
18. Kutch ..	..	..	..	..	..	..	..	..	..	8,677	..	8,677
19. Rampur ..	..	..	..	..	..	..	..	..	..	8,666	..	8,666

N.B.—During 1942-43 grants from the Cotton Fund amounting to Rs.26,83,721 were sanctioned to Provinces and the Indian States.

Source: The Famine Inquiry Commission (Final Report).

LEAGUE OF NATIONS STATISTICS: BANKING

	Notes in circulation (000,000 omitted)				Gold Reserves (000,000 omitted)				Commercial Bank Deposits (000,000 omitted)			
	1939 Dec.	1943 Dec.	1944 Dec.	1945 Dec.	1939 Dec.	1943 Dec.	1944 Dec.	1945 Dec.	1939 Dec.	1943 Dec.	1944 Dec.	1945 Dec.
Union of South Africa (S.A.£) ..	20.9	51.0	59.9	56.5(ii)	29.7	88.6	86.9	103.2(iv)	101.0	235.9	271.1	..
Egypt (E.£) ..	26.4	95.6	116.7	118.0(ii)	6.5	6.3	6.3	6.3(i)	..	..	..	..
Canada (C.$) ..	233	974	1,038	1,062 (iv)	127	3	4	3 (iii)	2,774	4,896	5,137	4,880 (iii)
U.S.A. ($) ..	7,598	16,737	25,307	26,193 (iv)	17,643	21,938	20,619	20,274 (iv)	45,050	80,027	91,004	96,800 (iii)
Mexico (Peso) ..	373	1,171	1,358	1,390 (iv)	37.8	241.0	263.1	..	351	1,414	1,847	..
China (Yuman M.)	624	3,011	..	..	..	..	..	..	..	..	..	..
India (Rs.)	2,245	6,408	10,096	10,849 (iii)	444	444	444	444 (iii)	2,401	6,581	8,190	9,391 (ii)
Iraq (I.£) ..	5.2	34.0	39.3	40.5(ii)	6.0	36.1	..	..	2.0	16.5	20.2	19.3 (i)
Iran (Rial) ..	1,010	5,151	6,407	6,700 (ii)	831	2,981	4,189	..	200	6,103	9,002	8,801 (ii)
Japan (Yen) ..	3,518	9,667	17,870	16,930 (i)	501	627	534(vii)	..	19,794	43,132	49,590(v)	..
Palestine (£ P.) ..	8.5	36.0	41.5	44.9(iv)	7.0	27.3	..	..	16.2	53.6	71.2	74.9(iii)
Syria and Lebanon (Livre S.L.) ..	47.9	272.8	340.3	333.8(i)	..	..	..	..	32.7	219.5	186.6	..
Germany (Reichs M.) ..	11,798	33,693	50,102	55,519 (ii)	..	..	..	..	8,501	19,613	..	..
France (Franc) ..	161,322	600,288	872,510	868,123 (iii)	114,600	84,598	75,151	75151 (iii)	42,443	107,043	114,131(v)	..
Italy (Lire)	24,432	96,541	277,000	..	..	..	..	..	2,441	4,031	4,548	4,480 (iii)
U.K. (£) ..	554.6	1,088.7	1,236.6	1,289.2(iv)	0.2	0.2	0.2	0.2(iv)	261.9	419.1	458.3(vi)	..
Turkey (T.£) ..	281	802	964	..	36.8	201.7	276.8	..	236.0	497.1	571.1	597.9(iii)
Australia (A.£) ..	97.3	163.8	202.5	191.7(iii)					72.6	113.3	120.5	127.9(ii)
New Zealand N.Z.£)	19.3	37.7	41.4	40.2(iii)	2.8	2.8	2.8	2.8(iii)	4 .	110 colcolo	1530	

INDEX NUMBERS OF WHOLESALE PRICES*

(Week ended 19th August 1939 100)
(Average of weekly figures)

	Agricultural commodities.	Raw Materials.	Primary commodities.	Manufactured articles.	General Index.	Chief articles of export.
1939-40† ..	127.5	118.8	124.2	131.5	125.6	130.5
1940-41 ..	108.6	111.5	113.4	119.8	114.8	114.1
1941-42 ..	124.2	146.9	132.5	134.5	137.0	137.2
1942-43 ..	166.2	165.9	166.0	190.4	171.8	161.7
1943-44 ..	208.7	186.0	232.5	251.7	236.5	226.4
1944-45 ..	267.4	208.0	240.5	256.3	244.2	243.9
April 1945	267.9	208.5	249.1	239.6**	242.3	240.8
May ..	268.3	208.7	257.8	239.0	238.1	241.8
June† ..	268.2	208.7	238.6	240.7	237.4	239.8
July† ..	268.3	212.0	244.8	242.8	244.4	248.6
Aug.† ..	268.0	210.8	244.1	243.5	244.1	248.4

‡—Seven months ended March 1940.
†—Provisional.

**—The fall in the index number as compared with March (268.7) is due to the reappearance of the price quotations for galvanised corrugated sheets which are lower than the estimated quotations included for calculating the group index number from September 1941 to March 1945.

*—Source: Office of the Economic Adviser to the Government of India.

BULLION PRICES (Closing quotations)
BOMBAY

	Spot	GOLD Settlement	SOVEREIGN Spot	SILVER Spot	SILVER Settlement
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1940-41*	42 6 0	42 8 3	..	69 8 0	69 0 5
1941-42	44 7 11	44 9 10	..	66 11 4	66 0 0
1942-43*	57 10 10	56 14 5	..	94 2 6	90 4 6
1943-44*	76 11 6	76 10 9	..	120 7 11	120 2 5
1944-45*	71 7 4	71 2 4	..	128 10 9	127 2 7
July 1945	78 8 3	78 6 6	..	136 12 4	136 3 6
Aug. 1945	73 8 2	73 3 6	..	1129 13 9	131 7 6
Sept. 25, '45	77 0 0	77 12 0	..	135 12 0	136 14 0

ALL-INDIA FOOD INDEX

(Base: Week ended 26th August, 1939—100)

Week Ended	Index	Increase or decrease
4th August, 1945	237.9	...
11th August, 1945	240.7	—0.6
18th August, 1945	239.2	+2.8
25th August, 1945	239.7	—1.5
1st September, 1945	239.7	+0.5
8th September, 1945	239.6	Nil

D—Prices

INDIAN STOCKS AND SHARES

	25-9-45 Rs. a. p.	17-9-45 Rs. a. p.
GOVT. SECURITIES:		
3¼% (1948-52) (98)	100 3 0	100 3 0
3% (1945) (100)	102 8 0	...
3% (1960-65) ..	98 11 0	98 9 0
3% (1952-54) (98½)	101 8 0	...
3½% G.P. Notes ..	102 4 0	101 12 0
4% (1960-70) ..	113 5 0	...
4½½% (1955-60) ..	117 4 0	117 4 0
3% (1945-50)	100 11 0	100 5 0
Calcutta		
3% Loan (1963-55)	107 4 0	...
3% Loan (1945-52)	100 14 0	100 3 0
3% Vic. (1967)	101 3 0	...
4½% (1955-60)	100 6 0	...
5% Loan (1955-60)	100 2 0	...
TEXTILES: Bombay		
Ahmedabad ...	403 6 0	403 6 0
Bom. Dyeing (250)	2,012 12 0	1,932 8 0
Central (10) ...	405 0 0	375 0 0
Century (100) ...	95 0 0	895 0 0
Colaba (10) ...	250 0 0	242 8 0
Ind. Bleaching (10)	163 0 0	166 0 0
Kohinoor (100) ...	616 0 0	605 0 0
Phoenix ...	660 0 0	660 0 0
Sohiapur (1,000) ...	7,000 0 0	7,000 0 0
Simplex ...	307 8 0	286 0 0
Swadeshi (100)	578 0 0	547 0 0
Vishnu (50) ...	497 8 0	496 0 0
Finlay (100) ...	...	262 0 0
Swan (100) ...	...	...
Morarji (100) ...	...	710 0 0
New Great (100) ...	...	365 0 0
Apollo ...	...	3 15 0
Sassoon Ordy. ...	...	13 11 0
Sassoon Defd. ...	...	2 12 0
Poddar ...	...	320 0 0
Gokak ...	304 0 0	...
Calcutta		
Ben. Nag. (10) ...	...	...
Cawn. Tex. (2½) ...	12 11 0	12 13 0
Dunbar (100) ...	...	362 0 0
Kesoram ...	19 4 0	19 4 0
Elgin Mills (10) ...	66 0 0	66 2 0
Muir Mills (50) ...	...	...
N. Victoria (2½) ...	7 15 0	7 14 0
Basanti ...	...	...
Madras		
Bowreah ...	...	693 0 0
B. & Co. Ord. (100)	...	343 0 0
Bang. Wool (100) ...	...	500 0 0
Pankaja (100) ...	...	271 0 0
Cambodia (10) ...	...	30 2 0
Coim. Spg. (50) ...	...	...
Sitaram Spg. (50) ...	168 0 0	170 0 0
Vasanta (100) ...	...	315 0 0
Madura (15) ...	...	74 12 0
Lakshmi Old (50) ...	...	176 0 0
Sharda (100) ...	161 0 0	...
Lahore		
Ajudhia ...	...	7 5 0
Cawn. Tex. (2½) ...	...	...
N. Vic. Ord. (2½) ...	...	...
N. Vic. Pref. ...	...	...
Raja Tex. (10) ...	70 6 0	69 12 0
JUTE: Calcutta		
Alliance (100) ...	...	745 0 0
Anglo-India (100) ...	527 0 0	523 0 0
Barnagore ...	279 0 0	...
Gaurpara ...	...	38 6 6
Auckland ...	...	367 0 0
Belly ...	427 0 0	432 0 0
Belvedere ...	...	638 0 0
Champdany ...	...	274 0 0
Chitavalsah ...	41 2 0	39 8 0
Craig ...	13 8 0	13 4 0
Howrah ...	94 10 0	92 9 0
Cheviot ...	395 0 0	...
Dalhousie ...	401 0 0	...
Empire ...	58 8 0	...
Ganges ...	651 0 0	...

Madras quotations are for 16-9-45.

	25-9-45 Rs. a. p.	17-9-45 Rs. a. p.
India ...	772 0 0	...
Kamarhatty ...	790 0 0	...
Krimson ...	495 0 0	...
Lansdowne ...	289 0 0	...
Kankparah ...	...	674 0 0
Megna ...	...	159 8 0
National ...	35 8 0	35 8 0
Reliance ...	84 0 0	83 12 0
Union ...	...	546 0 0
Orient (100) ...	327 0 0	327 0 0
Presidency (5) ...	...	13 14 0
Nuddea (50) ...	...	140 8 0
TATA SHARES: Bombay		
Chemicals ...	...	19 9 0
Oil ...	...	70 0 0
Power (1,000) ...	1,685 0 0	1,863 0 0
Hydro (100) ...	205 0 0	202 0 0
Steel Ordy. (75) ...	442 0 0	434 0 0
Steel Defd. ...	2,382 8 0	...
Steel Pref. 1 (150)	226 4 0	226 4 0
Steel Pref. 2 (100)	170 12 0	170 8 0
STEEL ENG.: Calcutta		
Braithwaite (10) ...	14 2 0	14 6
National Iron (10)	11 11 0	...
Steel Cor. Ord. (10)	34 14 0	34 12 0
Jessops Ord. (10) ...	...	...
Kumardhubi (10) ...	...	11 1 0
Bhartia Elec. (10) ...	21 7 0	...
Ind. Iron ...	42 1 0	41 5 0
Burn & Co. ...	435 0 0	425 0 0
COAL: Calcutta		
Central India ...	13 9 0	...
Columbia ...	7 7 0	...
Amalgamated (10)	...	55 2 0
S. Karanpura ...	39 4 0	37 6 0
Bengal (100) ...	754 0 0	754 0 0
Bhalgora ...	25 0 0	24 13 0
Burrakur (10) ...	45 8 0	44 12 0
East India (£) ...	...	45 4 0
N. Damuda ($) ...	...	...
Equitable ...	74 0 0	71 10 0
Standard ...	45 8 0	45 7 0
Ghrsak & Muslia ...	16 13 0	18 3 0
Kuardi ...	...	19 12 0
New Beerbhoom ...	48 4 0	47 12 0
Raneegunge ...	...	...
Dhemo Main ...	29 6 0	29 12 0
Burra Dhemo ...	10 10 0	...
Talcher ...	12 14 0	...
SUGAR: Calcutta		
Buland ...	...	...
Bairampur (10) ...	16 15 0	16 15 0
Samastipur ...	21 0 0	21 2 0
Belsund (7½) ...	...	16 2 0
Carew (10) ...	31 2 0	31 13 0
Murree Brewery (5)	...	...
New Savan (10) ...	...	...
Ram. Cane Ord. ...	21 14 0	22 0 0
Cawnpore ...	42 10 0	43 1 0
Champaran ...	42 5 0	...
Lahore		
Pun. Sugar (100) ...	...	...
Gokulnagar Ord. ...	...	...
Murree BreGwery (5)	...	...
Jagjit ...	...	246 0 0
Jaswant ...	...	9 14 0
Madras		
Mysore (10) ...	...	58 8 0
Deccan (10) ...	...	...
Deccan (25) ...	74 0 0	74 8 0
Travn. Sugar (7)	...	15 14 0
South India (10) ...	...	...
PLANTINGS: Madras		
Cochini Malabar (3)	16 0 0	16 0 0
Chembra Peaks (2)	9 10 0	10 1 0
Woodlands (10) ...	...	12 0 0
Thirumbadi (1) ...	...	4 8 0
Travan. Rubber ...	10 6 0	...
TEA: Calcutta		
Bishnauth (10) ...	46 0 0	46 0 0

	25-9-45 Rs. a. p.	17-9-45 Rs. a. p.
Cen. Cacher (100) ...	...	126 8 0
East India ...	22 8 0	22 2 0
Tezpore ...	22 0 0	...
BANK: Bombay		
Central ...	86 0 0	83 4 0
Imperial F.P.	2,220 0 0	2,217 8 0
Imperial P.P. ...	568 12 0	570 0 0
India	191 4 0	189 0 0
Reserve ...	134 12 0	138 12 0
New India Ins. ...	86 0 0	83 6 0
Calcutta		
Reserve ...	...	135 12 0
United Comm. ...	...	
Lahore		
United Com. (50) ...	...	...
Hind. Com. (50) ...	...	...
Pun. Na. (P.P.) (50)	...	...
Pun. Na. F.P. (100)	237 0 0	226 0 0
Bharat Bank Pref.	...	...
National Bank 'A'	...	...
National Bank 'B'	...	...
New Bank of La. B	...	...
Oriental ...	...	4 6 0
MISC.: Bombay		
Ajmer ...	14 14 0	14 14 0
Assoct. Cement ...	223 4 0	217 0 0
Bom. Sub. (100) ...	210 0 0	210 0 0
B.I.C. ...	...	7 6 0
Alcock ...	407 8 0	410 0 0
Belapur Sugar (150)	227 0 0	224 8 0
Bom. Bur. (50) ...	567 0 0	562 8 0
Bom. Bur. N. (50)	196 4 0	197 8 0
Bom. Steam (250) ...	612 8 0	600 0 0
Bom. Tram. ...	149 0 0	148 4 0
Bombay Petrol ...	5 11 0	5 11 0
Scindia Steam ...	38 4 0	37 6 0
Shivarajpur (50) ...	52 8 0	51 0 0
And. Val. (1,000) ...	1,830 0 0	1,822 0 0
Indian Iron (10) ...	41 14 0	41 2 0
Indian Copper (2s.)	3 5 6	3 3 6
Prem. Cons. (30) ...	212 8 0	216 0 0
Burma Corpn. ...	6 5 6	6 6 0
Calcutta		
Bengal Paper ...	...	...
I.P.P. (100) ...	...	227 0 0
Shree Gopal (10) ...	...	...
Star (10) ...	...	...
Titaghur ...	32 11 0	32 12 0
Ind. Copper (2s.) ...	3 4 0	3 4 0
Cons. Tin ...	4 4 0	4 9 0
Burma Corpn. ...	6 5 0	6 8 0
As. Ben. Com. Ord.	...	19 14 0
Aluminium Corpn.	...	16 1 0
Rohtas Industries	...	15 10 0
Br. Bur. Petroleum	...	5 13 0
Ben. Navigation ...	...	...
Min. Zamindari ...	179 0 0	192 4 0
Dalmia Cement ...	16 12 0	16 15 0
Lahore		
Indian Iron ...	...	41 5 0
Dharangdhra ...	...	...
Rampur Distly. ...	16 4 0	...
Na. Saltpetre ...	...	1 1 0
North India Oil ...	...	...
Shree Gopal (10) ...	...	...
Star (10) ...	...	...
Kaycee Glass ...	81 0 0	...
Kaycee Industries	...	...
Jagjit Distillery ...	7 3 6	7 1 0
Hind. Motors ...	4 0 6	...
Madras		
Andhra Cement ...	...	122 8 0
Bruntons ...	9 4 0	10 0 0
Hind Trust ...	...	21 12 0
Ind. St. Rolls ...	...	9 10 0
Mysore Chem. Fert.	20 0 0	...
Metr. Chem. Defd.	5 4 0	...
Singarani ...	...	19 14 0
Spencer ...	...	14 14 0
Mysore Paper ...	21 12 0	...

COMPANY DIVIDENDS

Names of Companies	Amount per Share.	Date of Meeting or Payment
Atal Tea Coo. (1943) Ld.	As. 6	16th September
Balmer Lawrie & Co. Ld. (Ord.)	Rs. 5(i)	25th September
Barsdighi Tea Co. Ld.	Rs. 5	4th October
Bisra Stone Lime Co. Ld.	Re. 1-10	12th September
Central Cachar Tea Co. Ld.	Rs. 7-8	4th October
Chandypore Teea Co. Ld.	Rs. 10	4th October
Cherra Chhatak Ropeway Co. Ld.	As. 6	7th September
Delta Jute Mills Co. Ld. (Ord.)	Rs. 7-8	26th October
Delta Jute Mills Co. Ld. (Pref.)	Rs. 3	26th October
Dhunseri Tea Co. Ld. (Ord.)	Nil	3rd October
Dyer Meeskin Breweries Ld.	As. 14	22nd September
Bhusick & Muslia Collieries Ld.	As. 4-1/2	4th October
Indian Aluminium Co. Ld. (Ord.) & (Pref.)	Nil	28th September
Kallinugger & Khoreel Tea Co. Ld.	Rs. 7-8	4th October
Midnapore Zemindary Co. Ld. (Ord.)	Rs. 10*	21st September
Midnapore Zemindary Co. Ld. (Pref.)	Rs. 6	21st September
Nagri Farm Tea Co. Ltd.	Re. 1-8	17th September
New Manbhoom Coal Co. Ld.	Rs. 3	21st September
Orient Paper Mills Ld. (Ord.)	As. 12	9th October
Orient Paper Mills Ld. (Pref.)	Rs. 5-2	9th October
Presidency Jute Mills Co. Ld.	As. 2	9th October
Rohtas Industries Ld. (Ord.)	As. 12(f)	10th October
Rohtas Industries Ld. (Pref.)	Rs. 7-8	10th October
Rydak Tea Syndicate Ld.	Rs. 10	4th October
Samla Coollieries Ld.	Nil	28th September

(i)—Interim Dividend.
*—Including Bonus of Rs. 2 per share.
(f)—Final Dividend.

C—General and Prices

WHOLESALE PRICES OF PRINCIPAL COMMODITIES

Commodities	Quality	Market	Unit	This week Rs. a. p.	Last week Rs. a. p.	A month ago Rs. a. p.
1. Wheat	(1) Average	Amritsar	per md.	8 3 0	8 2 0	...
	(2) Superior	..	..	8 8 0	8 8 0	...
	(3) Ready	Lyallpur	..	8 12 6	8 11 0	...
	(4) Red	Hapur		10 4 0	10 4 0	...
	(5) Dara	Cawnpore		12 5 0	12 5 0	...
	(6) ..	Calcutta		10 7 0	10 7 0	...
2. Rice	(1) Pb. Basmati New	Amritsar		22 0 0	22 0 0	...
	(2) .. Old	..		23 0 0	21 0 0	...
	(3) .. Sela	..		21 0 0	20 8 0	...
	(4) Parmal	..		17 0 0	17 12 0	...
	(5) Sone	..			15 0 0	...
	(6) Begami	..		13 0 0	13 8 0	...
	(7) Jhora	..				...
	(8) Common rice (S)	Cawnpore		16 0 0	16 0 0	...
	(9) Medium grade	Calcutta		11 12 0	11 12 0	...
3. Linseed	(1) Ready Bold	Bombay			13 3 6	...
	(2) .. Small	..			13 0 6	...
	(3) .. Bold	Cawnpore		8 0 0	8 0 0	...
	(4) .. Small	..		8 0 0	8 0 0	...
	(5)	Calcutta		12 0 0 to 12 8 0	13 0 0	...
4. Mustard	(1) Yelloow	Cawnpore		12 0 0	12 0 0	...
	(2) Black	..		10 0 0	10 0 0	...
5. Groundnuts	(1) Karnal (Coromandal)	Madras		11 13 10	11 12 6	...
	(2) Karnal	Bombay			11 7 8	...
6. Potatoes	(1) Desi	Cawnpore		16 2 0	...	...
	(2) Pahari (Haldwani)	..		18 6 0	18 0 0	...
7. (a) Raw Cotton	I.C.C. (Sept., 1945)	Bombay	per candy of 784 lbs.	350 0 0	350 0 0	362 0 0
(b) Cotton Yarn	(1) No. 10-1/2 S	..	per lb.	0 12 10	0 12 10	0 12 10
	(2) No. 30 S	..	..	1 1 0	1 1 0	1 1 0
(c) Cotton (piecegoods)	Longcloth (Std. quality)	..	..			
8. (a) Jute Raw	(1) First (Mills)	Calcutta	per bale (400 lbs.)	79 0 0	79 0 0	79 0 0
	(2) Lightenings (Mills)	..	..	74 0 0	74 0 0	74 0 0
(b) Jute Bags	B Twills (2-1/4 lbs.)	..	per bale (100 bags)	66 12 0	66 12 0	66 2 0
(c) Jute Cloth	(1) Hessian Cloth 8 oz. (Ready)	..	per 100 bags	22 2 0	22 2 0	22 2 0
	(2) Hessian Cloth 10-1/2 oz. (Ready)	..	per 100 yds.	29 0 0	29 0 0	29 0 0
9. Wool (Raw)	Kandhar (Cleaned)	Karachi	per md. (82 lbs.)	82 0 0	82 0 0	82 0 0
10. (a) Hydes and Skins (Raw)	(1) Cow salted (Dacca)	Calcutta	per 20 lbs	16 0 0 to 17 0 0	16 0 0 to 17 0 0	16 0 0 to 17 0 0
	(2) Goat skins (good qty.)	..	..	170 0 0 to 190 0 0	170 0 0 to 190 0 0	170 0 0 to 190 0 0
(b) Hydes and Skins (Tanned)	(1) Cow hides	Madras	per lb.	1 9 0 to 1 12 6	1 9 0 to 1 13 0	1 9 0 to 1 13 0
	(2) Goat skins	..	..	2 12 0 to 3 0 0	2 12 0 to 3 0 0	2 12 0 to 3 0 0
11. Shellac	T.N.	Calcutta	per md.	71 0 0	71 0 0	71 0 0
12. Kerosene Oil	Superior (ex-godown)	Calcutta	per tin of 4 gallons	4 11 9	4 11 9	4 11 9
13. Coal	Selected Jharia A	Calcutta	per ton f.o.r.	13 5 0	13 5 0	13 5 0
14. Cement	Indian	Calcutta	full wagon load of 16½ to 23 tons	68 12 0	68 12 0	68 12 0
15. Coffee	Plantation A	Coimbatore	per cwt.	137 0 0	137 0 0	136 0 0 to 137 0 0
16. Tea	Indian market	Calcutta	per lb.	0 13 7	0 13 11	0 15 5
17. Sugar	First crystals	Cawnpore	per md. (ex-factory)	16 1 6 to 16 12 6	16 1 6 to 16 12 6	16 1 6 to 16 12 6
18. Oils—Linseed	Ready	Bombay	per gr.			
Castor	..	..	..			
Copra	..	..	..			
Grouondnuts	..	..	..			

Quotation for 1 to 6 items are from Weekly Report of the marketing advisers. This week—24th Sept., 1945.
Last week—17th Sept., 1945. A month ago.
Quotations for 7 to 17 items are from the Indian Trade Journal.
This week—20th Sept., 1945. Last week—13th Sept., 1945. A month ago—30th Aug., 1945.

COTTON STATISTICS

A.—CURRENT PRICES

BOMBAY (Rs. per candy of 784 lbs.) Futures:	Sept. 20 1945	Sept. 13 1945	NEW YORK (Cents per lb.) Futures:	Sept. 20 1945	Sept. 13 1945
Sept. 1945	350	350	Oct. 1945	22.77	22.88
Jan. 1946	408	414½	Dec. 1945	20.91	22.93
Mar. 1946	415	421¼	Jan. 1946	22.80	22.87
May 1946	426½	421¼	Mar. 1946	22.89	22.91
Spot			May 1946	22.83	22.87
Jarrila F.G.	355	353	Spot	23.22	23.35

B.—ALL-INDIA COTTON MOVEMENTS

(In bales)

Week ending	Sept. 8 1945	Sept. 1 1945	This season 1945-46	Last season 1944-45
Receipts at Bombay	13,395	537	13,932	1,878,494
Receipts at Karachi				956,544
Total bales	13,395	537	13,932	
Exports from Bombay	3,478		3,478	
Exports from Karachi	..	..		
Total bales	3,478		3,478	

SUGAR POSITION IN INDIA FOR THE SEASON 1944-45
(Figures in tons)

Producing Areas.	Production up to 22-8-45.	Dispatches during the period 16-8-45 to 22-8-45.	Progressive total of dispatches up to 22-8-45.	Percentage of progressive dispatches to production.	Balance stock as at close of 22-8-45.
U.P. ..	5,31,987	12,426	4,07,997	76.7	1,23,970
Bihar ..	1,70,484	4,257	1,13,754	66.7	56,730
Bombay ..	75,085	817	54,960	73.2	20,125
Madras ..	49,067	960	37,023	75.5	12,044
Punjab ..	8,248	99	6,831	82.8	1,417
Bengal ..	11,986	70	10,411	86.9	1,575
N.-W.F.P. ..	4,127	93	3,477	84.3	650
Orissa ..	2,556	19	2,052	80.3	504
Indian States ..	1,15,176	1,355	90,744	78.8	24,434
Total ..	9,68,696	20,096	7,27,249	75.1	2,41,449

Note:—Balance stock of 1942-43 and 1943-44 season's sugar as at close of 22-8-45 was 980 tons.
(2) Production returns have not been received from 1 factory only.

Rs.34,00,000 *a day invested!*

Over Rs. 112 Crores were invested in less than eleven months in the First 3% Victory Loan (1957) withdrawn during February 1945.

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SECOND

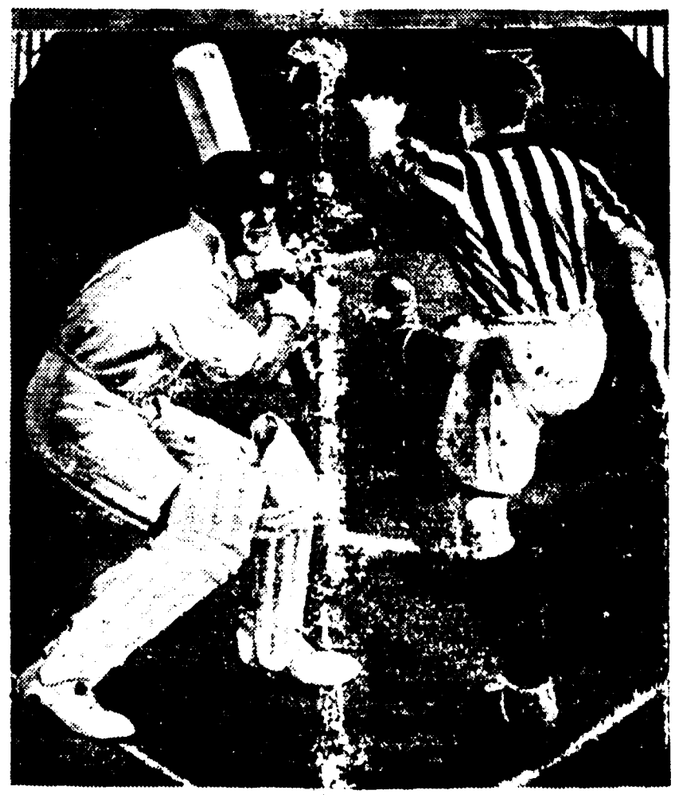
VICTORY LOAN

1959-61

ISSUED BY THE FINANCE DEPARTMENT GOVERNMENT OF INDIA

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26.1.46

"FLANNELL'D FOOL"...



. . . and "Muddied Oaf." Britain's wars have been won on her playing fields as her "flannell'd fools" and "muddied oafs" are proving once again to-day. From playing fields to laboratory may sound a far cry, but sports and games make direct calls on both the chemist and the British chemical industry. The grass of British playing fields, lawns and golf greens is the envy of the world, but it is not the unaided product of the British climate. The chemist has supplied ordinary fertilisers and special mixtures to kill weeds and nourish the grass; mercurial preparation to prevent the mildews and soil fungi which damage golf greens; chemicals to check worms and to destroy leather-jackets. All of these are even more essential in India. As with grounds, so with equipment. Chemical research has helped to make balls travel farther, bounce better or last longer as each game demands. Tennis balls, for example, contain pellets of ammonium chloride and sodium nitrite. These react to produce nitrogen gas which increases the pressure and therefore the bound. The leather and rubber for bat and racquet handles, sporting gloves, footwear and footballs are all variously processed to impart the right degrees of softness, elasticity, strength or durability. After the war India will see fresh proof of sport's dependence on chemistry in the shape of tennis racquet strings and fishing tackle made from nylon instead of ordinary gut.

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