

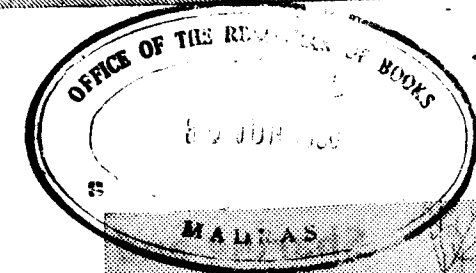
Business Week India

Vol. III, No. 28

JUNE 24, 1950

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India's preparations for National Tree Planting Week in the first week of July recall the efforts of another Republic to conserve and renew its forest resources. Arbor Day is now a well recognized occasion in the United States for emphasizing the need to plant trees, to take care of those already planted, and to exercise commonsense precautions against waste. It is celebrated especially by school children, as seen in the picture, and numerous projects are undertaken to plant trees as well as to learn about the conservation and use of trees.

To plant trees and foster them and leave them under the care of the Government of the day was an ancient practice in our country. To plant fruit-yielding and flower-yielding trees was considered meritorious and references to woods and forests abound in our *Puranās* and literature. Places surrounded with trees were most suitable for teaching and the finest culture flourished in the atmosphere of the *ashrama* and the *tapovana*.

Somehow we ceased this practice and resorted to the savage felling of trees. The results have been disastrous. Rains have become scarce; rivers once filled with water are now filled only with sand; big tanks are getting silted; and green manure for the land is scarce.

Mr. K. M. Munshi, Food and Agriculture Minister of India, has called on the nation to plant at least one crore of trees and appealed to the people to live on fruits, vegetables and tubers during the first week of July which will be observed as *Van Mahotsava* throughout the country. The attention of the world has been focussed on this important event, and we in this country may celebrate this event by contributing our mite and bring back the green glory of the forests.



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BUSINESS WEEK

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M. & S. M. AND S. I. RAILWAYS

CONCESSIONAL RATES FOR HANDLOOM CLOTH

The public are reminded of the following concessional rates charged for the transport by rail of hand-loom cloth including 'Khaddar', which have already been notified as being available upto 31st March 1951:

- (a) By passenger or parcels trains: Half parcels rates at Owners' risk.
- (b) By goods trains: 10th class at Railway risk.
9th class at Owners' risk.

It has now been decided that with effect from 1st June, 1950, senders who desire to do so may despatch handloom cloth, including Khaddar, by coaching trains at Railway risk also, the charges to be levied for such bookings being equivalent to those quoted in the betel leaves rate table and subject to the same minimum, viz. As. 12.



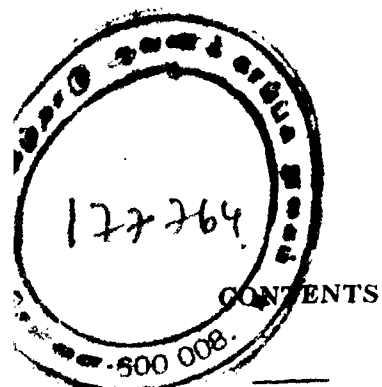
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Notes and Comments	Pages
Derationing of Petrol ...	519
Indian Interests in Burma	519
Save the Poor Investor ...	520
Leading Articles	
Cotton Price Policy ...	524
Controls Hamper Textile Trade ...	522
Plight of Handloom Industry ...	523
Cold Storage Industry ...	521
Special Articles	
New Life for Glass Industry	525
Italian Silk Industry—By Franco Boselli ...	526
Co-operative Movement in Britain—By Ray Boyfield	527
Current Comments	
The Insurance Act ...	529
High Price of Rubber ...	530
Books for Business Men ...	528
Business Brevities ...	531

VOL. III

No. 28

NOTES AND COMMENTS

Derationing of Petrol

The announcement that petrol will be derationed with effect from July 1, will be widely welcomed by motorists and public bodies in this country. The assurance that unlimited quantities would be available at reasonable prices would put an end to all blackmarketing activities to the immense advantage of the regular users of petrol.

In 1939, the consumption of petrol in undivided India was 110.5 million gallons, and in 1949, it was 197 million gallons including Pakistan which, it is stated, consumed at the most only 10 per cent. of the total quantity. It is estimated that with decontrol the total requirements of the Union would be a maximum quantity of about 250 millions a year from 2,86,443 motor vehicles in the country. To meet this requirement Government have decided to permit the import of 12.5 million gallons for the next quarter July-September.

It is undoubted that the three leading oil companies in our country will be able to cope up with the huge volume of demand consequent on decontrol. They command all the facilities for distributing petrol; they have their own lorries, pumps, storage tanks, etc. They can easily supply the additional quantity that may be required which, it is estimated, will not exceed 35 per cent. at the most, and carry the risks involved in large-scale supplies. The high sense of public responsibility which the leading oil companies in our country have shown

throughout the war years and the difficult period following the war is sufficient guarantee of continued and dependable service to the public in the future as well.

Indian Interests in Burma

The part played by South Indians, particularly Nattu Kottai Chettiars, in the development of land in Burma is by no means insignificant. They started as financiers and advanced considerable sums of money as loans to Burmese peasants. There was, naturally enough, a steady transference of land into their hands as the peasants found themselves unable to repay the loans and mortgages were foreclosed. While in 1930 the Indian community owned hardly half a million acres, in 1938 they had acquired about 2½ million acres out of a total of about 12 million acres of cultivable land. The total value of all lands and other immovable properties owned by Indians in Burma, according to a spokesman of the External Affairs Ministry of the Government of India, is about Rs. 90 crores.

In accordance with the provisions of the Burma Land Nationalization Act, owners of cultivable land, whether Burmese, Indian or European, will get 12 times the annual land revenue as compensation, the average annual revenue per acre being Rs. 3. The Act was enacted on the basis of Section 30 of the Constitution of Burma Act stating that "the State is the ultimate owner of all lands and it shall have

the right to regulate, alter, and abolish land tenures or resume possession of any land and distribute the same for collective or co-operative farming to agriculturists, and that there can be no large holding on any basis whatsoever, and that the normal size of such private holdings shall, as soon as circumstances permit, be determined by a Commission." Though the said Commission has so far not submitted its recommendations regarding the normal size of a private holding, an agriculturist is allowed to have a holding of not more than 10 acres, and only in exceptional cases a joint family in which not less than 5 persons till the soil is given a holding of 50 acres. It is thus seen that the Act was meant, not as an anti-Indian measure as supposed in some quarters, but as a socialistic law to effect badly needed land reforms in a predominantly agricultural country. The charge of discrimination cannot thus be technically brought forward, though in reality its effect will be discriminatory.

Whether the terms of compensation now arrived at between the Burmese Government and the Indian delegation are equitable to both the Burmese Government and the Indian nationals cannot be decided with any degree of finality in view of the wildly contradictory views of the interested parties. While the quantum of compensation may be utterly inadequate from the point of view of the owners the question whether a higher rate of compensation is at all possible under the present troubled conditions in Burma should be considered.

The compensation that is likely to be offered, according to one estimate, comes to about Rs. 30 per acre for average land, and on this basis the total cost of acquisition of foreign-owned land in Burma will be only about Rs. 10 crores. No one can say what exactly will be the total amount that Burma will have to pay as compensation, but if it is to be only a paltry figure of Rs. 10 crores, it is certainly a meagre amount considering the value of the holdings and the enormous efforts and sacrifices on the part of the South Indians over the last seventy

years in the development of the lower Irrawaddy basin. It should be borne in mind that between 1880 and the present day, the total acreage under rice in Lower Burma has increased something like 300 per cent., thanks mainly to Indian enterprise.

One distinct gain, however, of the visit of the Indian delegation is the new spirit of friendliness and cordiality that has developed between Burma and India. When normal conditions are restored in both countries the possibilities of trade expansion are considerable. We have had cultural contacts with Burma for nearly 2,500 years, and to establish new ties of friendship in the economic sphere as well may not be difficult as soon as lawlessness is put down in both countries and settled conditions prevail. As for the immediate present, the offer by India to take Burma rice in lieu of cash payment of compensation for nationalised lands of Indians may meet with ready approval by the Burmese Government, though this question was beyond the brief of the Reddi delegation.

One fact that Burma should not ignore in this connection is the effect of such measures on foreign investors. Burma, as indeed all countries of S. E. Asia including India, looks forward to foreign investors in no small measure for capital and the considerations which induced the Government of India to grant concessions to them must not be overlooked by Burma.

Save the Poor Investor

The impulse to capital formation is as feeble as ever. Investors as a class have lost confidence altogether in share business having burnt their fingers badly during the past several years. Even the few that are inclined for investment of their savings in profitable enterprises are scared by uncertainties and prefer to lock up their moneys in some private business of their own or lead them on sufficient security rather than invest in shares of joint stock companies. Since in the latter case the possibility of capital depreciation is still great with no guarantee whatsoever as to profits the chances of private investment are few.

Some of the reasons for this stagnation in the capital market were detailed by Mr. K.R.P. Shroff, presiding over the annual general meeting of the Native Share and Stock Broker's Association in Bombay on Thursday. The rapid alternation between assurance and doubt, inflationary pressure and the ossified cost-price structure, observed Mr. Shroff, had tended to form a pattern of contraction and to gear the economic machine to a low ratio of activity. Stock market trends, he warned, would continue to remain irregular and uncertain during the coming months as well.

The disappearance of the investors was attributed by Mr. Shroff to the transformation of the pattern of savings, the high cost of living, and the crushing burden of taxation. The flow of investment was dammed at its source, and the country, said Mr. Shroff, was facing the danger of dis-saving and dis-investment.

Wherein lies the remedy for this state of things? It is obvious that unless the investing public are again induced to stake their hard-earned money in share business the tempo of industrial investment will be slow. The way to create confidence lies in the prompt action by Government in the following directions: Domestic resources should be harnessed through the increase and productive investment of local capital. The revision of the Indian Companies' Act should be speeded up, and some of the provisions of the Act so tightened that companies would cease to trifle with other people's money. The Registrar of Joint Stock Companies should see that general meetings are held regularly, balance sheets giving correct and complete information about the finances and administration of the respective companies are sent out to shareholders in time, and that declared dividends are paid off immediately. Surprise audits by Government auditors of the accounts of all joint stock companies would be a welcome innovation to present practices. Managing Agents who act otherwise than as trustees of public funds should be brought to book immediately, and even stricter penalties may be enforced. As for

(Contd. on page 521)

Cold Storage Industry

India before partition produced annually only 3.8 million maunds of fruits as against a total annual world production of about 645 million maunds. As a result of partition, it is estimated that about 47 per cent. of the area under peaches, 67 per cent. of plums, 60 per cent. of nectarines, 48 per cent. of apricots 10 per cent. of strawberries, 35 per cent. of pineapples, 10 per cent. of apples, 41 per cent. of pears, 64 per cent. of quince, and 13 per cent. of loquat have gone to Pakistan. Moreover, peaches, plums, apricots, pears and quince of quality are produced only in the areas that now constitute Pakistan. In the Indian Republic, the production of fruits like cherries, raspberries, currants, strawberries, apples, pears, and quince is confined mainly to Jammu and Kashmir. Pineapples are produced in Madras, Assam and West Bengal. Uttar Pradesh is now the main source of loquats as also of apples next to Jammu and Kashmir.

Government Plan

Problems dealing with grading, assembling and marketing of fruits as well as their storage and preservation were dealt with in a bulletin issued by the Agricultural Marketing Adviser to the Government of India in March. Among his important recommendations are:

To assist the planning of future production of these fruits, State Governments should record the area, yield and production of each kind of fruit separately.

Fruit breeding work to evolve superior varieties should be taken up by the different States.

By introducing early and late varieties of fruits, the season of certain fruits like peaches and plums can be extended.

There is a great scope for increasing the use of these fruits in jam making and other fruit-preservation industries.

State Governments should provide an efficient market news service in regard to these fruits.

Growers and packers should be encouraged to take up the grading

and marking of these fruits under the 'Agmark' Scheme.

It is desirable to organise co-operative societies for assembling and distributing the fruits.

Municipalities and other local bodies might pass suitable measures for regulating the fruit and vegetable market.

The bulletin also recommends setting up of cold stores in important assembling and distributing areas and the provision of adequate transport facilities.

The progress of the refrigeration industry in our country has been phenomenal. India started with two cold storage plants in 1947 and to-day the number has increased to 57 plants for perishable foodstuffs, with a total capacity for 7,700,000 maunds.

Mr. M. L. Khanna, Refrigeration Development Engineer, told the recent Bombay conference that the fall in current prices of potatoes in Bombay was due to cold storage facilities for potato seeds, and that in a very short time perishable foodstuffs such as fruits and fish would also become available even out of season at cheaper rates. Large-sized ice and cold storage plants are also under construction in Bombay, West Bengal, Madras, Travancore-Cochin, and Delhi.

Plan for Development

Mr. Krishnamurthy recommended an integrated advancement of refrigeration industry and said that cold storages must be provided not only at suitable production and consumption centres but also for linking them up by arranging refrigerated rail and road transport. Efforts, he said, should be made to produce plant and component machinery within the country itself as far as possible and facilities should be afforded for training technical personnel.

The recommendations of the Advisory Committee to the Government of India are also of vital importance to the expansion of the industry. These included the establishment of a Central refrigeration Research Institute to

investigate into the various methods of preventing waste of perishable foodstuffs. To meet the demand from the industry for specialists in cold storage technique the Committee recommended that the existing technical institutes may be approached for imparting theoretical training in refrigeration. The part played by co-operative societies of fruit-growers in supplying subsidiary foodstuffs in prime condition to different parts of the country through the utilization of refrigerated transport was stressed by the Committee and it was decided to approach the State Governments to provide all possible assistance to such societies. The Committee was also of opinion that the possibilities of exporting superior varieties of Indian fruits through refrigerated transport as valuable exchange-earnings should be explored.

Contd. from page 520)

stock markets, they should cease to be the gambling dens they are today. On the part of the Government, they should exercise the same vigilance over the affairs of joint stock companies as is done at present in the case of banks and insurance companies.

In the recent spate of legislation in the economic sphere, the existence of investors had been tacitly assumed but the part they play in private enterprise had not been recognised. Investors require the same consideration and representation as is granted to industrialists and labour interests in view of the fact that they perform the important function of risk-bearing, which is of vital significance to private enterprise.

The Industries Development and Control Bill also ignores the investing interests, as was pointed out by Stock Exchange President. For the proper growth of industries, the control of investors over their undertakings should be maintained unimpaired and Government intervention should be limited to broad issues of distribution of industries and their planned development.

Controls Hamper Textile Trade

PLEA FOR ABOLITION BY SOUTH INDIAN BUSINESS MEN

Controls that were enforced over the textile industry during recent months have not benefited either the industry, or the trade or the consumer. The consumers' price has gone up and the supply is irregular. The ex-mill prices of cloth are by themselves high and, at least in some cases, bear no relation at all to the quality of cloth. Added to this, there is the excise duty levied by the Central Government and the two sales taxes, one levied by the exporting State and the other levied by the State Government.

As regards the trade, the feeling of frustration is at its zenith and controls have only damped the enterprising spirit and the incentive of those engaged in it. The margin of profit allowed to the trade is being narrowed down from time to time making it difficult for the dealers to carry on business smoothly.

Controls Should Go

That Government have not achieved the twin objects of the imposition of controls, namely stepping up production and bringing down cloth prices, was pointed out by Mr. E. V. Sundara Reddi, in his presidential address to the Provincial Conference of textile interests held at Madras last week. The mills, he said, had been given the freedom to export to any place any quantity at any price with the result that whatever remained after such exports was indeed a negligible quantity. Even out of this quantity, the mills were free to distribute one-third to their own nominees and only the rest was subject to control. Even the control on this limited quantity should go since, as Mr. Reddi pointed out, it did more harm than good to dealers and consumers.

Referring to the fall in the demand for cloth Mr. Reddi said that the purchasing power of the community had diminished and fewer purchases were made now due to the fact that the prices of cloth made available for internal con-

sumption are higher than before. There is urgent need for bringing down prices, and the best way to achieve this, according to Mr. Reddi, is by a reconciliation among various interests. The trade should make sacrifices in the interests of the consumers. What Government could do was to abolish sales tax altogether or to levy it only at one point, remove excise duty, allow a higher percentage of profit to the trade, curtail exports to the extent of surplus production, and induce the mills to release larger quantities of cloth at competitive prices for internal consumption. The trade will then be able to carry on smoothly and prices would come down.

The scheme of distribution formulated by the Madras Government sometime ago included two classes of dealers in addition to representative buyers and wholesale consignees. The latter were appointed to minimise the time taken for the transfer of cloth procured in Bombay to wholesale dealers in their districts. The scheme was intended to achieve a more even spreading of wholesalers and retailers for the convenience of distribution.

Overhaul Distribution System

In November 1949, when profit margins were reduced from 20 to 14 per cent., Government ordered the replacement of the two classes of wholesale dealers and retail dealers by a single class of dealers who might do either wholesale or retail business in cloth or both. Since in practice it was found later that there had to be a wholesaler who could buy in lots and distribute them in small quantities to the retailers and since under the system of single class of dealers retail traders were not able to secure cloth in the market at reasonable margins of profit Government considered that the revival of the separate classes of wholesalers and retailers was quite necessary. As for profit margins, since it was

not possible to fix fair margins of profit for the wholesalers and retailers within the small margin of 14 per cent. allowed to the trade, Government exempted the sale by the wholesale consignee to the wholesaler from the levy of sales tax in order to give the dealers a fair margin of profit. The Central Government, as Mr. Perumalswami Reddi told the Conference, are not likely to consider the question of restoring the previous margin to the trade as the reduction was made for the benefit of the consumers. They are not also likely to favour removal of excise duty as it may affect their revenues.

Abolish Sales Tax

But a better method for Government for bringing down the prices for the consumer would have been to reduce or abolish some of the unjust levies by way of excise duty and sales tax. The State Government, as Mr. L. Srinivasan pointed out, may either restrict the levy of sales tax on cloth to a single point at least for the duration of the control, or completely abolish sales tax on an essential article like cloth in conformity with the provision in the new constitution. The levy of the tax at multi-points now has only the effect of depriving the trade of its legitimate profit. A higher percentage of profit to the trade is certainly justified.



Plight of Handloom Industry

HOW RAILWAYS HELP

The handloom industry has been passing through a crisis during the past two years due to the slump in the handloom cloth trade. Explaining the reasons for the slump, Mr. C. Perumalswami Reddi, Minister for Industries, said during the last session of the Assembly that when business was brisk the handloom trade dumped poor quality cloth in the foreign markets to get large profits with the result that these markets were largely lost. Competition from the mill industry has been responsible for the low consumption within the country itself.

Relief Measures

The Madras and Central Governments, aware of the importance of the industry, have been taking all possible steps to help the industry. Free exports of handloom cloth to foreign countries have been allowed. Through Indian Trade Commissioners and Embassies, steps are being taken to popularise this cloth in foreign markets. Accepting the suggestion of the Standing Handloom Committee, Government of India have decided to reserve certain fields of production for the handloom industry. They have also decided to take a third of their cloth requirements from the handloom industry.

As regards the Madras Government, it has already sanctioned a scheme for the immediate relief of distress among handloom weavers through Co-operative Societies which would ensure for the weavers a minimum wage and continuous employment. The question of meeting part of the State's cloth requirements by the purchase of handloom cloth is also under consideration.

These measures, however, have not been adequate to extricate the industry from its present bad plight, as is evident from the frequent complaints that are being heard from public bodies. The Madras Provincial Handloom Weavers' Congress submitted a memorandum to the Prime Minister early this month complaining of Government's undue concern for India's 400 mills in pre-

ference to her 15 million handloom weavers and the inadequacy of protection given to them by way of reservation of certain varieties for exclusive production. (See BUSINESS WEEK, May 6, 1950.)

Industry's Present Plight

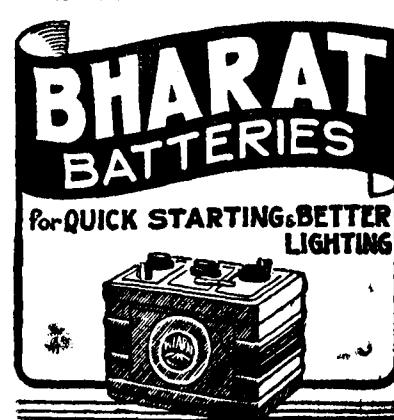
The West Coast Industrialists' Association, the Handloom Factory Owners Association and representatives of the Pitloom Weavers of Malabar and South Canara submitted a memorandum to the Minister of Industries at Madras in October last regarding the pitiable plight of the Handloom industry in their area. Of the 1,000 small handloom factories in the area, more than 600 were closed down owing to a number of insurmountable difficulties. It may be noted in this connection that these factories employ considerable labour and provide the maintenance of the local wage-earners giving them work throughout the year. The number of persons actively engaged in the industry has been estimated at about a lakh, and the closing down affected the lives and fortunes of thousands of people.

The Standing Committee constituted recently to advise the Government on problems connected with the handloom industry will meet for the first time on June 30th with the Director of Controlled Commodities in the chair. Some of the problems that would come up for discussion include the devising of ways and means to improve production of cloth, fixation of prices, distribution of yarn, regulation of imports of dyes and chemicals and their distribution, encouragement of exports of cloth, and rendering financial assistance to the industry. It is also suggested that District Handloom Boards should be constituted to examine the requirements of the industry in each district. While the overall position of the industry is discussed, we suggest that questions of vital concern to the very sustenance of the industry, such as deteriorating quality owing to lack of standards, high costs of manufacture and fall

in demand, should not be overlooked.

One of the ways of popularising the use of handloom cloth among consumers in the country is by making it cheaper by exempting the dealings in handloom cloth from liability to sales tax, which is one of the chief factors that accounts for the high price of handloom products.

One of the main difficulties experienced by those engaged in the industry is the lack of adequate supply of yarn in proper time and accumulation of stocks of cloth in the factories due to difficulties of transport. At a public meeting held at Cannanore on April 1st, a resolution was passed requesting the Governments, both Central and Provincial, to take immediate steps to supply adequate and regular quantities of 20s to 30s counts yarn which are in great demand in North Malabar and 2/20s in Calicut, and also of chemicals necessary for the industry, such as hydro-sulphate of soda. One great handicap to the progress of the industry has now been removed with the announcement of concessional rates by the Railway authorities for the movement of handloom goods.



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Cotton Price Policy

WILL RISE IN PRICES BRING ABOUT SELF-SUFFICIENCY?

The Government of India announced last week that the basic ceiling prices of cotton for the 1950-51 crop would be raised by Rs. 150 per candy. The basic ceiling price of Jarilla 25/32 will thus be raised from Rs. 620 to Rs. 770. The decision to raise the ceiling price was made in accordance with the recommendations of the Textile Advisory Committee.

The revision of the cotton price, Government explain, may lead to a rise in the price of the coarse and medium cloth and certain varieties of fine cloth which are produced from Indian cotton to an extent ranging from 10 to 12 per cent., but as the new crop will not come into the market before next year, prices would remain unchanged for the next six months. As for the prices of cloth manufactured out of the new cotton crop, it would be fixed by Government according to the then ruling prices of cotton. The main objective of Government in enhancing the ceiling price is to raise production of cotton next year to about 34 lakh bales from 26 to 28 lakh bales in 1949-50, and make the country eventually self-sufficient in cotton. Whether this target will be achieved has been the subject of much controversy.

Incentive to Growers

The present measure will undoubtedly prove an incentive to growers to cultivate more land under cotton. They will get the benefit not only of the higher price but also the remission of land revenue. They should put all available and suitable lands under cotton cultivation and get the best out of it by using good seed, fertilisers and water for which Government have already provided adequate facilities. Inter-cropping of cotton with other crops such as oil-seeds and millets would give a substantial increase in yield without affecting the yield of the main crop.

The use by cultivators for growing cotton of lands most suited for cotton cultivation would bring quick returns now as a result of the enhanced ceiling price. There are already large tracts in Broach,

Khandesh, Berar and Hyderabad and extensive fallow lands which could be brought under cotton immediately. The machinery to be set up for the collective purchase of cotton will also benefit the growers by way of finding a ready market for their produce.

The enhancement of ceiling price of cotton is only part of a general plan by which Government hope to wipe out the deficit in cotton and lessen our dependence on foreign countries. The deficit at present is about 12 lakhs of bales, and this new incentive, as Mr. Munshi pointed out in a broadcast speech, may bring about an addition in present production of at least 2 lakh bales.

"Collective Buying" May Fail

The big question now is whether, with more attractive official prices and restrictions on acreage removed, cotton will become a favourite with growers at least as much as competing crops such as groundnuts, and whether mills, which have experienced acute short supply during recent months to the point of closing down will again get ample supplies at the official price without necessitating the control of price of kapas too. Opinion, however, is by no means unanimous on this point.

Whether the collective buying scheme will prove to be a safeguard against supplies disappearing into the black market and maintain prices at reasonable levels subject to the ceiling remains yet to be seen and all speculation will be out of point now since the nature of the proposed machinery has not been announced.

The mill industry has welcomed the move to increase ceiling prices since the increase will bring the new cotton crop prices more or less near the level at which the average purchases of Indian cotton were made by them during the current season. But will monopoly procurement under Government auspices benefit them by way of a regular supply at reasonable prices? This too is a moot point since it involves the wholehearted co-operation of two

parties—the buyer and the seller—and this is precisely what is lacking at present.

There are also other snags. I compulsion is used to purchase a minimum quantity from grower at prices fixed by Government the growers may again become disgruntled, and if only marginal purchases are made instead of the whole lot, prices will shoot up to unprecedented levels.

It has been estimated that the result of the enhanced price for cotton will be that the consumer will have to pay an additional anna or so for every yard of cloth. This raising of the price of an essential commodity amounts to a confession of failure to bring prices down at least to a small extent. And this will have its repercussion on the prices of food and other articles of daily necessity.

There are also other manifest dangers arising from the new policy. Since mill interests have not been and cannot be given any assurance as to the extent to which cloth prices will be raised or whether they would be raised at all, speculation may be rife as to cloth prices in future and this may give momentum to the inflationary situation.

What course kapas prices will take as a result of this new policy and whether it would become necessary to control the prices of kapas too no one can say at present.



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WITH A FOREWORD FROM:

THE HON'BLE SRI B. GOPALA REDDI GARU
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CONTENTS:

1. THE ACT.
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5. NOTIFICATIONS.
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New Life for Glass Industry

(CONTRIBUTED)

A volume could be easily filled with lists of modern uses for glass. It has been employed for many different purposes and has entered fully into its heritage as a wonder material that presents almost infinite possibilities in the service of mankind. Each kind of glass, with its own special composition and valuable properties, serves a specific need.

Recent Developments

Flame proof glass that has now become available can be used on the top of the stove, directly over the gas flame or electric heating unit with the direct advantage that for the first time visual control of cooking, which was previously confined to such utensils as the metal frying pan, is now possible. Our housewives have been using glass containers for generations, and in the coming years more and more of them would be used, but lighter and more convenient to handle than ever before. Glassed foods, beverages, and household products have provided colour and beauty for pantry shelves, but efforts are now being made to eliminate weight of containers without any reduction in their strength.

Other developments too are taking place in the container field, including a new light-weight vacuum coffee jar with special re-sealing features. Some of the heat-treated tumblers now available are so durable that they will stand the shock of hot and cold temperature changes, besides the knocks and blows that are usually fatal to a drinking glass. With the development of interior fluorescent neon lighting, by means of which the light is diffused through a whole mirror panel, mirrors could now be used in a brilliant new way, namely with illumination from the edges. During the war years many new or improved fibre glass materials have been evolved to withstand the strains, stresses, fire hazards, and fungi attacks experienced under service conditions. In the chemical industry the "pipe that can't keep a

secret" has become popular for conveying liquids and gases safely, visibly, and without contamination.

India Lags Behind

The establishment in 1937 of a Department of Glass Technology at the Benares Hindu University was the first serious step in the development of the Indian Glass Industry. Having made provision for the training of technologists an Operative Training School was established at Bahjoi. In 1940, an active Indian section of the Society of Glass Technology was formed, the first overseas.

A number of glass works have been built on modern lines during the past decade and the industry has taken a prominent place in the general industrialization programme. It is now concentrated mainly in the western United Provinces, Calcutta and its suburbs, in Bombay and Madras. The total number of factories, which are mostly small in size, is about 150, including the glass bangle factories at Firozabad.

The quality of the glass articles produced had shown marked improvement before the outbreak of war, but of late, due to several reasons, such as the restricted supply of chemicals, shortage of fuels, difficulty of transport, and also because, in the absence of foreign competition, even shoddy goods found a ready market, the quality of the products has considerably deteriorated. Referring to the poor quality of Indian manufactures, Mr. Atma Ram, in a paper submitted to the *Journal of the Society of Glass Technology* in August 1945, pointed out that even the appearance and finish of the articles were not satisfactory. "They are rather dull", he said, "and in some cases are even deformed. The annealing is poor, and this is one of the major defects of the Indian products. Due to bad annealing, Indian-made articles give way under slight changes of temperature; their mechanical strength is also low. The articles

develop cracks during storage. In some of the factories, the annealing kilns are of crude design and are wasteful in fuel and unhealthy to workers. In the absence of a properly determined annealing schedule, the routine procedure is often ineffective."

Though the technical side of the industry has witnessed some improvements during the past few years, we are yet far behind other nations in the manufacturing processes and the use of improved materials. To get down foreign technical experts might prove advantageous at present.

The Target Committee for Glass industry at its first meeting in New Delhi in March, recommended a production target of 110,000 tons for the current year.—The production attained by the industry during 1949 was 75,000 tons.—For achieving the target fixed, the Committee estimated the requirements of main raw materials as follows: soda ash (heavy) 44,000 tons; coal 200,000 tons; fuel oil 6,000 tons; sand 100,000 tons (including wastage in process); lime and marble powder 16,000 tons; and steel for tools and repairs. The Committee also recommended facilities for the movement of finished goods and grant of import licences for certain materials required in the manufacture of glassware.

Central Research Institute

The Central Glass and Ceramic Research Institute now being rapidly fitted up and to be opened formally at Calcutta shortly is the fourth in the chain of National Laboratories being set up by the Council of Scientific and Industrial Research. A sand washing plant of a capacity of half a ton per hour has been obtained and demonstrations in the improvement of sand, which is the basic raw-material for glass making, by the process of washing are being arranged for the benefit of the glass industry in India. A number of experimental furnaces required for research

(Contd. on page 526)

Italian Silk Industry

BY FRANCO BOSELLI

President of the Italian Silk Manufacturers' Association

The All-India Silk Board will meet at Calcutta next week under the chairmanship of the Minister for Industry and Supply. The meeting will discuss various matters pertaining to the future development of sericulture industry, with particular reference to the proposed legislation in respect of the industry. The following account of how the industry is being carried on in Italy will be of interest.

In view of the acute shortage of raw silk in the market, the Government of Madras have taken steps to import immediately about 15,000 pounds of raw silk from Italy. Several representations have already been received from the silk weavers and the present consignment from Italy, which will be received by the end of this month, is expected to relieve the shortage to a considerable extent.

The silk weaving industry occupies an important place in the general picture of Italian economic activity as a result of the old artistic traditions of the men and women who dedicate their lives to this beautiful product.

At the present time, the Italian silk weaving industry numbers some 260 firms with a total number of about 35,000 looms. 80 per cent. of this industry is located in and around Como while the remainder is to be found at Milan, Varese, Turin, with one or two plants in the Venice area and around Caserta near Naples.

Working Conditions

Most of the workers employed in silk weaving are women—there are about 37,000 of them—and most of them are highly skilful and experienced in this particular work. In the greater part of these families this "pride of job" is handed down from one generation to another so often entire families may be found working side by side.

With the advent of artificial fibres the weaving industry is no longer a purely silk industry but, as in other spinning industries, now processes rayon yarn in addition to natural silk.

Present production capacity of single-shift weaving plants is approximately 15,000,000 kilogrammes of textile fibres (silk and rayon) processed in a year. At an average weight of 100 grammes per

meter, this would correspond to an annual production of some 150,000,000 metres of cloth.

If a second shift were to be adopted—not very widespread at present—existing plants and equipment could probably process over 60 per cent. more yarn than at present.

The output of Italian silk cloths has always been generally exported. In the past, exports generally absorbed 60 per cent. of this output. The following table gives data regarding exports in the first ten months of 1949 as compared with the corresponding periods in 1938 and 1948:

	1938	1948	1949
Textiles of silk (tons)	162	87	184
Textiles mixed with silk (tons)	85	17	31
Textiles of artif. fibres (tons)	2,548	4,301	7,650
Textiles mixed with art. fibres (tons)	9,741	1,360	1,200

The principal outlets for Italian exports of silk and rayon textiles since the war have been the sterling and dollar areas and, in particular, Great Britain, the United States, Belgium, France, Egypt, Switzerland, etc.

Many factors have had a deleterious influence on the sale of Italian silk textiles abroad, preventing the exporters from resuming their former position on world markets. Some of these factors are: the decrease in consumption, the increase of foreign competition and the increase in obstacles created by various nations to the importation of quality goods which are not strictly indispensable.

The return to normal economic conditions in Europe and throughout the world, with the consequent

improvement in the living conditions of peoples everywhere, will undoubtedly lead to an increased demand for silk products.

(Contd. from page 525)

work and for demonstration purposes are under construction and will soon be in commission.

The Institute has undertaken the testing of glass and ceramic raw materials.

It has been found that quite a number of promising sources of raw materials exist in the country and should prove useful specially to factories which are at present located far away from the already worked deposits.

A remarkable piece of product known as sponge glass or foam glass has been developed at the Institute. This material which is made out of waste glass is as light as cork and can be used for thermal and sound insulation purposes. Studies in the manufacture of colour glass and ceramic raw materials are also under way.

The Government of India have accepted a scheme prepared by the Central Glass and Ceramic Research Institute for the installation of an Optical Glass Plant of 10 to 12 tons capacity adjacent to the Institute. Preliminary investigations on raw materials required in optical glass making, particularly refractory pots, have been taken up at the Institute, which will guide the working of the Optical Glass Factory when established.

The Institute is already serving as the Central Bureau of technical information for the ceramic and glass industry in the country. When the Institute starts functioning with full complement, it will serve as the main focus of research and development in ceramic and glass industry in India.

Co-operative Movement in Britain

CLOSE LINK WITH TRADE UNIONS

BY RAY BOYFIELD

Secretary, Britain's Trades Union Congress

Co-operative societies in Britain have always been closely linked with trade unions and with the Labour Party. The basic co-operative principles are that each member will have one vote irrespective of the capital holding, sale of goods at market prices, and distribution of profits in proportion to purchases and not to the number of shares.

10,000,000 Cooperators

There are now 1,000 co-operative societies in Britain, ranging from those of a few hundred members in villages to the large city societies embracing hundreds of thousands of members. In all there are 10,000,000 co-operators, the majority of whom are trade unionists. These members collectively own the retail societies which, in turn, own the wholesaling and manufacturing bodies. None of these trading organisations provides attraction for the big investor since the maximum shareholding is £2,000; moreover the return payable on invested capital is small and fixed to ensure that the shareholder as such remains in a secondary category.

In their earlier years co-operatives dealt only in food, clothing and furniture and their greatest influence still lies with these basic commodities. For instance, they supply 30 per cent. of the population with milk, a quarter with butter, bacon and sugar and a fifth with coal. Their services in many areas, however, are now much wider and include hotels and holiday camps. Of the products they sell 70 per cent. are produced by wholesale societies.

The co-operative movement controls an important insurance organisation, large printing establishments and a newspaper; it is responsible for one of the largest banks in Britain which functions as banker not only to all co-operatives but to the majority of trade unions, many friendly societies, some nationalised undertakings and a growing number of local authorities.

Each member receives on his purchases an annual dividend which

now averages 8 per cent., of which about a quarter is contributed by wholesale societies. The percentage of profit returned to members has declined in recent years because dividend is paid on the selling price of all articles including those, like tobacco, of which a large part of the price is tax. Some of the members most enthusiastic about co-operative principles have formed Guilds to publicise them. A number of these Guilds have been among their members, but since co-operatives deal so largely with household and consumers' problems, they have been more popular with women.

Voluntary Association

Each society is independent and is governed by its own members. However, there is close mutual understanding between retail societies and the wholesale and special undertakings they own, and together they form an all embracing Co-operative Union. This association is voluntary and springs from community of interest. It has a federal structure similar to that of trade unions.

The Co-operative Union, like the T.U.C., has no powers over its constituent bodies, but the prestige it has earned has led to its advice not being lightly disregarded. Any comparison between the co-operative movement and a group of chain stores must be made with this essential difference in mind—chain stores are controlled from the top, co-operatives from below.

A less known co-operative organisation is the co-partnership productive society. The first of these was formed in 1874 to manufacture locks and cart-gear; it still flourishes together with over 40 similar societies chiefly engaged in the clothing, footwear and printing industries. The workers are shareholders of these societies and receive proportions of profits earned, varying according to their wages and to the number of shares they hold.

The three wings of the labour

movement in Britain have always worked closely together. The T.U.C., Labour Party and Co-operatives are each represented on the National Council of Labour by seven members. This body meets monthly for exchange of views and to consider matters on which all have a common interest.

This alliance does not mean, however, that co-operators have the same approach to all problems as the Labour Party or the unions. They are employers of about 400,000 workers and it follows that, from time to time, there will be disagreements with the unions of which these workers are members. However, all employees of the wholesale societies are trade unionists, and during the many years that this has been the rule there have been no strikes or lock-outs.

Political Organisation

Co-operators also sponsor their own political organisation, the Co-operative Party, which contests elections jointly with the Labour Party and has 18 representatives in the present Parliament and two members in the Cabinet. There are, however, differences of opinion which have become more apparent with the increasing intervention of the state in economic affairs. Co-operative societies naturally wish to expand and, therefore, dislike those Governmental controls which allocate goods to merchants on the basis of their previous sales.

There has been no conflict yet on nationalisation since the industries brought under public control have been natural monopolies. Extensions of this policy into fields where co-operators have their own traditions would have a different effect. The Co-operative Union does not oppose State collectivism in principle, but claims that a body of citizens should be free to make common provision for their own needs where they are able to do so without interfering with the rights of others.

Exclusive to Business Week

Books for Business Men

INDIA'S PRIME TWIN NEEDS OF THE DAY—By P.S. Loganatha Mudaliar. c/o Malabar & Pioneer Hosiery, Ltd., Kozhikode. Re.1/-. Pp 76.

The two crying needs of India today, according to the author, are (1) the "Battle for Literacy (total liquidation of illiteracy) and (2) the "Battle for Work" (total liquidation of apathy and indifference). To eradicate poverty, to wipe out illiteracy, and to alleviate the sufferings of the masses the remedies suggested by the author are rural education in the form of universal compulsory elementary education and village industrialisation in the form of heavy, medium and cottage industries, and mechanised agriculture. If village education and industrialisation are introduced swiftly, it will mean not only a tremendous enlightenment and great accession to the productive power of the country, but also the raising of the standard of living.

Besides providing work for those capable of working and earning a living for themselves and their dependents, there is also urgent need to harness them to work enough to feed, clothe, and educate the entire population. It is the author's contention that the provision of manual labour alone will not solve the problem of unemployment and manually operated industries can thrive only where power in some form or other could not be used, and even top-graded villages have to use power if they are to become prosperous. Since we do not have the wealth or the means to develop the enormous machine-power which the Western countries have built up, we have to content ourselves for the present using some form of power or energy which costs less but yields more and better production. The author gives some instances of the types of industries that could be profitably developed at present.

THE MADRAS FOOD CONTROL ORDERS—By E. S. Subrahmanyam. Commerce Publications, Ltd., 41/42, Royapettah High Road, Madras, 14. Rs. 5/-. Pp. 258.

There has been a spate of control orders in recent years which were formulated and imposed with a view to check the anti-social activities of unscrupulous persons. Whether the law, on the whole, has achieved its object is a moot question. But for the common man these controls have only added to his woes, and, what is worse, the legal language in which they are clothed has often proved ununderstandable to him. Since controls have come to stay at least until normal conditions return a volume that brings into focus all the scattered orders and cases arising thereunder will be of immense benefit to the public and the members of the Bar who have to grapple with them. Here is a handy volume that meets this need.

—T. R. S.

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The Insurance Act

ITS FUNDAMENTAL DEFECTS

The new Insurance Act is a comprehensive piece of legislation. But it suffers from all the defects inherent in any legislation which attempts to codify day-to-day business procedure and discretions. There was, no doubt, some provocation for undertaking the legislation. Instances have been brought to light where the management of some insurance companies have either misapplied the funds of the Company or have so managed its affairs that the security of the policyholders had been considerably imperilled. There was provision, ample or otherwise, in the original Act to investigate into such instances and punish the offenders. But instead of pursuing the remedies under the old Act, the Government have chosen to promulgate a spate of regulations governing every detail in the working of insurance companies. Any attempt to enforce strictly the provisions of the new Act will call for a considerably larger number of officers and staff in the Insurance Department than there are at present. In fact, the Government will have to set up a sort of super-insurance company to supervise all the insurance companies in India, observed Mr. S. Parthasarathy, Managing Director of the Prithvi Insurance Company, presiding over its seventh Ordinary General Meeting held at Madras on the 9th instant. Continuing Mr. Parthasarathy said:

Why Confiscate Property?

A new section limits the holding of a person to 10 per cent. of the paid-up capital, and in the event of his holding being in excess of 10 per cent. of the paid-up capital, he is required to dispose of the excess holding within three years or in any event within five years from the commencement of the Act. The voting right in respect of the excess holding is immediately taken away from him. In the event of such person not selling the excess shares within three years, the Administrator-

General of the State in which the Registered Office of the Company is situate is authorised to take charge of the shares and dispose of them.

One cannot understand the object behind this Section. If the people who have risked a large sum of money in the capital of a Company cannot be trusted to manage it properly, who can be better trusted to manage it? The temptation to mis-use funds arises from the fact of management and not from the size of a person's holding. The minority shareholders and the policyholders' Directors have in this country been generally unconcerned to exercise their rights or safeguard the interests of people they represent. In any event, the right to vote is a right of property and once that is taken away the shares of Insurance Companies will cease to be marketable. So, when power is given to the Administrator-General to dispose of the excess holdings at his discretion, it is tantamount to confiscation of the private property of an investor. Even assuming that our legislators were motivated by the best of reasons for enacting this Section, can they be so certain that the 'dishonest capitalists' will not get round its provisions in some way or other?

Attempting the Impossible

Similarly, the object behind the amendment to Section 27 is very desirable in so far as it attempts to prevent misapplication of the funds of a Company. But when we seek to define a good investment by means of legislative provisions we are attempting something impossible. The management of investments is really a scientific study and pre-supposes a considerable knowledge of the economic and business conditions obtaining in the country. It will be very difficult to say that any investment is sound for all eternity. A good investor would watch over the

investment from day-to-day and he should be able to change it the moment he feels that a particular class of investment has become unsafe. Investments do not become sound merely because they are spread over a wide field. There are times when one would prefer real property to industrial equities or new issues to old ones. But the whole object of the Section is defeated by permitting the Directors by a unanimous decision to invest 15 per cent. of the funds in other than 'approved' investments. 15 per cent. of the funds is a considerable sum and it probably represents today a larger sum than the total of sums which might have been misapplied by the management of some insurance Companies.

No Time for Normal Business

There are many more provisions in the Act of a detailed nature and they will take some months of study to understand and remember. In any event, if a manager of an insurance company were to concern himself to strictly applying the provisions of the Act he would find very little time to attend to normal business activity and would be exclusively devoting his time in preparing and furnishing the various returns and statements called for under the several provisions of the Act. No one can think that we, in India, can achieve a high standard of reputation in Insurance without a conscious effort at building up sound traditions of management. In so far as we attempt to improve the morals of Insurance or other business merely by legislating, we are bound to fail. Nothing short of exposure and removal of bad management and by visiting punishment on dishonest Directors and executives can bring about a healthy atmosphere in Insurance. This legislation will only hamper the progress of Insurance in India and no one can expect any miraculous changes to take place.

High Price of Rubber

The U. S. Government, in discussions with Governments of countries which are major producers of natural rubber, is continuing to protest the high price of this commodity. This carries on the stand taken by the United States at the seventh meeting of the Rubber Study Group at Brussels last May. At that time, the U. S. delegate told the group, to which countries having an interest in rubber production and consumption belong, that the United States could not be indifferent to trends in natural rubber prices.

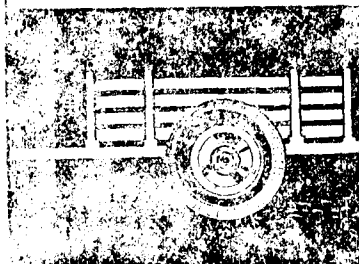
The department said it had called the attention of leading rubber producing countries to the "serious implications" of recent movements in the price of natural rubber, asserting that "wide speculative swings in the price of a major raw material perform a disservice to producer and consumer alike." The department cited an increase in price for the grade of natural rubber known as Ribbed Smoked Sheet No. 1 from 17.56 cents in 1949 to 34 cents on June 1, 1950, and said such marked rises could lead to decreased demand for natural rubber and to higher prices for rubber products. The statement cited increased prices recently announced by U. S. manufacturers.

The statement also noted that the rise in the price of natural rubber is occurring at a time when rubber production is in an upswing, with the 1950 world production estimated at 140,000 long tons in excess of consumption, and the United States taking steps to increase its production of synthetic rubber. Production of general purpose synthetic rubber (Gr-S) is expected to reach 35,000 long tons per month by July, compared with 19,000 long tons produced in January.

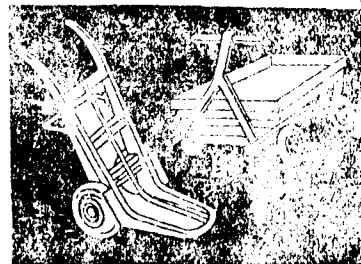
The department's statement concluded: "A sharp upward trend in natural rubber prices, if continued, might well lead to a general impairment of the long term earning power of producing areas and might, simultaneously, hamper the efforts of the manufacturing industry in consuming countries to expand the market for their products."

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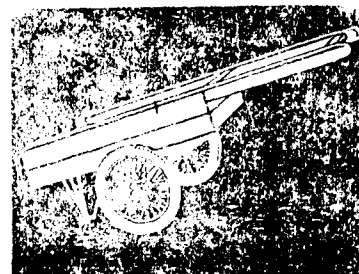
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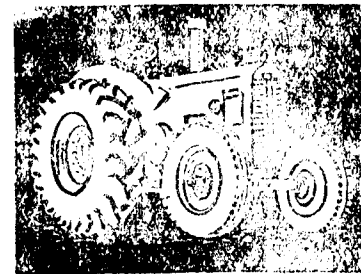
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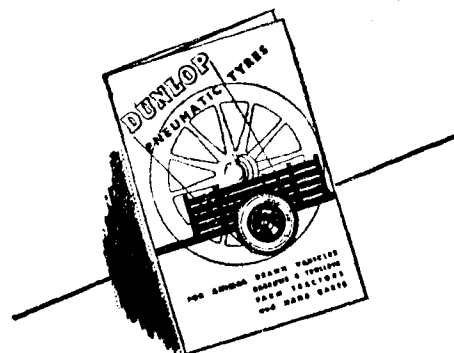


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Business Brevities

The Vanaspati Controversy

With regard to the Bill introduced in the Central Assembly in its last session regarding the prohibition on the manufacture of Vanaspati, the Madras Oil and Seeds Association state that Vanaspati is a good cooking medium and is within the reach of most of the middle and poor class people. Any ban imposed on its production or manufacture will tend to force up the price of ghee giving even greater incentive to its adulteration. As for the objection raised by the promoter of the Bill, there is not a shred of evidence to substantiate the sweeping statement that Vanaspati adversely affects public morals and the rural economy of the country. Prices of ghee have never been higher and the growth of the Vanaspati Industry has never had any influence on the increasing prices of ghee. The Association has pleaded for the lifting of the vexatious measures imposed by the Government on the Vanaspati industry, in which 25 crores rupees of the country's wealth have been sunk, which employs over 75,000 people and which pays annually about 4 crores of rupees, in the form of excise duty and sales tax to the national Exchequer.

India's Textile Exports

Britain is now the largest supplier of textiles to the world's markets, Mr. Johan H. Judge, President of the Textile Export Association of the United States, reported at its annual meeting. He said that the United States in last year had dropped from first place to fourth place, with Britain taking first place, Japan the second and India the third.

Rubber Tyre Output in U.S.

The Akron Beacon Journal has predicted that the rubber industry would produce nearly 90 million pneumatic tyres during 1950. This would be the second largest output in history. Highest tyre production record was set in 1947 when 97,480,000 units were produced. Six

Akron rubber companies have called back 3,500 workers since January 1. Most of those workers were laid off last autumn during a slump in the rubber industry.

India's Import of Jap. Rayon

A Representative of the Indian Mission has told the Federation of Rayon and Synthetic Fabrics Exporters in Osaka that India may be able to import from Japan about 15,000,000 lbs. of rayon yarn under the Japan Sterling Area Agreement now under negotiation in Tokyo. Reporting this the 'Jiji' News Agency said, the Indian official was replying to a proposal made by the Federation on June 10 that India should purchase under the Sterling Trade Agreement 20,000,000 lbs. of rayon yarn, 8,000,000 lbs. of staple fibre yarn and 6,000,000 lbs. of rayon staple.

No Salt Imports Next Year

The Government of India will not issue licences for the import of salt after Jan 1, 1951. To increase salt production, the Government has directed that salt lands under the control of State Governments should be leased out liberally to intending producers of salt in consultation with the Salt Controller. The Salt Controller has been instructed to select sites for production and to issue licences to producers. India imports 380,000 tons of salt annually, worth about Rs. 3 crores. About 45% comes from Aden and 25% from Egypt. Present annual production in India totals a little over 2m tons. The per capita consumption of salt in India is about 14 lbs. per annum.

The Prithvi Insurance Company, Ltd., Madras.

The Audited Accounts and Balance Sheet for the year ended 31st December, 1949, show that in the Life Department during the year 6,851 proposals were received for assurance amounting to Rs. 1,92,13,648. Of these and a few others awaiting completion as at 31st December, 1949, 4,829 resulted into policies assuring Rs. 1,02,92,235. The total premium in-

come amounted to Rs. 15,18,888 as against Rs. 10,89,215 in 1948. Claims by death under policies amounted to Rs. 82,067 as against Rs. 47,511 in the previous year and claims by maturity amounted to Rs. 29,864 as against Rs. 13,300 in the previous year. The renewal expense ratio works out to 15.8 per cent. and the Life Assurance Fund at the end of the year stands at Rs. 27,80,342 as against Rs. 20,48,146 as at the end of the previous year.

In the General Department, the total net premiums from the Fire Accident and Marine Departments amounted to Rs. 7,38,840 as against a similar total of Rs. 7,23,560 in 1948. The reserves in the Fire, Accident and Marine Departments stand at the end of the year at 50 per cent., 50 per cent. and 75 per cent. of the premium income as in the previous year.

The net profit for the year amounts to Rs. 28,506 and this together with the balance of Rs. 60,961 brought forward from the previous year makes up a total of Rs. 89,467. The Directors recommend payment of a dividend at 8 per cent. free of income-tax.

The investments in Government Securities and Stock Exchange Securities are shown in the Balance Sheet at cost and the difference between the book values and the market values as at 31st December 1949 is more than adequately covered by the Investment Reserve Fund which stands at Rs. 1,90,000 after transferring Rs. 32,500 from the Revenue Accounts.

The Company's new Building in Chidambaram was completed during the year. The new premises of the Head Office at Madras have also been completed and the Head Office has now been shifted to the new premises.

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