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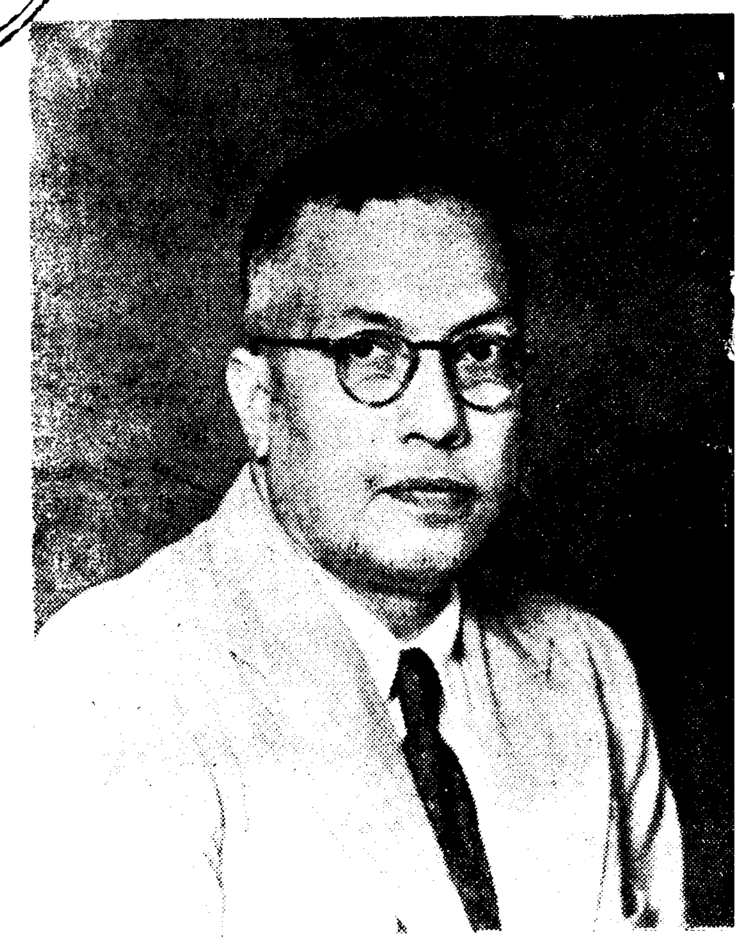

T[illegible] at Rao Bahadur V. S. Subra[illegible] rendered to the mercantile [illegible] of the country and the [illegible] that community has for him [illegible] in his being unanimously [illegible] of the Southern India Chamber of [illegible], Madras, for the ensuing year.

[illegible] is not an industrialist or one directly [illegible] in business. But his general education, his [illegible]bership of the Chamber for the past more than [illegible] years, and the contacts that he has made as the Chief Cashier of the Imperial Bank, as a member of the Chamber and its representative in the Senate of the Madras University and as one who takes keen interest in public affairs have endowed him with a thorough knowledge of the financial and other problems that face business and business men today.

We congratulate Mr. Iyer and the new office-bearers and we have no doubt that Mr. Iyer with his new team would considerably help to solve, during his term of office the many problems that face business and the mercantile community today.

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Business Week India

VOL. III No. 29

NOTES AND COMMENTS

Palmyra Stalks for Paper

Palmyra stalks are a potential source of raw material for paper industry in India, according to the Forest Research Institute. The Institute says that investigations into the possibility of using palmyra stalks for pulp and paper manufacture show that palmyra pulp is a satisfactory ingredient for medium grades of writing and printing paper. The pulp yield was found low as compared to other sources of raw material for paper, but this disadvantage can be offset by the low cost of the material. Palmyra is common in the Coromandel coast, Karnataka, Konkan and Bihar. Now that control has been removed there is bound to be a huge demand for all kinds of paper, and our efforts must be directed to increasing indigenous production and curtail imports to the barest minimum, and no efforts must be spared to tap every possible source of raw materials.

* * *

Small Machines Aid Production

Production can be increased in two ways. The first is through the costly high speed machines used all over the world. The second is a much simpler device through portables on the model of the common sewing machine, the cycle, the typewriter, knitting machine, etc., writes a correspondent. It is needless to mention the extent of their service in daily life. With the resources of steel, lathes and workshops combed all over the country, India's eminent engineers can best design portables for every type of consumer goods such as flour grinders, oil press, freezers, canning equipment and the like. Assembled at a low cost of Rs. 500 from a set of wheels, levers and treadle as seen in the bigger machines for running by hand and by fractional H.P., the State can profitably undertake this national enterprise. While the bigger machines supply the basic materials, the portables can fabricate them into consumer goods from soaps to cartons, cigarettes, watches, plastics and the like. Every person plying these machines in his home around his family remains the owner and labourer as well.

* * *

Rush Help to Chemical Industry

Indian chemical and pharmaceutical industry has been and is still being considerably handicapped since controls have been enforced over the import of raw materials. Ceilings are still in force on the import of goods from foreign countries, especially from dollar areas. These controls are quite unessential in view of the fact that the raw materials for the industry, with very few exceptions, have to be got down from other countries, indigenous production being far from adequate to meet the expanding demand. The raw materials that are now imported are used only for maintaining and increasing production, and there is no possibility of their being re-sold since the manufacturers themselves who import the raw materials are the actual consumers thereof. To put a ceiling on industrial raw materials not available in the country and required for boosting production and impose troublesome restrictions on the free flow of imports amounts to putting a ceiling on production itself. The present policy requires to be drastically changed, and manufacturers should be helped to import their fundamental requirements from the cheapest available sources.

The President of the Indian Chemical Manufacturers' Association addressed a communication this week to the Government of India listing some 300 items of raw material imports which may be freed from control altogether. The demand is justifiable on all counts, and imports may be freely allowed provided there is strict vigilance on the part of Government at every stage of the movement of the commodities from their arrival at ports to the go-downs of the manufacturers and their ultimate use in the factories.

* * *

Controls and Co-Ops.

Public feeling has been so much roused in the country against the existing scheme of controls, be they in the sphere of civil supplies or in the regulation of imports and exports, that the question of examining their removal, lock, stock and barrel, has been engaging the attention of both Government and public bodies. The Committee of the Indian Merchants Chamber, Bombay, has stressed the immediate need for withdrawal of all controls on production, distribution, and prices. "If today", they say, " there is still shortage of food, shortage of essential industrial raw materials like raw jute and cotton, stagnation in business activity, increasing unemployment grinding down the middle classes, dislocation of the distribution machinery, deficits in States' budgets they may all be related to the policy of controls and their administration, which have largely contributed to the economic deterioration in the country."

Many legislators in the States and an overwhelming majority of public bodies in the country are also reported to be in favour of lifting controls on essential commodities. The Enquiry Committee on Controls, set up by the Executive of the Congress Parliamentary Party, issued a questionnaire recently inviting opinion on controls from about 2,000 persons including 1,200 legislators in the States, 500 public bodies, economists all the Members of Parliament and the Ministers of States. About 95 per cent. of the public bodies replied suggesting lifting of controls, and of the legislators most of them favoured de-control.

It must be admitted, no doubt, that the controls in force have not only failed to achieve the main aims and purposes of augmenting production, securing equitable distribution and arresting the rise in prices, but have actually released forces that have produced exactly opposite results.

The immediate repercussion of the sudden removal of all controls on essential items will be that the middle and working classes will be hit hard. This fact is so obvious that it needs no special emphasis. Government, therefore, is well advised to adopt a "go-slow" policy over the removal of control on particular items. If control over a particular item is lifted, Government should see that every one gets at least the barest minimum at a reasonable price through fair price shops.

Another aspect that has not received sufficient attention till now is that any hasty removal of controls will affect the co-operative movement of the country adversely. If the removal of controls is not carried out cautiously and over a period of time the co operative movement will not be able to withstand competition from private traders. As things are, the suggestion to remove controls altogether over all items has taken the co-operators by surprise. It may be pointed out here that if controls are relaxed and the entire trade is placed in the hands of private traders the direct benefits of the removal of controls may not be felt in determining the cost of living, with the co-operatives remaining outside the main currents of the trade. Co-operatives too go a long way in deciding the prices which private traders charge for consumer goods, and they would not be in a position to perform this vital role if the initiative pass completely into the hands of private traders.

* * *

Pension-Insurance Scheme

The Madras Corporation have framed draft regulations for the Contributory Provident Fund-Pension-Insurance scheme for the employees of the Corporation The salient features of the scheme, embodied in the regulations are:

All acting servants in superior service who have put in one year of service and all servants who enter service on or after April 1, 1950, shall join the scheme. Subscriptions to the fund may vary from one anna in the rupee of the pay drawn on duty to any sum which the subscriber may opt to subscribe. Contributions by the Corporation shall be made at nine pies in the rupee of the pay drawn on duty or leave salary, as the case may be. The amount of pension and gratuity admissible to the subscribers of the Fuud will be one-half of the scales laid down in Articles 474 and 474-A of the Civil Service Regulations. Interest at such rates as may be prescribed by the Examiner of Local Fund Accounts shall be paid on the accumulations of the subscribers. Every subscriber shall within one year from the date of joining the scheme, insure his life in postal life assurance or in companies of sums specified as the minimum. Payment of life assurance premia and grant of temporary advances from out of the subscription account are also provided for in the draft regulations.

All Corporation servants in superior service, who have put in less than 10 years' service on March 31, 1950, may opt to join the scheme. In respect of those who opt to join the scheme, the contribution payable by the Corporation in respect of their past service shall be calculated from the date on which each individual subscriber completed probation in his first appointment or from the date on which he

has been continuously in Corporation employ, whichever is later, and credited in lump to his account with interest calculated at three per cent.

By the adoption of this scheme, every subscriber will have a substantial sum of accumulations in the Fund, a matured life assurance policy for a decent amount and pension at half of the existing scales at the time of retirement. The scheme will also be of help in respect of those who die in harness.

The scheme thus has several additional advantages over the present pension scheme and may be adopted as a model for other public bodies to follow.

* * *

Vana Mahotsavam

Our country has had tradition and history closely bound up with the forests. A feeling of regard for forests and for trees, bordering sometimes on actual worship, has existed for a long time. It was in the primeval forests and under the shadow of giant trees that Indian metaphysics was born. Our great *Puranas* and *Upanishads* had a sylvan setting, and there is unmistakable evidence in our literary and religious lore that our forefathers had realised the role of forests in the general economy of the country and preserved and cultivated them systematically and scientifically.

That trees confer material benefits as well for the welfare of man has been recognized the world over, and in all progressive countries forestry is a vital branch of land management. Forests, as H. E. the Governor of Madras pointed out in his convocation address at the Madras Forest College at Coimbatore on Sunday, are an indispensable complement to agriculture, not only by providing the farmer with timber, green leaves for manure and fodder, fuel for his cooking fires, and grazing for his cattle, but also by protecting his lands from floods and erosion. Forests are the source of raw materials for numerous industries consuming forest products, such as paper, plywood, match, tanning, etc.

The area of land under forest in our country is about 20 per cent. of the total, though 25 per cent. is considered the absolute minimum for a country by experts. Two-thirds of our forests belong to Government, the balance of one-third being private forest. The latter have been heavily exploited during the last war, and they are now in many cases a wasting asset. When it is remembered that Government forests include also inaccessible regions at high elevations as well as scrub forest of low productivity, it will be seen that although the nominal percentage of the forest area in the country may appear satisfactory, the actual area of productive forests is much below requirement. Moreover, the existing forests are unevenly distributed.

During the last few centuries there has been much breaking up of great tracts of woodland following indiscriminate extension of cultivation. During the last war there was demand for various species of jungle wood and such species were felled though it was realized later on that several kinds of jungle woods were useful as timber. Besides, while State forests had certain working plans to adhere to, private forest owners had no such plans, and they felled every tree that could give them money. The results have been disastrous. The denudation of forests has brought in its wake violent changes in climate, affected water supply in rivers, impoverished fertility and the texture of soils, brought about scarcity of rainfall and even total failure of monsoons. We are now experiencing its ill effects in devastating floods, the washing away of the top soil, in the general deterioration in climatic conditions, and in low yield of food crops. Fortunately, the rot in our economy has been detected in time and checks are sought to be applied. We have realized the necessity for the balanced utilisation of land, which means not only that sufficiency of land should be allotted to forests, agricultural crops including cash crops, and fruit culture and pasture, but also that every acre of land should be put to its *right* use.

The great national festival that is being celebrated throughout the country is calculated to help restore to us our lost wealth in trees and bring back the green glory of our surroundings. Along roads, on railway lands, canal banks, village fields, in short, on any and every piece of bare land which is not required for any other purpose trees will be planted. Since the first week of July will be observed annually as *Van Mahotsava*, and Government will afford every possible facility to the public to plant trees, we may rest assured of an inexhaustible source of timber during the coming years, besides other forest produce. As experience is gained we may evolve for ourselves a science of forestry which may enable us to grow trees of the *right* species and of the *right* size, as rapidly as possible, and produce eventually the maximum sustained yield for any given forest. A forest consciousness, one hopes, will develop as a result of nationwide celebration of the *Van Mahotsava*.

Virtue is a state of war, and to live in it we have always to combat with ourselves — Rousseau.

Muddling in Machine Tool Industry

The machine tool industry is a fundamental industry in the sense that its products--such as power drills, lathes, saws, shears, forges, etc.—are necessary in the manufacture of other machines which are to be used for specific purposes, as for example sewing machines, pumps, and so forth. The industry embraces the establishments which are engaged primarily in the manufacture of power-driven machines which are to be used as tools for work on metals. Though there is no clear-cut differentiation in the products made by the several factories, the industry serves the important purpose of providing and maintaining tooling machines that are indispen sable for work on metals.

Pause and Take Stock

That there has been considerable muddling on the part of the authorities in the establishment of the machine tools industry in Mysore even in its initial stages is evident from the speech of Mr. C. Warren Boulton of the Machine Tools (India) Ltd, at the Bangalore Rotary Club recently. Mr. Boulton expressed the view that the big scheme launched by the Union Government is bound to fail. The industry must go slow, he emphasised, and must first find a ready market for the tools produced. The available resources in raw materials, skilled workmen and money must be checked up before embarking on such a project.

This is indeed horse sense and it may be beneficial to pause and take stock of the situation, particularly in view of the huge capital investment that is necessary. In this matter there has been no unanimity of opinion Dr. S. P. Mukherjee and Mr. Shanmukham Chetty computed the total cost at Rs. 24 crores, while the original estimate was only Rs. 16 crores, and the Engineering Association of India estimated it at Rs 30 crores!

Apart from questions of finance, there are other difficulties in putting through the scheme. The capacity of this State-owned plant to produce machine tools of various kinds has been estimated at Rs. 8 crores annually. Under the stagnant conditions that now prevail in the machine tool market, one cannot understand how and where Government hope to dispose of or dump its annual production worth Rs. 8 crores.

Stocks Accumulate

The era of prosperity for the Indian machine tools industry has been short-lived, and the opening of international trade channels with the termination of the war has brought back to India most of the machine tools which had previously flooded our markets. Production of Indian machine tools estimated at Rs. 60 lakhs in 1948 fell by 50 per cent, in 1949. Strangely enough, despite the fall in production there has been heavy accumulation of stocks, the face value of which has been computed at approximately 60 per cent. of the paid up capital locked up in the industry. The present stalemate in the machine tool market has been attributed to the accumulation of stocks caused by high manufacturing costs on the one hand and lack of purchasing power of consumers on the other.

In the face of these tremendous obstacles, one is unable to appreciate the determination of the Government of India to go ahead with the scheme despite friendly warnings from experienced industrialists. They have placed an order, it is reported, with a Swiss firm, for a plant costing between $ 36 million to $ 45 million. The wisdom in hurrying through such a scheme, involving colossal expenditure, is doubted in many quarters.

How Government Can Help

Government may render timely assistance to the indigenous machine tool industry by granting a subsidy by way of rebate up to 15 per cent., as was recommended by the Tariff Board. If this is not practicable, the suggestion of the industry itself that a subsidy be granted by way of rebate up to 20 per cent. of the import duties on machine tools may be implemented. To carrying out either of these suggestions would not have cost the Government, according to a spokesman of the industry, more than Rs. 10 lakhs, while it would have paved the way to bring down prices so as to be within the consumer's buying capacity.

One cannot say whether and when the State-owned factory will commence full-fledged production or whether this grandiose plan too will go the way of others of its kind and turn out, to be a mere paper plan. What is immediately practicable at present, however, is the pooling of the resources of indigenous producers, both small and big, and the rationalisation of the industry forthwith. The trained labour in this field and the capital already sunk may then be put to the most productive use possible. Mysore-Kirloskar Ltd., one of the pioneers in the field, already turn out about 60 items of machine tools a month, including drilling machines, lathes, power presses, etc. and the precision performance of these tools is beyond question. The performance of other manufacturers too is beyond question as to quality. Given proper stimulus to the industry and a free hand to indigenous manufacturers, most of the country's present requirements can be met. Grandiose plans are best shelved for the time being.

Exports and Production

A. V. MATTHEW B.A., B.L.

Both exports and imports are the two pre-requisites for maintaining a high balanced level of trade for any country For the satisfactory working of any economic policy of any government it is necessary that exports should be increased and imports should be controlled. Imports normally provide a country with those goods which can best be produced by other countries economically and which are essential for raising the standard of living of a nation. Unless India regulates her exports and imports in such a way that there will be an effective employment of her resources, it would be impossible to reduce the drain on her foreign exchange.

Recent Trade Trends

There has been a marked improvement of India's exports subsequent to devaluation. During the six months from October 1949 to March 1950, we had a favourable trade balance of Rs. 13.8 crores. Figures for the first nine months of the foreign exchange year (July 1949 to June 1950) reveal that while India's imports from U.S. amounted to Rs. 60.3 crores, her exports, including re-exports, amounted to Rs 65.49 crores, thus giving her a surplus on trade account. Britain too expects to achieve a dollar saving of 5 to 10 per cent. in 1950 by her new import policy.

The International Monetary Fund in its latest Annual Report has suggested that those debtor countries which have a large dollar deficit and which require large price reductions for expanding their exports should change the exchange rate, instead of subjecting the economy to the risk of serious deflation and unemployment or imposing restrictions that keep imports so low as to endanger their progress and efficiency. The International Federation of Agricultural Produce held at Stockholm some days before has recommended free exports and imports of farm produce.

During the last five years India had wisely imported capital goods amounting to Rs. 200 crores, even though the policy of liberalisation pursued by the Government of India has caused large—scale imports of a few commodities much in excess of domestic demand, thereby adversely affecting certain indigenous industries

Speaking at a Press Conference in London on May 5, 1950, Mr. Watt, Head of the Commonwealth Trade Department of the Federation of British Industries, said: "India will afford a most important market for industrial development for many years to come provided she is able to solve her various problems. The market for consumer goods is bound to shrink as new industrial projects get under way. There seems little hope of any substantial relaxation of restrictions on imports of consumer goods as all the available foreign exchange is required to pay for import of capital goods and foodstuffs. Some relaxations may be forced by the present inflationary tendencies, but these would be temporary."

Boost Internal Production

No export drive can be successful unless the volume of internal production also expands. In spite of increased expenditure in agriculture and industry, the production levels in India have not only not increased, but actually decreased. Both in the industrial and agricultural field, India has shown a decline of production Increased production should form the basic criterion for all Government policies and actions. Such methods of production should be adopted as would ensure a steady flow of standardised mass—produced utility goods which would enable this country to intensify per exports, especially to hard currency areas. An overall balanced economy should aim at rationalisation of industrial and agricultural production. There should be a planned development of village and small-scale industries in order to provide a minimum standard of living and more employment to the people.

Sir M. Visveswaraya, President of the All-India Manufacturers' Organisation, said recently: "At present the finances are unsatisfactory on account of the fall in production, currency inflation and the unsettled condition of the country. Private capital is withdrawn from circulation for two reasons, namely, the Budget of 1947-48 and the threat still maintained that Government propose to follow on some future date a nationalisation policy in the field of industries. Although they know that nationalisation is a policy which will injure industries in the present condition of India's progress, the Government are adhering to it. There has been given no clear statement of reasons. As a result what small private capital there is has become frozen and cannot be attracted for use in the industries."

Dunlop Debentures

The Dunlop Rubber Company (India) Ltd., has issued Rs. 1,30,00,000 5 per cent. Debenture Stock 1961/71 at Rs. 98 per cent. payable in full on application The debentures will be secured by a Trust Deed in favour of the Guardian Assurance Co. Ltd. Interest will be payable on 1st January and 1st July, the first payment to be made on 1st January, 1951, which will be Rs 25 less income tax per Rs. 1,000 of Stock.

The Company was incorporated as a public Company in Bombay in 1926. In 1936 it was decided to commence manufacturing operations and for this purpose the Registered Office and main' establishment were transferred to Calcutta.

The Company pioneered the manufacture of pneumatic tyres in this country and since 1936 has rapidly and progressively expanded its volume of manufacture and range of products, which now include tyres for cycles, motor-cycles, motor-cars, trucks, omnibuses, tractors, handcarts, bullock and horse-drawn vehicles and industrial trolleys and aircraft, and in addition cycle rims and various repair materials used in connection with rubber products. Further additions to the range of Indian-made products are planned in the near future. It is anticipated that the demand for the Company's products will expand for some years to come. The training of Indian employees for the higher technical and administrative posts has been a feature of the company's policy all these years.

At 31st December, 1949, the net assets at written down values, excluding goodwill and patent rights, amounted to Rs 2,71,50,519, or more than twice the nominal amount of Stock to be issued For the three years 1947-49, the average annual revenue after charging depreciation, maintenance and repairs but before charging bank interest or taxes on income was Rs 98,13,079 equivalent to more than 15 times the annual interest charge of Rs. 6,50,000. The net profits of the company, arrived at after charging all maintenance and repairs but before deducting interest on bank loans and taxes on income, which stood at Rs. 38,81,609 in 1940, increased to Rs. 1,05,86,168 in 1949. Dividends have been paid uniformly from 1940 to 1948 ranging from 20 per cent. to 40 per cent, and in 1949, 20 per cent. dividend was paid on increased capital.

The whole of the Debenture Stock now issued has been underwritten. The National Bank of India Ltd., has been authorised to receive applications at its offices in Calcutta and Bombay. Applications must be for multiples of Rs. 1,000 with a minimum of Rs. 1,000 nominal.

We consider public investment in these debentures a good risk from the point of view of both security of invested capital and the attractiveness of yield.

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Grants have been made to support fellowships and for the purchase of essential equipment and other facilities.

On September 22, 1947, the Celanese Corporation of America provided further proof of its interest in chemical engineering as a profession when it established the Professional Progress Award in Chemical Engineering. Administered by the American Institute of Chemical Engineers, it annually provides a certificate and generous gift to honour a chemical engineer under 45 years of age who has contributed significantly to the chemical engineering profession

From a technically-minded, progressive management has come the impetus for this impressive programme of chemical development and industrial integration. Chemical engineering has indeed been integrated into the whole structure of the Celanese enterprise. It has not only provided assurance for future raw material requirements of an expanding enterprise; it has provided the strength and resourcefulness that can carry the company and American industry to ever greater achievements.

—*Chemical Engineering*

A Great Tree-planting Experiment

A gigantic tree-planting programme started 25 years ago by an American lumber company in the southern State of Louisiana, has proved to be a great success. It has proved to the world not only that large blocks of forest can be planted successfully and profitably, but that any community dependent upon a forest economy can permanently prosper when there is a faith in the land. The small American town of Bogalusa stands today as a monument to this truth.

BY ERLE KAUFFMAN.

At Bogalusa, a small American town deep in the heart of the pine-lands of the State of Louisiana, a lumber company is harvesting the "great tree-planting experiment" of a quarter century ago—the first time in the United States that a hand-planted forest, on a large scale, has attained commercial value.

Faith in the Land

Years ago, when the generally applied lumbering formula in the southern parts of the United States was to clear-cut and to move on to greener and bigger woodlands, the audacity of a lumber company in staking its future on the principle of perpetual operation by growing new forests raised many eyebrows. It was a tree-planting programme of great scope and intensity. And even for the Great Southern Lumber Company, and that time one of the largest sawmills in the world, it called for more than audacity; it called for faith in the new science of forestry. Above all, it called for faith in the land.

This, obviously, the owners of the company had in abundance. How well their dream materialized is vividly illustrated by the fact that today, on the thousands of desolate acres restored by tree planting crews a quarter of a century ago, the saw and the axe have returned. But more important, Bogalusa, a town of 8,000 inhabitants 25 years ago, is today a thriving city with a population of 17,000.

A dramatic climax to this success story would be to report that the great sawmill of the Great Southern Lumber Company, which could turn out a million board feet every 24 hours, also had bridged the gap between old and new forests. But this was never contemplated. The Great Southern Lumber Company's founders knew only too well that as the big logs of the virgin forest went out, a new economy must come in—an economy tailored to the demand a young and growing forest could supply. The answer was paper, and years before the saws of the mill closed down the Bogalusa Paper Company was established. Later it was merged with the Gaylord Container Corporation whose spreading pulp and paper mill dominate the industrial life of Bogalusa today.

But during all these years great emphasis was being placed on the forestry phase of the company's operations. It acquired 260,000 acres of magnificent young forest. Later it expanded its holdings to 344,000 acres, including the planted area concentrated on 57,000 acres. In the words of one of the executives of the Gaylord Container Corporation, "The company is committed to a policy of land management, the foremost consideration of which is permanency of the investment and the jobs that go with it."

Story of Experiment

How this policy is translated into action is an excellent example of modern American forestry. To understand its ramifications one must briefly sketch the development of the resource upon which it is based.

In the early part of the twentieth century thousands of acres surrounding the town of Bogalusa were becoming as bare and as barren as a table top as a result of logging in virgin timber and of repeated fires. In 1920 Dr. Austin Cary of the U. S. Forest Service was consulted. For many years he had been spreading the idea of tree planting and practical forest management throughout the southern parts of the United States. He advised the Great Southern Lumber Company to go slow, but they wanted to do it on a large scale to serve their purpose. As a start, 800 acres were fenced off and planted with wild seedlings obtained from the woods. By the spring of 1920 a nursery had been established at Bogalusa, producing 1,200,000 seedlings the first year. From this time on, planting crew swarmed over the barren wastes until 9 years later 23,000 acres had been hand-planted.

Planting continued at Bogalusa until pine trees were once again growing on 57,000 acres. And with it the necessary protection measures were developed—fire control and fencing against damage by razor-back hogs. At the same time, the company tightened its policy of leaving seed trees on land being logged to insure natural regeneration. In other words, throughout the land of the Great Southern Lumber Company new forests were in the making.

Lessons for Future

In 1923 the U. S. Southern Forest Experiment Station made Bogalusa its planting research centre, with the company's extensive plantations serving as a general observation ground and pilot plant. Out of this combination came much of the technical information that later guided (1) the planting of many millions of pine trees throughout the American South by the Civilian Conservation Corps (a U S. Federal agency); (2) the operation of various forest nurseries of the State of Louisiana; (3) much of the routine planting of the U.S. Soil Conservation Service; and (4) forest planting on thousands of farms throughout the United States from the State of Maryland on the east coast to the Gulf of Mexico. So Significant, in fact, was this great planting laboratory that foresters from all over the world visited Bogalusa for observation and study.

Today these magnificent forests within a 15 mile radius of Bogalusa have attained merchantable size and are being harvested. Present cutting began in 1949. Since then several thousand cords of wood have been removed each month. Each acre of the forest will be thinned once every 9 or 10 years.

Without question one of the finest concentrated large blocks of pulpwood in the United States, the plantation averages around 10 cords to the acre, or a total volume of 600,000 cords. The block in which present thinning operations are concentrated, planted in 1923, averages 30 cords, measured at the 4 inch limit of utilization, a net growth considerably in excess of 1 cord of wood an acre each year. About 10 cords are being removed from each acre, leaving for future growth from 15 to 20 cords. The trees left, selected for their form and vigour, are expected to maintain in the future the rapid growth which they have made in the past.

After the plantation has been thinned a third time, the forest will reseed itself. When this restocking is complete, the last of the planted trees will be cut, leaving the small natural trees to grow and develop and repeat a cycle similar to that followed with the planted forest. This is the way to permanent forest products and permanent communities. And this is the dominant theme of the forest policy of the Gaylord Container Corporation--permanency of investment and jobs. It applies not only to the planted forest, but also to the 287,000 acres of natural forest now under management. Based on the principle of multiple use, it calls not only for the production of pulpwood, although this is the primary crop, but for a diversity of products, including sawlogs, poles, piling, cross ties, and stave material.

How Department Works

The forest department of the company is staffed by 10 graduate foresters, twice that number of trained foresters, mechanical tree planters, a fleet of small automobiles, complete equipment for aerial photography, and two-way short-wave radio communication in its fire-control organization, including a patrol plane. The department is responsible for the maintenance of 150 miles of roads and 600 miles of firelines. Fire protection is highly mechanized. The department has on call at all times a fleet of 15 jeeps especially equipped for fighting forest fires. These units work in close harmony with tractors equipped with water tanks and gasoline power pumps and owned by the State of Louisiana. The patrol plane is in constant touch during its regular flights in fire weather with a system of steel watchtowers and motorized equipment by means of a two-way radio.

The management of the Gaylord Container Corporation encourages owners of small forest properties to take better care of their timber. The company's wood procurement division has three foresters available to assist land-owners without cost in marking timber for pulpwood thinnings. It conducts timber-cutting demonstrations, distributes annually hundreds of thousands of seedlings free to farmers and farm youth groups, and its travelling forestry exhibits are in great demand throughout the State of Louisiana.

This is how men who knew their mill, one of the largest in the world, was marked for death, but nevertheless planned and laboured that their community might live.

—*American Forests*

(*Contd. from page 543*)

cater for sub-divisions of their area. These Councils may consider any matter affecting electricity distribution—such as tariffs, new requirements or requests for improved service. They make representations to the boards of management or direct to the Minister. Parliament can, of course, question the Minister about these representations.

Consumers have always been less ready than producers to form permanent associations to express their views, but unions believe their members will so adapt discussion in branches to enable representative complaints and suggestions about nationalised services to reach Consumers' Councils either direct or through local authorities.

(*Exclusive to " Business Week "*)

Consumers in Nationalised Industries

ROLE OF CONSULTATIVE MACHINERY

BY RAY BOYFIELD

Secretary, Britain's Trades Union Congress

When machinery to administer nationalised industries in Britain was being discussed, the trade unions pressed for the inclusion of ample provision for joint consideration of management and workers on methods of improving efficiency. Now that this consultative machinery has been secured in the fuel and power industries and in large sections of transport, greater attention is being given by unions to the interests of the consumers of these industries' products and services.

In Britain, as elsewhere, many people consider that the most efficient use of resources is obtained where the consumer has a wide choice between alternative supplies. Competition can involve wasteful duplication and failure to secure the full benefits of large-scale organisation, but it can also lead to lower prices and better service. Moreover, while the consumer is not always aware of the true quality of goods offered to him, at least he feels that under competition he can transfer his custom if he is displeased. Whatever differences of view there may be about the advantages of competition, there is agreement that where it ceases to operate the consumer requires some other way of protecting his interests.

Public industry and absence of competition are not coterminous in Britain. Some monopolies are in private hands and the Monopolies Commission has been established to examine these. It is hoped that in time this Commission will build up a code as to which monopoly practices can be tolerated and which are harmful to the national economy.

Spur to Efficiency

On the other hand, the spur to efficiency provided by competition is not absent from nationalised industries. British Overseas Airways Corporation and British European Airways compete for passengers with those of other countries and with charter companies and there is rivalry between different types of public transport and fuel. Greater safeguards are, however, required to ensure that socialised industries are properly sensitive to public complaint.

When unions were forming their policy on nationalisation they took account of both consumers' and producers' views. They rejected direct control by Government departments on the lines of the Post Office and management by representatives of consuming interests as in the harbour authorities of London and Liverpool. They were also opposed to " workers, control," or management drawn entirely from within each industry itself.

The view they finally reached and which has been implemented by legislation, was management by a board of experts chosen for their ability to run the industry efficiently in the public interest. Efficiency is, of course, a major consumer's requirement but the consumer must also have regular assurance that efficiency is being maintained and that proper regard is paid to his wishes and grievances. Methods of learning his requirements are experimental.

The board of each public industry is responsible to a Minister who is in turn responsible to Parliament for his general supervision over the industry. Each board must present to Parliament an annual report on its work which is the subject of a general debate.

It follows that Members of Parliament receive many letters from their constituents asking them to raise particular matters about the quality of service provided. This is a useful supplement to individual complaints direct to the boards, but it is not in itself a sufficient safeguard. A method was needed which would obtain the general consumers' view in a collective way and would also enable consumers and producers to meet for discussion of their respective difficulties. Two such methods are used.

One of these, the Transport Tribunal which deals only with charges to the consumer, is an extension of a system in use for many years on the railways. The other, that of Consumers' Councils, is of recent evolution and although more comprehensive is still largely experimental.

Managements of all forms of public transport must submit draft charges schemes to an independent Tribunal which holds enquiries into them.

Consumers' Councils

All the Acts through which basic industries have been nationalised since World War II have made provision for Consumers' Councils. The members of these bodies are appointed by the Minister responsible for the industry from among nominations submitted by associations of local authorities, workers and employers. There are two of these Councils with duties to examine coal and coke products from the point of view of industrial and domestic consumers respectively. In transport there is a Central Users' Committee and separate committees for certain areas. The widest developments in methods of obtaining the consumers' viewpoint have, however, taken place in gas and electricity in both of which the machinery used is similar.

Britain is divided into 14 areas for purposes of electricity supply and in each of these a Consumers' Council is functioning. These are composed of about 25 persons rather over half of whom were nominated by local authorities and the remainder chiefly by trade unions and employers' organisations. Other bodies, including those catering primarily for women's interests, may also nominate.

Each Council has a number of committees on a similar pattern to

(*Contd. on page 542*)

Grow More Neem Trees

The medicinal Indian tree, *neem* or *nimba*, has yielded yet another useful product, the *nimbidin*, which can be used for a number of pharmaceutical preparations and specially in the treatment of malaria.

Evolved at the laboratories of the Council of Scientific and Industrial Research, preliminary pharmacological studies with nimbidin and sodium nimbidinate were recently carried out in the Lucknow Medical College. These investigations are stated to have shown the efficacy of nimbidin in the treatment of various skin diseases like eczema, scabies, arsenical dermatitis, furunculosis and different types of septic sores and ulcers due to burns. Among others, they can be used for gargle in sore throat and are also said to stimulate uterine contractions.

Botanically called the *melia azadirachta* or *melia indica*, neem possesses curative properties which are well known through the ages. Every part of the tree is used in indigenous medicine. Its twigs are used for cleaning teeth and serve as both brush and paste. Decoction made of its leaves and bark is good as a febrifuge and its bark and dry flowers as a tonic after fevers. The leaves and bark are also employed for healing unhealthy wounds and ulcers and in the treatment of a wide variety of skin troubles, jaundice, prurigo and liver complaints.

The fruits are reputed to act as a purgative, emollient and anthelmintic and are employed in the treatment of intestinal worms, urinary troubles, piles, etc. The neem oil (margosa oil) which constitutes nearly 45 per cent. of the seeds, is largely used by the villegers as a hair tonic and is particularly reputed as a cure for rheumatism, scrofulous glands, leprosy and a variety of skin affections.

Neem is also supposed to have some repellent property against some insects, especially the cloths moth (*tinea pachyspilam* and *trichophaga abruptilelal*). Shopkeepers and peasants store their woollen clothes with dried neem leaves. Russians have observed that plants sprayed with concentrated extract of the leaves in water were avoided by locusts. They also found that sprays with the neem extract were also useful against aphids.

The neem oil is produced by a number of industrial firms and also on a cottage industry scale in the rural areas, and more recently some pharmaceutical firms are utilising neem oil in the preparation of medicinal soaps and tooth pastes.

Profit-motive in Business

There is a feeling widely prevalent among the poorer sections of the public that business men are a hard-hearted lot, interested only in profits. This is due to a total misconception of the role of the business man in a free economy and the important contribution he makes to improve the lot of the common man. Although making a profit for himself is the predominant motive in the mind of every business man, the aim of the business community all the time is to make available to the vast body of consumers more and more goods at cheaper and cheaper prices for then only could business thrive. It is only due to this tendency on the part of business men that a large number of modern amenities of life are now available and at prices within the reach of a growing number of people.

Business, A Game of Skill

Business, in a free enterprise economy such as ours, is a game of skill with a good deal of the element of chance in it. Every player cannot hope to succeed. While rewards are great, risks also are great. This is the reason why all business men, big and small, do not always make profit and many even go to the wall, though all work for profit alone. Under present conditions, when there are so many artificial restrictions on the nature and quantity of business that a man can do, there is always keen competition among business men to secure whatever business is available. If a few business men succeed it is mostly because of the operation of the law of survival of the fittest and the elimination of the weak—a law of the jungle applicable also to the business world. Besides cut-throat competition among business men the whole business community is susceptible to periodical attacks of that fatal disease called 'slump' brought about by mal-adjustments in production and consumption and change in fashions and modes of life. Casualties among business men due to this epidemic are increasing in these days of uncertainty. With the exception of a fortunate few, several thousands of small business men and retailers, who have staked their all in their respective businesses, envy those who have a fixed income and do not run the risk of their whole fortune being wiped out all of a sudden through no fault of theirs.

Profit Motive is All Right

The question as to whether employees are entitled to a share in the profits of the employer and if so to what extent is agitating the minds of the authorities at present with the Labour Relations and Fair Wages Bills on the anvil. A little reflection will convince any one that profit-sharing is wrong in principle, since it strikes at the root of the profit-motive in business which is the sheet-anchor for production, and more production, in a capitalist economy such as ours.

Let us take a concrete instance. Let us suppose that in respose to the appeal for increased production, so essential for raising the standard of living of the masses, a business man decides to start a factory for the manufacture of some article hitherto not manufactured in this country. As certain amount of capital is necessary for the purchase of machinery, erection of the factory building, purchase of raw materials, etc. he has either to take in partners in the business or appeal to the investing public. No partner or investor will invest a pie in the business if it is announced that the business in question will be run purely in a spirit of service and *not* of gain. On the other hand, if they are promised fat dividends on their invested money and its security guaranteed under any circumstance they would come forward with what little surplus money they might possess. To pay dividends, the business man who starts the business must make profit.

All this points unmistakably to the fact that given sufficient inducements to the business community to make profits capital will cease to be shy and will come forward from its shells in the requisite measure to meet all our present needs. If, on the other hand, the authorities go on trumpeting to increase production exhorting business men to adopt *Nishkamya Karma* as their motto in life, the cry for increased production is bound to remain a cry in the wilderness for long.

T. R. S.

Ignorance is not so damnable as humbug, but when it prescribes pills it may happen to do more harm. —George Eliot.

PHOENIX CEILING FAN

Alternating Current 220/250 Volts, Single Phase & 50 Cycles.

Type	Sweep in inches	Watts at full speed	R.P.M.	Air delivery in cft per minute	Price F.O.R. Destination
Phoenix ...	60"	64	215	13,650	Rs 204
"	56"	62	225	11,200	Rs. 186
"	48"	53	240	9,050	Rs. 178
"	36"	50	315	6,660	Rs. 136

Direct Current-220/250 Volts.

Type	Sweep in inches	Watts at full speed	R.P.M.	Air delivery in cft per minute	Price F.O.R. Destination
Phoenix ...	60"	46	230	14,700	Rs. 198
"	56"	40	240	18,150	Rs. 185
"	48"	35	270	10,880	Rs. 170
"	36"	27	375	7,840	Rs. 138

Each fan is supplied with one regulator, one-foot down rod with hanger and insulator, one canopy and one set of blades.

Manufactured : by The Engineering Works of India Limited, 96, Chowringhee Square, Calcutta.

BENGAL LAMPS

1. Vacuum Lamps

Prices per dozen.

Watt.	Caps	Clear Rs. As. Ps.	Inside frosted Rs. As. Ps.	Daylight Rs. As. Ps.	Natural Colour Rs. As. Ps.
5	SC/BC	16 8 0	...	...	24 12 0
10	"	15 12 0	...	...	23 10 0
15	"	13 2 0	18 14 0	17 7 0	19 11 0
20	"	13 2 0	13 14 0	17 7 0	19 11 0
25	"	18 2 0	13 14 0	17 7 0	19 11 0
30	"	18 2 0	13 14 0	17 7 0	19 11 0
40	"	14 4 0	15 0 0	18 15 0	21 6 0

2. Gas-filled Lamps

Watt.	Caps	Clear Rs. As. Ps.	Inside frosted Rs. As. Ps.	Daylight Rs. As. Ps.	Natural Colour Rs. As. Ps.
40	SC/BC	15 12 0	16 8 0	21 0 0	23 10 0
60	"	16 11 0	17 7 0	22 5 0	...
75	"	19 14 0	20 10 0	26 7 0	.
100	"	23 13 0	24 9 0	31 11 0	...
150	"	39 12 0	...	53 0 0	...
200	"	60 0 0	...	80 0 0	...
300	G.S.C.	72 12 0	...	...	...

MAKERS : The Bengal Electric Lamp Works Ltd., Calcutta.
VOLTS : 110 ; 220/230, 240/250.
FINHIS : Metal-Filament Drop Shape.

ELECTRIC FANS

	SWEEP	WATTS AT F. SPEED	R.P.M.	AIR DISP. Cu. ft. p.m.	PRICE WITH REGULATOR EACH
1 KASSELS (Patent) A.C. 220/250 Volts, single phase, 50 cycles, Capacitor Type.	48"	40	260	9,550	Rs. 180/-
	56"	52	250	12 650	Rs. 192/8/-
	60"	55	220	13,500	Rs. 210/-
	72"*	68	190	16,000	Rs. 238/-
Kassels Regulator Resistance Type					Rs. 17/-
2 ANAND All-Electrical Sheet Stampings De Luxe A.C. 220/250 Volts, single phase, 50 cycles, Non-Capacitor Type.	36"	52	330	6 800	Rs. 135/-
	48"	48	240	9 200	Rs. 174/-
	56"	66	220	12,200	Rs. 188/-
	60"	70	215	18 500	Rs. 205/-
	72"*	75	168	16,000	Rs. 230/-
Anand Regulator Choke Coil Type					Rs. 19/-
3 LUCKY A.C. 220/250 Volts, single phase, 50 cycles, Non-Capacitor Type.	36"	58	330	6 660	Rs. 125/-
	48"	63	240	8,550	Rs. 163/-
	56"	72	230	11,850	Rs. 173/-
	60"	75	220	11,900	Rs. 184/-
Lucky Regulator Choke Coil Type					Rs. 19/-
4 AZAD D.C. 220/230 Volts.	36"	27	350	7,500	Rs. 138/-
	48"	32	260	9,500	Rs. 170/-
	56"	40	280	12,600	Rs. 187/-
	60"	43	228	13,905	Rs. 198/-
	85"*	60	145	21,000	Rs. 284/-
Azad Regulator Resistance Type					Rs. 17/-

*The above prices, inclusive of one foot down rod and regulator are F.O.R. Madras and are subject to alteration without notice.

Rates for "Raja" Toilet Products

"RAJA" Snow—Rs. 162-0-0 per Gross, Case of Two Gross, less 12½ per cent & 5 per cent. Rs. 289-5-3 per Case of Two Gross nett.

"RAJA" Hair Oil—Rs. 216-0 per Gross, Case of Half a Gro less 12½ per cent & 5 per c Rs. 89-12-0 per Case of Hal Gross nett.

"RAJA" Hair Fixer, Larg Rs. 162-0-0 per Gross, Case of Gross, less 12½ per cent & 5 cent. Rs. 134-10-8 per Case of Gross nett.

"RAJA" Hair Fixer' Medium Rs. 126 0.0 per Gross. Case of Gross, less 12½ per cent & 5 per Rs. 104-11-9 per case of One nett.

"RAJA" Kasturi Soap La Rs. 90-0-0 per Gross, Case of Gross, less 12½ per cent & 5 cent. Rs. 149-10-0 per Case of Grtss nett.

"RAJA" Kasturi Soap Sn Rs. 54-0-0 per Gross, Case of Gross, less, 12½ per cent & cent. Rs. 89-12-6 per case of Gross nett.

"RAJA" Bar Soaps—(Bar of oz.) Rs. 144-0-0 per Gross, Cas Half a Gross, less 12½ per cent per cent—Rs 59-13-6 per Case Half a Gross nett.

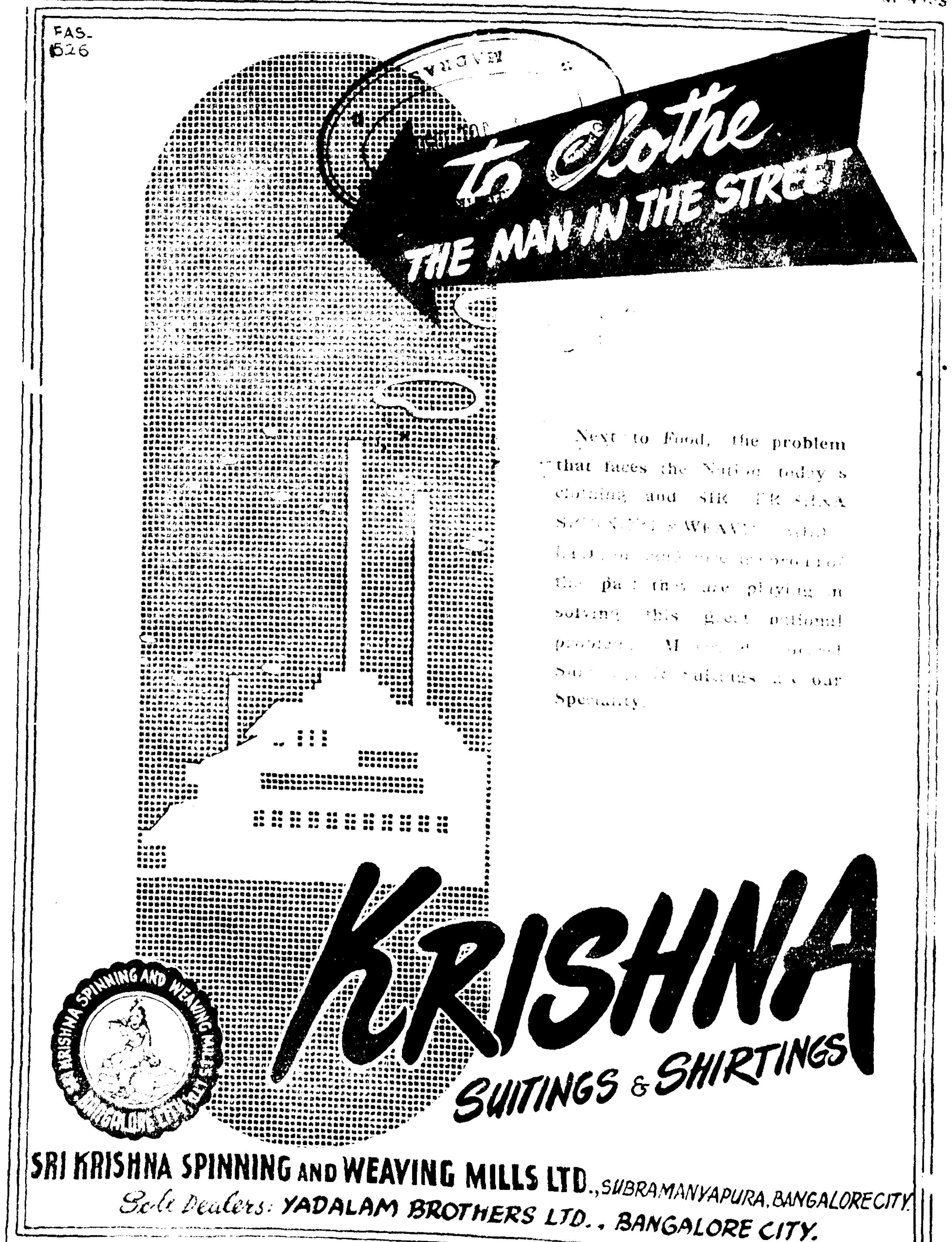
"RAJA" Agarbathi—Rs. 72- per Gross Packets of 2 Tolas ea less 12½ per cent & 5 per c Rs. 119-11-3 per Case of Two Gr packets nett.

"RAJA" Face Powd Rs. 144-0-0 per Gross, Case of Gross, less 12½ per cent & 5 cent. Rs. 119-11-3 per Case of Gross nett.

F. O. R. BANGALORE for orders not less than a case at a time. 5 per cent. extra for orders less than a case ; Minimum value must be for Rs. 100-0-0, Full nett value of the order should be remitted along with the order, by way of Bank draft payable at Bangalore.

MANYAM & CO.

Mfrs. of 'Raja' Toilet Products,
H. O. Bangalore 3.



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The first United States International Trade Fair will be held from August 7 to 20, 1950, at Chicago, a city of nearly 4,000,000 population. More than a score of major railroads, 8 transcontinental air lines, and many highways extending to all parts of the country make the city a central market and distributing point.

In the foreground of the photograph is a railroad freight terminal on the bank of the Chicago River. Two lake freighters move toward Lake Michigan. Two jack-knife bridges, which open to allow passage of river traffic, can be seen in the picture.

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NOTES AND COMMENTS

Is Concrete Indispensable ?

This is the age of concrete, say some. The future, they say, lies with this substance whether it is a temple, or a house, or a town you want to construct. And people have been taken in by the glamour of concrete to such an extent that there is a stoppage of house construction and various works the moment there is a shortage of cement. Yet, much can be achieved without the use of this undoubtedly useful material. Houses of the smaller sort can be easily built without the use of a single pound of cement. The Travancore-Cochin Government is now, building an earthern dam capable of storing 1,200 million cubic feet of water. If proper investigations are made, it may be found that many other constructions can also be built without incurring the high cost necessitated by cement concrete.

* * *

Developing Jail Industries

The object of the All-India Penological Conference held at Lucknow in February last was defined as the prevention of crime the amelioration of the condition of the prisoner and the turning of discharged prisoners into useful citizens. Mr. Harilal Kania Chief Justice of the Supreme Court, who inaugurated the Conference, referring to the rules governing the treatment of prisoners in jail after conviction, said: "It appears quite necessary that the rules should be thoroughly overhauled."

The U. P Judicial Reforms Committee, appointed by the Government "to overhaul the judicial system in the State," has issued a questionnaire this week to "reform the centuries-old system of administration of justice and ensure quick justice within the reach of all," and replies are sought by August 15. This, we deem is a step in the right direction. There are also certain other methods by which those 'serving their periods' now could be turned into responsible citizens and the man-power available in jails utilized to the best advantage. The starting of small-scale industries within jails will benefit both the convicts and the nation. Some pioneering work has already been done in the matter of the industrialization of jails by the Madras and Bihar Governments.

Progressive countries have now realized that if convicts are given sufficient incentives for work suited to their nature so that they apply themselves to it of their own accord they will give up their inner hostility to society and develop a sound civic sense It is up to the authorities to create the necessary atmosphere and provide work suited to the tastes and inclinations of the prisoners. They may be granted some small advance, say Rs. 25 in jail currency to purchase their own raw materials, and allowed freedom to enjoy the fruits of their own labour. Details of a Master Plan to develop jail industries were published in one of the early issues of this journal. (See BUSINESS WEEK Vol. II, No. 17.)

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Black Market in Raw Films

Giving evidence before the Film Enquiry Committee at Calcutta on Sunday Sri I. B. Desai, who has been connected with the industry over a number of years, complained that shortage of raw film supply in Bengal had become a tremendous problem for the industry. "We cannot", he said, "obtain supplies from our raw film supplying firm. As a result, we are forced to go to the black-market to meet our essential requirements of raw film." Asked as to who the suppliers were, Sri Desai said that they were Messrs Kodak Ltd. During the past few years, Sri Desai continuing his evidence said, nearly 75 per cent. of their raw film supply had been obtained from the black-market, and that they had no other alternative but to do so. In reply to a question, he said that his personal experience was that this was still continuing, and that he suspected that people in the business were connected with it since cinema films were of no use to anybody except those who were in the trade.

The authorities should take up this question immediately and set things right. Licences should be more liberalised so that the producers could get raw films in abundant quantity in the open. The whole quota for each zone should be given to the film association concerned who might distribute them to their members. The Associations too will then have a sort of collective responsibility.

The abolition of import duties on raw films as well as the abolition of duty on 16 m.m. cine equipment by classifying them as small machinery, now contemplated by the Government of India, will also ease the present critical situation. But a permanent solution to the recurring crises due to film shortage can be found only in mass-producing this commodity in our own country.

A contract for the manufacture of raw film between a Bombay firm and a Swiss firm has been finalised and Government of India are understood to have assured the promoters every posible help for the manufacture of raw film in this country. The Swiss firm is reported to have agreed to provide the machinery and the processing technique. The agreement, it is learnt, provides for assistance in setting up the plant, responsibility for technical direction, guarantee of quality of produce and training of Indian personnel in the industry. A capital issue of Rs 2 crores has been sanctioned for this project as also investment of foreign capital in the scheme. The promoters will initially contribute Rs. 30 lakhs, Mysore Government Rs. 18 lakhs, the Swiss firm Rs. 12 lakhs, and Rs. 14 lakhs would be raised by public subscription.

This pioneer industry deserves every encouragement, but care should be taken by the authorities to see that the monopoly conditions allowed to the firm are not abused and that a steady supply of good quality films is made possible to our producers at competitive prices. Technical research in film manufacture is virgin field in this country, and importance should be attached to the training up of a band of Indian youths in this line. Dr. Meghnath Saha, the well-known scientist, giving evidence before the Film Enquiry Committee on Tuesday, also emphasised the vital role of technical research in the manufacture of films.

* * *

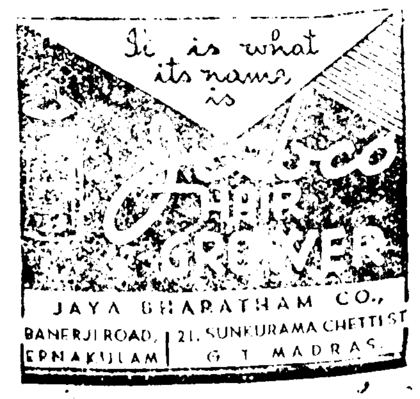
Help the Handloom Industry

The All-India Handloom Weavers' Congress, which concluded its fourth annual session at Sholapur this week and in which more than 25,000 weavers from all parts of the country took active part in the deliberations, has once again focussed public attention on the plight of the weavers and the handicaps that the industry has now to face. The weavers are still not contented with the present system of yarn supply; there is unemployment and under-employment in their ranks; and Government should give every possible assistance to them.

The implementation of the resolutions of the congress will go a long way to give the much-needed relief to those engaged in the industry. The Conference has suggested to the Government to give first priority to the handloom industry in the supply of yarn, to take necessary steps to make the fullest possible use of the spindles in composite and spinning mills to encourage production of yarn to its maximum and wherever possible to make them work three shifts, and supply of yarn to weavers by co-operative societies at ex-mill prices. The conference has also proposed the formation of a All-India Handloom Corporation in which the Union and State Governments will have 50 per cent. of the seats, the rest going to weavers. This will ensure adequate marketing facilities for handloom products in India and abroad.

Government should also fulfil their promise that they would purchase handloom cloth for their own requirements. Their policy of reserving a portion of textile production for handloom industry is sound, and the State Governments should make it a permanent feature of their textile policy. The reserved portion of the cloth market for handloom should be expanded in the light of production figures compiled periodically by the Textile Commissioner.

The need of the weavers for yarn can be met in part, however small, by hand-spun yarn, and the All-India Handspinning Association and the Government should foster and develop spinning with the co-operation of the All-India Weavers' Association so that enough hand-spun yarn of sufficient strength would be available. Mr. Mahatab, our Industries and Supply Minister, is very keen on the handloom industry in the country taking upon itself the development of hand-spinning also in its own interest and in view of the present short supply of mill-made yarn.



Crisis in Capital Market

There has been a phenomenal growth of jointstock enterprise in this country during and since the last World War. The number and size of such commercial and industrial undertakings have shown a sharp rise, and the attainment of independence has opened up new avenues for them. The prospectuses, memoranda and articles of Association issued during the early years of the war met with ready response from the investing public who lent their surplus cash to persons in charge of management of companies, hoping that they would discharge their functions honestly and efficiently and by setting up a high code of morality and integrity for their guidance. The investing classes had banked upon the pledges of the managing agents and promoters for sound and efficient management and expected fat dividends on the irmoneys.

Cry for Reform

Since 1946, however, there has been a hue and cry against the way public limited companies are managed and a good deal of talk about the need for company law reform and the abolition of the system of Managing Agency. The bitterness of shareholders, who belong mostly to the middle classes, increased with the broken promises of managing agents, the publication of a series of unsatisfactory balance sheets by companies, default in several instances even of payment of debenture interest, and the irresponsible management of some concerns. Share values too depreciated abnormally, attributed variously to mismanagement of companies, high taxation and Government policy and pronouncements. The time is now undoubtedly ripe to take stock of the situation and find out what modifications are necessary in the Indian company law to save investors, to ensure a steady flow of capital for fresh enterprises and create conditions of confidence in the minds of the future investors in joint stock enterprise.

Two experts in Indian company law, Mr. Tricumdas Dwarakadas, a solicitor of Bombay, and Mr. V. K. Thiruvenkatachari, an Advocate of Madras, were entrusted by the Government of India a few months back with the work of examining the existing laws and to report on what changes were necessary in the light of present-day conditions. The recommendations made by them have been examined by the Government of India with the help of Mr. N. K. Majumdar, formerly Registrar of Joint Stock Companies, Bengal, along with tentative proposals for the amendment of certain important provisions of the Indian Companies Act and other suggestions of a technical nature which have come to light in the course of the day to day working of the Act. A Committee is proposed to be appointed shortly to look into the whole question of the reform of Company Law, and it is understood that representatives of the investing class, managing agents, leading members of the commercial community and two members nominated by the Government of India will constitute the Committee.

Urgency of Reform

The constitution of this Committee should be speeded up and a definite programme of action outlined in the interests of the investing public. The Indian Companies Act, as Mr. A. T. Rajan, President of the Madras Shareholders' Association, observed some time ago, does not afford the investors sufficient protection. "Our experience", he said, "is that where even company law has been violated, the Registrar of Joint Stock companies has failed to take appropriate action as a deterrent of future delinquency." The existing Associations for protecting the investing community in this country are weak and powerless due to the ignorance and indifference of the investors themselves, and their efforts to bring the black sheep among the Managing Agents to book and bring about a healthy atmosphere in Company management hold out little promise of a change for the better. They have not developed the necessary prestige to carry weight with the Government nor are they in a position to bring moral pressure to bear on the companies for the proper conduct of their affairs. While in the United States, the Securities Exchange Commission acts as a kind of security police for the investing public, Shareholders' Associations in India find themselves handicapped and powerless in the absence of important amendments in the Indian company law and its administration.

The shareholding public is a small or insignificant section: it is still willing to invest in joint stock concerns provided the necessary atmosphere is created. There are lakhs of people besides who, some years ago, would not have thought of any other form of investment than landed property or building, but who now increasingly look up to commercial and business concerns for investment of their capital and savings. The growth of commerce and industry in our country in the present juncture of our economic history also calls for a ready response from the investing public.

Need for Cautious Approach

It is imperative, no doubt, to review and reform Company Law and its administration, but the fact should not be lost sight of that the object of such reform is to ensure the healthy growth of existing enterprises and promote further ones by creating confidence among the public. Revolutionary revision is not called for; every proposal should be judged by its immediate practicability and its repercussions on the existing system. If the approach is not constructive immense damage may be done to the existing system under which, according to one estimate, about a thousand crores of rupees have been invested.

The Committee now appointed may make a thorough investigation

(Contd. on page 592)

their indebtedness and the existence of vast armies of middlemen is a moot question and statistics are yet not available.

"Created Money"

It has been suggested that if Government are in real need of money they can resort to "created money" and execute speedily such shemes which are likely to give a good return on investment. It is argued that while during the war years the system of "created money" was freely resorted to for destructive purposes entailing inflation, the creation of "created money" now can be yoked for productive purposes which will retard inflation.

No doubt, in some foreign countries, people's savings have been supplemented by "created money" and it has considerably helped the process of capital formation. But the amount of "created money" ultimately depends on the amount of national savings and consequently on bank deposits and bank resources. Considering the backwardness of the people and the under-development of the banking system, this source of capital in India cannot be counted upon much. Besides, fears have been expressed that resort to "created money" under the present inflationary conditions will only make conditions worse.

Savings Drives

There is a concensus of opinion in the country that the only effective solution to the problem of capital formation is to increase the savings of the people. But how this is to be done has preved itself to be a greater problem. Under prevailing prices, to ask the middle classes in urban areas to save looks absurd in the extreme, and prices, far from showing any tendency to come down, shoot upwards for one reason or other, the rape of Korea being the latest advanced by some traders. Prices in India are at present linked up with the prices of foodgrains, and those of the latter are still on the high side. In Madras State since this month, consumers are getting less rice for more money.

In rural areas, the cultivator, no doubt, has more money than before, but unfortunately he does not have the saving habit.

Government concentrated its efforts of late in intensifying the Small Savings Campaign as one of the important means of canalising savings for productive investment. The response, however, has not been appreciable. In the 8 point policy statement on devaluation announced in Parliament in October last, the then Finance Minister, Dr. Matthai said that if the savings drive by propaganda failed Government would resort to compulsion and provision of suitable Governmental assistance for extension of banking facilities in rural areas. No action, however, has been taken so far in this direction.

Other Measures Suggested

An interesting suggestion put forth by the All India Manufacturers' Organization early this month is that the scope of the present banking legislation will have to be widened by appropriate amendments to permit more and varied assistance to industries For this it is necessary, they point out, that the definition of 'Eligible Paper' in the Reserve Bank of India Act should be widened so as to include Industrial Paper, to enable scheduled banks to grant long-term loans to industry. The bulk of the finance for industrial expansion, the A. I. M. O. contends, must come from existing banking institutions in view of the prevailing inadequacy of banking facilities and the inability of the Finance Corporation to reach all categories of industries.

Compelling the richer classes to invest a portion of their income in Government Securities, investment by joint stock banks of a certain percentage of their profits on Government Securities, execution of development plans by Government such as irrigation works, key industries, etc. on deferred wage basis, and economy in Government expenditure to save money for capital projects, have been suggested to tide over the crisis in the capital market. Other suggestions include the large-scale import of foreign capital offering more liberal terms to the foreign investor for investment in specific sectors, particularly in schemes which help to produce capital goods rather than consumer's goods. The liberalisation of the policy of the Industrial Finance Corporation functioning at the Centre by reducing the existing high rate of interest of 5 to 5½ per cent, and granting loans on more liberal terms based more on the soundess of the projects concerned and their essential character than on orthodox banking considerations, have been suggested.

It is imperative, however, that Government should not sit tight on the plea that they have no funds. In a country like India which has enormous man-power lying idle along with enormous wealth of raw materials which remain to be exploited, something should be done to remove the present stalemate in the capital market and all possible means should be resorted to.

Fiscal Policy

IMPLICATIONS OF FISCAL COMMISSION REPORT

(CONTRIBUTED)

The Report of the Fiscal Commission published last week is an outstanding document. It seeks to make an integrated approach to the different issues concerned with the economic development of our country in accordance with the Directives embodied in the Constitution and with the Industrial Policy Statement of April, 1948.

The Commission have taken due note of the profound and far-reaching changes that have taken place in international commercial relations during the last few decades and the no less revolutionary changes in the role of the State in economic development. In these altered circumstances the problem of protection and assistance to industries has acquired a new significance, calling for sustained action by the State on a much wider and more complex economic front. It is inevitable that in this changed environment, fiscal policy must be integrally related to commercial policy on the one hand and industrial policy on the other, so that it may promote the fullest utilization of resources without imposing any unjustifiable burden on the consumer. The Commission have endeavoured to work out the broad implications of these changes in terms of a planned policy for the development of agricultural and industrial resources and the promotion of foreign trade.

Problem of Employment

The economic problem in India is not merely one of increasing production, but one of large increase in the volume of employment and the absorption of the entire working population in gainful occupations. It is therefore quite understandable that the proposals of the Commission were framed with the main objective of avoiding unemployment, under-employment, and disguised un-employment.

In the agricultural sector at present there is an enormous volume of unemployment and under-employment because nearly 70 per cent. of the population is engaged in it. Owing to seasonal conditions agriculture could not keep engaged for more than 4 months those who work on farms. Where there is irrigation perhaps agriculture can be practised for 6 to 8 months, but the irrigated area in India comprises only about 18 per cent. of the cultivated area. Again, a number of people in each family apply themselves to agriculture only because there is nothing else for them to do, and they to not make any notable contribution to output. When agriculture is rationalised, the Commission points out, about 1.5 million people will be displaced in the next 20 years. Added to this, every year will be 3 to 4 million people representing the increase in population. Our industries now employ less than 3 million people in all. This shows the magnitude of the problem of providing employment for all and avoiding under-employment.

Priorities

The Commission rightly stress the supreme importance of developing small scale industries which can provide employment to an increasing number of the unemployed. But cottage industries, they observe, can afford employment to a much larger number of people than at present only if they are thoroughly rationalised, if their existing techniques of production are improved, if power is given in abundance, and if the State gives help in a generous measure.

In regard to large scale industries, the slant given by the Commission to what are called 'labour-intensive' industries, in which more labour is employed than capital, is justified, as also the suggestion for the decentralisation of industry wherever possible, carrying on the processes of large industries in smaller establishments.

The Fiscal Commission have outlined, following the Government's plan very closely, a scheme of priorities. Treating Defence, Basic and Key industries as a category apart, the priority scheme outlined by the Commission is as follows:

(i) Schemes for agricultural improvement, especially irrigation and multi-purpose projects including minor irrigation works. (ii) Industries necessary for the implementation of the agricultural programme and the construction and maintenance of irrigation and multi-purpose projects. (iii) Schemes for increased production in industries producing basic raw material and consumption goods. (iv) Manufacture and repair of the machinery and equipment needed by the industries in (iii). (v) Establishment of industries complementary to the industries in (iii) to (iv) and those that will increase external economies of these industries. (vi) *Pari Passu* with the developments mentioned in (i) to (v), (a) encouragement of tertiary industries and (b) promotion of exports.

The broad picture of the development of large-scale industries that emerges from the analysis of the Commission is briefly as follows:

(1) Defence Industries, (2) heavy key industries, e.g. industries for the manufacture of transportation equipment, rolling stock, wagons, etc; shipbuilding, etc. (3) heavy basic industries, which provide the foundations of many other capital goods as well as consumption goods industries, e.g. iron and steel industry, machine tool industry, automobiles, tractors and other heavy machinery; (4) light basic industries, e.g. important chemical industries, such as manufacture of caustic soda, nonferrous metals, electro-chemical engineering, agricultural implements etc.; and (5) essential consumption goods industries with a nation-wide market, e.g. cotton and woollen textiles, cement, sugar, paper, etc.

The order of priority for the public sector lists:

First, the essential Defence industries; Secondly, the Ministries connected with the development of natural resources like water power; Thirdly, public utility industries like Railway, electric power generation; and, Fourthly heavy, key and basic industries which, in the absence of private enterprise, the State may have to initiate and develop.

In the private sector the order is 1) The increase of production in existing undertakings upto the maximum of their installed capacity: (2) the expansion of existing industries upto the limits of effective demand in their market with special reference, wherever possible to export markets; (3) the establishment and development of industries which are complementary to existing industries in the public or the private sector, like industries which manufacture the components of other industries or which carry the processes of production a stage nearer final consumption; (4) the establishment of such industries as are related to existing industries and may increase the external economies resulting from the establishment of a group of connected industries; and (5) the establishment of industries catering for a large market, internal and external, rather than those satisfying a limited or specific demand

The Commission expresses itself against further concentration of industries in areas which are already over-congested and advises the Government to improve the attractiveness of areas where, from the social point of view, it is proposed to encourage the migration of existing or new industries. The Commission further advises that the processes of de-centralisation of large-scale industries and the establishment of large-scale industries in rural areas should be encouraged.

There is sharp difference of opinion in our country regarding the introduction of planned economy. Commercial and industrial interests do not favour planning going down to minute details, since they fear that it might kill initiative and private effort. What they want is only general planning with particular reference to priorities and location of industries in a general way. Planning, they contend, should be kept within the limits set by the capacity of the available administrative machinery since if the administrative machinery could not work the system, the whole objective of planning would be defeated.

The Commission however held the view that in a planned economy there are many ways in which the cost to the community could be minimised.

Policy of Protection

The Commission's most important recommendation perhaps is that regarding the setting up of a permanent Tariff Board. Regarding the policy for the grant of protection, the Chairman of the Commission told a Press Conference: "We recognise that protected industries owe an obligation to the community and we contemplate that the Tariff Board, when deciding on requests for protection, will lay down conditions for securing that the protected industries work as efficiently as possible Our objective is to protect the community against giving too much protection and to ensure that the industries that are protected will attain standards of efficiency within the shortest possible time so that they may be able to dispense with protection altogether after a certain stage."

The conditions laid down by the Commission for the grant of protection prove that they realise that protection has long ceased to be looked upon as the granting of tariff concessions to struggling industries in order to enable them to tide over the period of competition with more efficient foreign industries, and that it is but one of the several means used by Governments for bringing about industrial development.

New Ground Covered

The Commission has also cut new ground in some respects. The suggestions made with regard to the abolition of capital control, the institution of an Economic Service so that planning may not be handicapped by lack of personnel, the setting up of a Consumer's Council to be attached to each Government undertaking to study cost statistics, price structure and price policy, the granting of special powers to the Tariff Authority for the summoning up of witnesses and compelling the production of evidence the setting up of a Board of Trade and Industry and the establishment of a Bureau of Consultants whose services could be drawn upon by private industry are novel, though their real effectiveness can be known only by their implementation and working.

Tariff protection, though useful, is not the only way in which the State could assist industries. There are also other non-fiscal forms of assistance, which in some cases are more important than fiscal forms of protection, like improvement of communications, fixing up railway rates with a view to assisting in the local or regional processing of agricultural or mineral produce and in the decentralization of industries, development of shipping, regulation of banking practices, etc.

Increasing attention is being given by the Planning Commission to economic matters, and the Government of India too is committed to a policy of bettering the lot of the masses. The suggestions put forward by the Fiscal Commission will be of great use to the Government in the working out and implementing of their policy.

"Swadeshi" Cry Must Go Up Again

NO MORE DUMPING OF FOREIGN CONSUMER GOODS.

Canadian business men sent up a howl last April from one end of the country across 5,000 miles to the other end against importation of cheap Japanese products apprehending an invasion of lower-priced goods similar to pre war days. When shirts, knitted gloves, children's dresses and cigarette lighters were underselling their own counterparts by a considerable margin, business men woke up and the Federal Government slapped anti-dumping laws against the goods. Today the Canadian Government has already stepped in in the matter of the import of cheap goods from abroad which undersell indigenous products and handicap local manufacturers. This should prove an object lesson no less to the Government of India than for Indian traders and business men, who are handicapped in various ways by the indiscriminate imports of foreign goods which undersell their own products.

Unfair Competition

Though we have made rapid strides in industrial production, we have by no means turned the corner and our industrialists are facing foreign competition in several sectors despite the fact that we live in a free country The following account of the sorry plight of a few important industries will carry conviction.

In the electrical accessories industry it has been noticed that, whereas the actual demand was only for goods worth Rs 30 lakhs, the imports in March, 1949 cost the nation as much as Rs. 96 lakhs! The result was that practically all the factories in our country manufacturing electrical ware had either to remain idle or close down. The India Electric Works had to close down their plastic mould department on this very account

The story of the screw industry is also a sad tale. Since foreign competition seriously interfered with the normal working of this industry in Amritsar, 4 out of 6 factories had to close down in consequence, the remaining 2 merely struggling for existence and gasping for breath. While the normal demand is only for 2,000 tons, the imports in 1948 49 alone were nearly 3,000 tons. The excessive import virtually choked this young industry.

How our machine tool industry suffered due to undisposed stocks which resulted from the indiscriminate dumping of foreign counterparts was indicated in these columns already. (See BUSINESS WEEK, Vol. III No. 29 dated July 1st) It is rather unfortunate that in several other cases too industrial products which are manufactured in this country are freely licensed for import. In the non ferrous metals industry, rubber insulated cables, cotton-covered wires, aluminium conductors, steel reinforced and other items of manufactured or semi-manufactured non-ferrous metals are imported freely. These items have been licensed for import though the indigenous industry can produce them and in adequate quantities The result is that there is wastage of foreign exchange, indigenous manufacturers unnecessarily handicapped, and all hopes of self-sufficiency in these items frustrated.

Case of Consumer Goods

While even vital industries like the above are handicapped due to foreign competition the plight of those engaged in the production of mere consumer goods must be worse. We are undoubtedly in a position to produce almost all the consumer's goods we require for our daily life judged by the standard of life before the war, provided there is encouragement from Government and private *entrepreneurs* and technical talent are forthcoming. Even if in the initial stages we produce goods that are comparatively crude there can be no harm in this since we can improve our wares gradually by recruiting technical experts from abroad. Judged by this criterion, the recent liberalisation of import controls on a variety of consumer goods seems unwise and may work havoc with the country's economy, though it may benefit a handful of persons who still exercise a stranglehold on retail business and bring pressure to bear on the authorities on flimsy pretexts.

Import trade, no doubt, has been the principal means of livelihood for a large sector of the retail trading community in this country for several decades in the past. With the present severity of import restrictions, sources of overseas supplies are rapidly diminishing and even the maintenance of their business establishments has become a serious problem for many of them. These retailers are finding it difficult to keep business going with purely indigenous products since our manufacturers have not yet covered the wide field of imported consumer goods nor are the goods produced of the quality that is in popular demand. Scarcity conditions have also been taken advantage of to quote abnormally high prices. One example will suffice. The All India Glass Manufacturers Association, in an address presented to the Commerce Minister early this month, pointed out that restricted imports as recommended by the Tariff Board and implemented by the Government were being scandalously abused by indigenous industry 'as a wonderful opportunity for profiteering.' The report emanated from Bombay last week that the prices of almost all imported consumer's goods, such as razor blades, sewing needles, etc. skyrocked, the Korean War being trotted out as the reason!

Encourage Private Enterprise

All this goes to show that mere rigidity in control is not the final solution to the economic problems of the retailers but only the boosting up of indigenous production of the right qualities and quantities, without which those engaged in retail trade no less than those doing other lines of business would not only cease to exist, but also cease to provide a market for the manufacturers. Efforts, therefore, should be made for the increased production of goods of Indian manufacture. however crude they may be in the initial stages.

Native talents and enterprise should be encouraged in the matter of the production of essential consumer goods. This is the first step. Government should aim at encouraging by every possible means, enterprise and initiative and should leave full scope for private concerns to take risks which are inseparable from most forms of business and to draw a comparable profit from the successful hazard. For the past several decades, nay for the past three centuries, it has been the sad experience of this country under the thumb of our foreign masters to export valuable raw materials and get in return finished products and spurious consumer goods. Even during the last war, when communications were practically cut off our country was flooded with lip sticks, face-powders and tooth pastes and a thousand other trinkets in exchange for our own valuable raw materials and hard cash adjusted as 'sterling balances.' The further tightening up or even stoppage in some cases of consumer goods now will not harm the country much since it will be an inducement for native enterprise to come into the field.

The nation must endorse the Minister of Industry's exhortation to the people early this month to revive the Swadeshi movement and develop a special love for our own goods and products in preference to the foreign. Without such a psychology all our plans for self-sufficiency would be mere paper plans. That the guiding principle of the Government of India's industrial policy in future would be the doctrine of Swadeshi, as was emphasised by Mr. Mahatab, is indeed a hopeful sign of better times. It is a sign that the millions of our unemployed and under-employed and starving human labour in this country will be profitably and productively engaged in the manufacture of goods of utility for immediate consumption preferably in the producing areas themselves.

It is a pity that even after attaining independence we are abjectly dependent on foreigners for many of our requirements which could be satisfied in our own country by our own people. But the tragedy of the situation is that even while native talent is available Government is showing preference for foreign experts. The craze for importing experts has still not subsided

One example of the advantage of engaging native talent and enterprise to meet one of our primary requirements may be cited here. Government of India preferred the short cut to solving the housing problem by way of prefabricated structures and made a sort of ersatz arrangement in the form of stalls for refugees. But disaster overcame them with the first onset of rains and they were found to be even bad substitutes for camps and tents! And yet, the scheme has not been given up, but pursued with more vigour with more experts! When an Indian pre-fabrication expert comes along with a scheme to utilise the material pre fabricated by nature for building houses, using local earth and local wood, and undertakes to build a two-story house for about Rs 3,000, the scheme is dismissed as mere fabrication!

We should give a chance to indigenous talent. The premium now placed on foreign talent suggests that the Gandhian Way has been lost with Gandhi and the very spirit of Swadeshi has left this country!

Foster Village Industries

We must thank our stars that the Government of India have at last realised the folly of their import policy programme for the past two years, and have now formulated a definite and continuing policy, the basis of which is that our import programme must be limited to what can be financed within our resources and that it should provide adequately for capital goods and other machinery and raw materials for industry, as also for essential consumer goods like drugs not easily available from indigenous sources The appointment of the three man committee with Mr. G. L. Mehta as chairman, to inquire into the working of the import controls and recommend improvements in their administration is also to be welcomed. So far so good. But more positive measures are also needed.

A programme designed to give the maximum employment to the people and to increase the production of consumer goods for the common people and which lays stress on de-centralised village industries should be immediately outlined and implemented. Hand pounding of rice, ghani oil production, tanning, and a thousand other small scale industries should be revived in the villages using local materials. resources and talent, and production should as far as possible meet the daily needs of the people in the areas concerned.

Full protection against competition from townsmen should be given, not in the form of subsidies or imposing extravagant import duties on similar articles from abroad, but by guaranteeing exclusive markets. When even our centralised industries in towns and cities need an exclusive market as the best form of protection against foreign competition, how much more the village and cottage industries require this kind of protection!

Chalk Out New Policy

There is no denying the fact that with the advent of independence the Swadeshi spirit has been choked by importing freely things of ordinary use which could be easily manufactured and supplied through native enterprise. A good deal of our foreign exchange has also been wasted. The nation today calls for a radical re-orientation of Governmental policy favouring industries in rural parts that are now extinct and protecting existing industries there by ensuring steady markets for the products.

Cottage industries as now programmed are more for the production of fancy goods for export to foreign countries to get more dollars; the switch-over to utility goods should be made immediately. The former will ruin our village industries by making them dependent on the changing tastes and

(Contd. on page 592)

Company Law Reform

TASK OF NEW COMMITTEE

(CONTRIBUTED)

There has been a phenomenal growth of jointstock enterprise in this country during and since the last World War. The number and size of such commercial and industrial undertakings have shown a sharp rise, and the attainment of independence has opened up new avenues for them. The prospectuses, memoranda and articles of Association issued during the early years of the war met with ready response from the investing public who lent their surplus cash to persons in charge of management of companies, hoping that they would discharge their functions honestly and efficiently and by setting up a high code of morality and integrity for their guidance. The investing classes had banked upon the pledges of the managing agents and promoters for sound and efficient management and expected fat dividends on the irmoneys.

Cry for Reform

Since 1946, however, there has been a hue and cry against the way public limited companies are managed and a good deal of talk about the need for company law reform and the abolition of the system of Managing Agency. The bitterness of shareholders, who belong mostly to the middle classes, increased with the broken promises of managing agents, the publication of a series of unsatisfactory balance sheets by companies, default in several instances even of payment of debenture interest, and the irresponsible management of some concerns. Share values too depreciated abnormally, attributed variously to mismanagement of companies, high taxation and Government policy and pronouncements. The time is now undoubtedly ripe to take stock of the situation and find out what modifications are necessary in the Indian company law to save investors, to ensure a steady flow of capital for fresh enterprises and create conditions of confidence in the minds of the future investors in joint stock enterprise.

Two experts in Indian company law, Mr. Tricumdas Dwarakadas, a solicitor of Bombay, and Mr. V. K. Thiruvenkatachari, an Advocate of Madras, were entrusted by the Government of India a few months back with the work of examining the existing laws and to report on what changes were necessary in the light of present-day conditions. The recommendations made by them have been examined by the Government of India with the help of Mr. N. K. Majumdar, formerly Registrar of Joint Stock Companies, Bengal, along with tentative proposals for the amendment of certain important provisions of the Indian Companies Act and other suggestions of a technical nature which have come to light in the course of the day to day working of the Act. A Committee is proposed to be appointed shortly to look into the whole question of the reform of Company Law, and it is understood that representatives of the investing class, managing agents, leading members of the commercial community and two members nominated by the Government of India will constitute the Committee.

Urgency of Reform

The constitution of this Committee should be speeded up and a definite programme of action outlined in the interests of the investing public The Indian Companies Act, as Mr. A. T. Rajan, President of the Madras Shareholders' Association, observed some time ago, does not afford the investors sufficient protection "Our experience", he said, "is that where even company law has been violated, the Registrar of Joint Stock companies has failed to take appropriate action as a deterrent of future delinquency." The existing Associations for protecting the investing community in this country are weak and powerless due to the ignorance and indifference of the investors themselves, and their efforts to bring the black sheep among the Managing Agents to book and bring about a healthy atmosphere in Company management hold out little promise of a change for the better. They have not developed the necessary prestige to carry weight with the Government nor are they in a position to bring moral pressure to bear on the companies for the proper conduct of their affairs. While in the United States, the Securities Exchange Commission acts as a kind of security police for the investing public, Shareholders' Associations in India find themselves handicapped and powerless in the absence of important amendments in the Indian company law and its administration.

The shareholding public is a small or insignificant section: it is still willing to invest in joint stock concerns provided the necessary atmosphere is created. There are lakhs of people besides who, some years ago, would not have thought of any other form of investment than landed property or building, but who now increasingly look up to commercial and business concerns for investment of their capital and savings. The growth of commerce and industry in our country in the present juncture of our economic history also calls for a ready response from the investing public.

Need for Cautious Approach

It is imperative, no doubt, to review and reform Company Law and its administration, but the fact should not be lost sight of that the object of such reform is to ensure the healthy growth of existing enterprises and promote further ones by creating confidence among the public. Revolutionary revision is not called for; every proposal should be judged by its immediate practicability and its repercussions on the existing system. If the approach is not constructive immense damage may be done to the existing system under which, according to one estimate, about a thousand crores of rupees have been invested.

The Committee now appointed may make a thorough investigation

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American Labour Unions

A delegation of the International Confederation of Free Trade Unions led by Mr. F. W. Dalley of the British T. U. C. came to India a few days ago, and is engaged in making a special investigation of trade unionism in South-East Asian countries. The main object of the delegation is to report to the Executive Board on the advisability of setting up a regional body for these countries. The delegation is now getting into touch with national trade union opinion, and the chances of the formation of a regional body are said to be bright.

The two main offices of the confederation, which are proposed to be set up at Geneva and New York, respectively, are intended to keep close contact with the International Labour Organisation and the United Nations' Economic Commissions for Europe, Latin America, and Asia and the Far East.

There has been a remarkable development of trade unionism in America in recent years. Organized labour in the United States now totals more than 16,000,000 members, or four times as many as 1? years ago, latest figures of the U. S. Department of Labour indicate. This means that about one out of every four employees in the nation is a member of a labour organization.

There are about 200 national and international unions. Of these, 97 are affiliated with the nation's largest labour group, the American Federation of Labour (AFL), which has 7,300,000 members. Forty are affiliated with the second largest group, the Congress of Industrial Organizations (CIO), with a membership of 6,000,000. Generally speaking, the AFL is composed of craft unions such as the Brotherhood of Painters. CIO unions include all production workers within an industry—the United Steel-Workers, for example.

The labour organizations affiliated with neither AFL nor the CIO are known as independent unions. The most important of these are the International Association of Machinists, 650,000 members; United Mine Workers, 600,000; and the four railroad brotherhoods, 450,000.

Workers Fully Organized

Workers in many large industries in the United States are virtually 100 per cent organized. For example, almost all workers in both commercial and home-building construction, coal mining, garments making, basic steel and glass, and rail, ocean, and bus transportation are covered by collective bargaining contracts. On the other hand, relatively few workers—in relation to the total employed—on farms, in offices, and among the various retail and wholesale trades are union members or are covered by labour-management contracts.

Collective bargaining is now a firmly-established part of industrial relations in the United States. It is estimated that more than 50,000 union-management agreements are currently in effect.

Most unions publish an official journal or paper, weekly, semi-monthly, or monthly, with an estimated total circulation of 20,000,000. These papers and other published materials keep the membership informed on all matters of union policy and activities. Policy is made at national conventions, attended by delegates from the local branches or chapters. Conventions are usually held once or twice a year.

American unions are active in political and public affairs, education, and social welfare. The latter includes, for example, life insurance and health benefits and pensions, cooperatives, labour banks, credit unions, and housing projects for workers.

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fashions of the people of advanced countries; the latter, if well organized, will provide employment for millions of middle class families. There is today an almost inexhaustible home market crying out for cheap utility goods of all kinds. While this is the case, to produce goods for consumption abroad, make a profit out of it, and again buy foreign goods for consumption at home, is the height of folly and amounts to a vicious circle, and will not raise living standards even if a thousand years elapse!

Planning production primarily with local materials and for domestic consumption here and now is the need of the hour, and the authorities should concentrate on this. In that way lies balanced economy, and in that way lies the permanent solution for unemployment.

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into the working of jointstock concerns and undertake a comprehensive revision of the existing Act. But, as the Madhya Pradesh Mill-owners' Association suggested to the Government recently, any attempt to deal with the defaults of the relatively few unscrupulous Directors and Managing Agents by introducing irksome and cumbersome amendments which tend only to fetter the enterprise and initiative of the honest and efficient majority, can only lead to untold harm to the country's business and trade. A sensible approach, therefore, should aim at the elimination of opportunities for abuses, and not at pulling down the existing structure.

Settling Wage Claims in British Industry

IMPORTANT ROLE OF NEGOTIATION

BY ELLEN MCCULLOUGH,
Secretary, Britain's Transport and General Workers' Union.

What happens when a group of British trade unionists consider that their pay should be increased? First of all, they talk it over at their branch, and if the rest of the members consider the case is a strong one, they send the claim to the appropriate union district or area committee. The district or area committee surveys the general situation in its region, and makes sure that nothing in the proposed claim conflicts with agreements signed on the union's behalf or with general policy. Consultation will be held with other branches. The next thing is to make certain that the claim does not rest upon some temporary or local circumstance best dealt with by "spot" negotiation.

If no member of the branch making the claim happens to serve upon the committee, one will probably be invited to join as an "expert witness". The full-time union officer who acts as secretary to the committee, will already have examined the situation and visited the job. In the light of this the committee may feel that the time is not opportune, that the claim conflicts with some other course of action being pursued by the union, or that the branch has not given due weight to all the factors involved. If so, they will refuse to support the application, and will explain their reason.

Expert Advice

If the committee considers that the claim is justified, it will pass it on to the union's national committee through the General Secretary or other appropriate officer, who will advice on a number of points. First, whether the claim is one which can be put forward, taking into consideration the general framework of union policy and commitments. He will test the reaction of union districts other than that from which the proposal originated. Then he will say what other unions must be consulted, and what particular form of machinery, such as a joint industrial council, wages council, or another special negotiating body, must be used. This is necessary because with a closely-woven system of industrial relations, over-hasty action would almost always lead to delay, and might sometimes jeopardise a good claim. Next, he will advise as to the probable expense of the claim, and how far it can be met without passing the cost on to the consumer, or putting the employers out of business. At this stage, too, there will arise issues of a general economic nature including questions of international trade.

The national committee will have among its members some who come from the district and work in the trade originally concerned with the claim, and they will have practical first-hand experience to add to the facts before them. They also have a sober realisation of the wider issues involved, and of the ultimate effect of what is proposed. They may decide to reject or postpone the claim in which case the branches concerned must be given all the reasons: or they may agree to proceed with it.

Period of Bargaining

In the latter case, the officer concerned will at once call the other unions into conference, and agree with them the actual terms of the claim. Next, he notifies the employers, either individually or through the secretary of the joint industrial council or other negotiating body, and a preliminary meeting is arranged. Sometimes (but not very often) a settlement is reached at this meeting. More usually, the employers' representatives will ask for time to consult their constituents, and may return with a flat refusal, or with an offer of some part of the claim. If this offer is considered by the union negotiators to be reasonable, they will recommend their national committee to accept it: in this case, time must be allowed to consult and inform the districts, though the decision is in the hands of the national committee.

If, at the end of a period of bargaining the employers and unions cannot agree, recourse must be had to arbitration, either to a tribunal agreed by both parties or by making use, with the agreement of both parties, of the Ministry of Labour's permanent machinery for arbitration, and finally, if settlement is not reached, through the National Arbitration Tribunal, whose members, acting in a judicial capacity, will make an award on the facts before them.

If the claim is in a trade served by statutory machinery there will be no need for arbitration.

Whichever method is used, three things stand out. First, frivolous or selfish claims are unlikely to be put forward. Secondly, the practical experience of the elected committees is allied to the expert knowledge of the full-time officer, who has behind him research workers and statisticians. Thirdly, collective bargaining is most effective when the parties are of approximately equal strength and have a healthy respect for each other's skill and integrity.

—Exclusive to "Business Week"

Business Brevities

What is Vanaspati ?

Though a heated controversy is now going on as to whether Vanaspati is injurious to health or not, the public who consume the stuff have very little knowledge of its properties. The fundamental facts about the product have been indicated by a correspondent as follows.

Fats and oils, one of the chief constituents of our food, supply the highest amount of energy needed for the working of the body and give it the essential lubricants. The fats are of two kinds: animal fats (examples: ghee, butter, tallow, cod liver oil) and vegetable fats (examples: coconut oil, gingely oil, groundnut oil). Chief among animal fats is ghee but it is costly. Hence scientists in their search for substitutes invented Vanaspati.

All fats are composed of glycerides or mixtures of fatty acid and glycerol. These acids and glycerol can mix in many ways and so we have many varieties of fat. The chief of the fatty acids are Palmitic, Stearic, Archidic, Oleic, Linoleic and Lenolenic acids. Of these the former three are called saturated oils, because they contain the highest amount of hydrogen and the latter acids are termed unsaturated oils for they contain lesser amount of it. It is possible to convert an unsaturated acid to a saturated one by the addition of hydrogen. Such a conversion will necessarily change the composition and the properties of the particular oil or fat. It logically follows that if you go on changing the composition of an oil until you get a fat whose properties are like those of ghee, you have got a substitute for ghee. This is the fundamental law underlying the production of Vanaspati.

Vanaspati is generally produced from groundnut oil. Groundnut oil is highly refined and then subjected to hydrogenation or addition of hydrogen The process is stopped when the required composition is reached. As vegetable oils are poor in vitamin D, that vitamin is also added and filled in tins and sealed airtight.

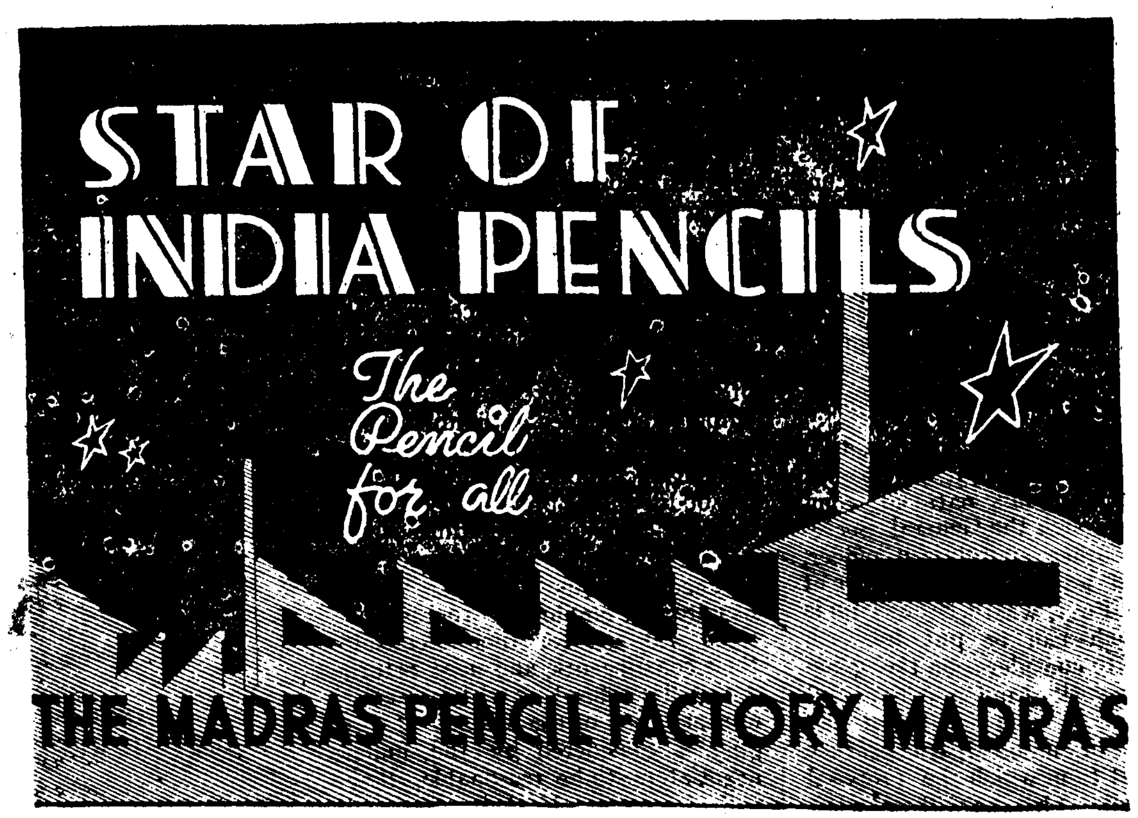
When you use Vanaspati you must use only such that melts at a temperature between 35° C to 37° C.

* * *

Sulpha Drugs from Australia

An Australian company is now in a position to offer for prompt shipment the following sulpha drugs: Sulphanilamide powder, Sulphamerazine sodium usp, Sulphamerazine powder usp, Sulphaguanidine fine crystals, Sulphadiazine power, Sulphacetamide, Sodium sulphagetamide Bp, Sulphabenzamide.

Under the existing Indian licensing regulations, licences will be freely granted for the importation of sulpha drugs from soft currency areas including Australia. Enquiries should be sent to the Australian Government Trade Commissioner at Bombay or at Calcutta.



Our Plantation Page

(FROM OUR OWN CORRESPONDENT)

New Synthetic Fibre

Another synthetic textile substitute called Saderit has been developed from the raw material yieding Perlon, states the Jute Bulletin of the Indian Central Jute Committee. Not actually a fibre, but a homogeneous mass which does not need to be spun, Saderit is said to possess a high degree of stability, elasticity both wet and dry, low absorption and resistance to oils, alkalis, fungi and rotting. It is claimed to be completely odourless, non-inflammable and abrasion-resistant. Saderit, its German makers say, has great possibilities.

* * *

Rubber Estates in Ceylon

According to the Administrative Report issued by the Rubber Controller, 58 per cent. of the land under rubber in Ceylon is owned by Ceylonese, 39 per cent. by Europeans and three per cent. by other nationals. The total area under rubber in 1949 was 656,583 acres of which approximately 460,000 acres consisted of rubber planted prior to 1822. Total production of dry rubber in 1949 was 89 500 tons and total quantity exported was 90,489 tons inclusive of 879 tons of latex. The entire quantity of the year's production, plus a small quantity of reserve has been exported. India took 984 tons of this rubber, U S.A. 39,947 tons, and the United Kingdom 17,266 tons. Pakistan imported 354 tons of rubber.

* * *

Increase in Tea Production

Production of tea which is one of India's best dollar-earner shows steady signs of increasing and is likely to reach about six hundred million pounds by the end of this year. The Indian tea export allotment which aggregated 435-million pounds in 1949-50 has been raised to 452 million in 1950-51. In addition, there has been a carry-over of roughly 25 million from the 1949-50 export quota. This amount is exportable this year under special licences Sea-borne trade accounts reveal that tea export in 1949-50 were valued at Rs. 72 crores, the quantity actually exported being 439.5 million, including a carry-over of 1948-49. export licences. This year with an available export total of nearly 480 millions, the value is expected to be proportionately higher If prices are maintained at their present level and quality too is maintained, India may expect to earn Rs. 78 to 80 crores from tea exports this year.

* * *

Marketing of Rubber

Mr. D. Viswanatha Reddi, Marketing Officer, Indian Rubber Board, has suggested the creation of a common rubber pool by the Indian Rubber Board on the lines of the Coffee Pool to receive all the rubber produced in the country, stock and market the same.

Mr. Reddy, in his report to the Indian Rubber Board on the marketing organisation for rubber, referred to the demand for establishing a regulated market for rubber as is now contemplated for arecanut and said he felt that its introduction would cause considerable dislocation to the trade without conferring adequate benefits. Further, it would be very difficult to introduce regulated market side by side with the Indian Rubber Board without clash of interests.

As regards the suggestion for the formation of co-operative societies for the marketing of rubber, particularly for the small holders' produce, Mr. Reddy said a co-operative organisation for marketing the entire rubber of the small holders is not a practical proposition. On the other hand co-operative production and sale societies which are backed up by a separate purchase organisation have a good chance of succeeding in case the producers' needs are regularly met. Such societies, if worked well, he felt, have many advantages to the producers and can really be helpful.

Stating that rubber production is going down due to various reasons, Mr. Reddy has warned that unless the industry is well proteeted it may gradually die out. While protection is in operation, the Planting industry should take effective measures to improve its efficiency so as to bring down prices of rubber to a competitive level. This should be fully realised particularly in view of the rapid strides made by the synthetic industry in recent years.

* * *

New Tobacco Varieties

Tobacco varieties grown in Australia were developed for production in areas with an environment different from that in which tobacco is grown in that country. The reactions of 65 varieties and strains of tobacco to local conditions was investigated in growth studies on the Queensland Tobacco Experiment Station at Clare.

Most of the varieties were obtained from similar climatic regions and comprised 22 from India, six from Ceylon, four from Burma, and others from the Celebes, Nyasaland, Porto Rico, Guatemala, the United States of America and Australia. Some showed characteristics of value in a plant breeding programme but many of them, as was expected, were not of the flue-cured type.

Pusa type 142 and Mustaphabad, both from India, were outstanding for width and number of leaves respectively. Another characteristic that may be of importance in North Queensland was the relative freedom from damage by insect pests of some varieties.

An adjunct to the plant improvement programme is the maintenance of seed subplies and during the year approximately 600 varieties and strains were tested for viability. A seed production plot containing 109 varieties was established at Canberra.

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Volts	Plates	Amps	DIMENSIONS Length	Width	Height	Comp'e'e with New C ntainers and Plates etc.	Complete with us:d Containers & new plates
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6	13	100	9"	7"	9"	86/-	80/-
6	15	115	9"	7"	9"	92/-	80/-
6	17-L	120	10½"	7"	8"	97/-	8·/-
6	17-H	125	20"	4"	9"	125/-	90/-
6	17-H	130	11½"	7"	9"	115/-	115/-
6	19-H	145	11½"	7"	9"	125/-	105/-
6	21	162	11½"	7"	9"	135/-	115/-
6	23	180	23½"	7"	10"	175/-	125/-
6	25	202	23½"	7"	10"	200/-	150/-
12	9	70	11½"	7"	9"	130/-	175/-
12	11	80	14½"	7"	9"	145/-	120/-
12	13	100	18"	7"	9"	195/-	130/-
12	15	120	21"	7"	9"	225/-	175/-
12	17	130	23½"	8"	10"	275/-	215/-
							250/-

Invoice Prices will be those ruling on date of despatch. Prices are for ex-godown Madras; packing & forwarding charg s will be Rs. 1/8/- per 6 volts battery and Rs. 2/ per 12 volts battery; Sales tax and railway freight extra. All orders should accompany with payment of 25% of the value in advance. Prices are for Batteries uncharged.

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5	SC/BC	16 8 0	...	...	24 12 0
10	,,	15 12 0	...	...	23 10 0
15	,,	13 2 0	18 14 0	17 7 0	19 11 0
20	,,	13 2 0	13 14 0	17 7 0	19 11 0
25	,,	18 2 0	13 14 0	17 7 0	19 11 0
30	,,	18 2 0	13 14 0	17 7 0	19 11 0
40	,,	14 4 0	15 0 0	18 15 0	21 6 0

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40	SC/BC	15 12 0	16 8 0	21 0 0	23 10 0
60	,,	16 11 0	17 7 0	22 5 0	...
75	,,	19 14 0	20 10 0	26 7 0	...
100	,,	23 13 0	24 9 0	31 11 0	...
150	,,	39 12 0	...	58 0 0	...
200	,,	60 0 0	...	80 0 0	...
300	G.S.C.	72 12 0	...	...	...

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"RAJA" Hair Fixer, Large Rs. 162-0-0 per Gross, Case of o[ne] Gross, less 12½ per cent & 5 [per] cent. Rs. 134-10-8 per Case of [one] Gross nett.

"RAJA" Hair Fixer' Medium Rs. 126-0.0 per Gross. Case of One Gross, less 12½ per cent & 5 percent Rs. 104-11-9 per case of One Gro.. nett.

"RAJA" Kasturi Soap Large-Rs. 90-0-0 per Gross, Case of Two Gross, less 12½ per cent & 5 per cent. Rs. 149-10-0 per Case of Tw Grtss nett.

"RAJA" Kasturi Soap Small–Rs 54-0-0 per Gross, Case of Two Gross, less, 12½ per cent & 5 per cent. Rs. 89-12-6 per case of Two Gross nett.

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