See Special Articles by Dr. R. M. AGARWAL, Mr. B. S. HOLLOWAY, and Shri JAIDAYAL DALMIA — Handicaps to Industrial Production in India (*Sixth Series*) (P. 10).

The Industrialist

Vo II—12 NOVEMBER 1950 As 8.

THE LARGEST GENERATING PLANT IN U. S. A.

Hydro-electric power dams on a number of the principal rivers of the United States are producing low-cost electricity for industries, cities, and farms. The largest generating plant for the Nation is at Grand Coulee Dam on the Columbia River, in the northwest State of Washington. When completed, the project's power capacity will be nearly 2 million kilowatts.

Grand Coulee Dam is the principal engineering feature of the Columbia Basin Project, a combination of irrigation and power development. Eventually more than 1 million acres of farm land in northwestern United States will be irrigated with water controlled by this dam and others in the basin.

The photograh shows Grand Coulee Dam at its present state of completion. The final six power generators are being installed in the east power house (centre left). Three generators already are operating there, and nine generators are producing in the West power house (lower right).

CONTENTS

IN A FEW WORDS

Communist China to attend U. N. O. debate to answer MacArthur's charges — The Refugee King of Nepal in Delhi — India not yet decided whether to recognise the change in Nepalese Kingship — Tibet has appealed to U.N.O. — Betrand Russel and William Faulkner get Nobel Prizes for literature.

Export duty on raw cotton enhanced from Rs. 100 a bale to Rs. 400 — Export duty on cotton waste raised to 50% *ad valorem* and that on raw wool to 30% *ad valorem* — Uganda will sell by auction 15,000 bales on 15th November and more thereafter and free licenses will be given to the mills and to established importers — Final electrol rolls in India to be published as early as possible after the 15th Nov. 1950.

Prof. Ramachandra Writes :-

A NEW PATTERN

The Economic sub-committee of the Indian Cabinet have recommended to the Government that all nationalised Industries should in future be managed on the model of Company management, i. e. with a set of Directors consisting presumably of both officials and non-officials. We are not clear that in such a scheme, Railways and Posts and Telegraphs would come in, but probably not. Electricity generation is now in the hands of State Governments, but even its distribution will be state-managed in all the States as in the case of Madras. Transport services, though in a limited scale, are now owned by the States. The Railway Board is managing the coal collieries themselves, and the Reserve Bank of India has been nationalised though managed by a Board of Directors of officials and non-officials. The Hindustan Aircraft is an example of a state-owned concern, with a Board of Directors managing, but with non-officials having very little voice. The essence of state management of Industries should be the least interference of departmental officials who, generally, do not have business experience and tact. The pattern of Company management with non-officials co-operating in the Directorate will have the advantage of ensuring no competition, regarding prices and imports, with industries in private sector. In U. K. the Nationised Railways are managed by the National Railways Executive, and the Bank of England by a Board of Directors consisting of both officials and non-officials. *Steel* to be nationalised will have a *Steel Board* of a similar pattern. Here also in India whether in State-owned industry or trade, a Board of management with non-official experts included would command greater confidence than departmental control. Examples are not wanting in India where Government's direct management has proved a failure such as imports of food by Ford Ministry, price fixation of fertilisers, purchase of pre-fab houses, and control of some of the Defence Industries. The essential requisite for the success of any concern is the verdict of a Balance Sheet and independent Audit, apart from the fact *who manages*. If Government concerns would submit themselves to all company laws, that would go a great way to ensure proper management and economies in expenditure, avoiding frequent interpellations in the legislatures.

Pandit Nehru Declines

It is an honour to the Prime-Minister of India that he should have been named for the Chancellership of Cambridge University, but Pandit Nehru did well in having declined the offer, where there was a contest.

Report of Land Revenue Reforms Committee

We learn that Mr. M. V. Subramaniam's Committee have recommended that none would be allowed to acquire or own more than 30 acres nor to lease out lands for less than 5 years.

THE W.C.I. ASSOCIATION

EDITOR'S JOTTINGS

World Mourns Shaw

Tributes to George Bernard Shaw, the greatest dramatist and social thinker of modern age, have flown from the humblest hut to the official Downing Street and White Hall. He revolutionised society in a manner which even Shakespeare and Kalidas could not by their dramas, and made people think of that 'veritable socialism' in a way where Lenin and Stalin too had not quite succeeded. He made people laugh, but by his humour and wit invoked seriousness in anybody who approached him. The world has lost in him a world teacher, a philosopher, a social thinker, and a saint—but his plays and writings are great monuments by themselves, imperishable both in ideas and form.

Foreign Investments in India

While foreign Capital in India is dwindling except British investments, it is wrong to think that India does not want foreign Capital for her industries though on her own terms. Foreign aid is necessary at a time when India has to work out her own destiny after independence and partition, but this does neither mean subordination to any foreign power nor sacrifice of any home policy regarding industrialisation. The majority of Indian Capital is still with jute mills, tobacco, and tea Industries, and even in Cigarette Companies there is no foreign domination. What India wants urgently is Capital, with all safeguards for investors, for her Hydro-projects and Railways whose return to the investor will be at least double what they could get in their own homes and elsewhere.

'Gur' brought under Control Ordinance

Gur is essentially a Cottage Industry in Southern India, and in sugar-cane States like U. P. and Bihar it is a major industry as sugar itself is. To control the prices of gur at least in Southern India, where it is an essential commodity even for poor classes, savours a lack of imagination on the part of the authorities. Though prices of all essential commodities have been rising, the very idea of control of prices drives the goods underground, with the result that the consumer suffers. But if only such controlled commodities could be sold through Co-operative Societies or ration shops, as we hear the Madras Govt. is proposing, it may reduce the evil to a certain extent. But then the common man asks—when is he to see the end to all these controls? What were we doing before the last war when there were no controls? The Govt. should explain why such a debacle has arisen when we have now independence and can resolve our ills ourselves. If production is short, supplies should increase somehow, as prices depend upon supply and demand. But removal of controls wherever they cannot be properly administered—seems the only remedy at present, allowing the community time 'to breath and brood', and for the Govt. itself time to review their policies.

Coconut Market in Malabar

Malabar is highly perturbed over regulations following the constitution the new market of a coconut market for Malabar by the Govt. The result of creation of a market for any declared commodity, is that dealers should get licenses and subject themselves to trade regulations. True, prices of coconut and copra have been rising by 80 to 100% in recent months and been as in the case of other commodities, 'speculated upon' by traders. But even so, coconut is a cottage industry and most of the rural families live on it. Either to fix the market avenue or to regulate sale of such a commodity bristles with difficulties, and the market Committee should examine the question of licensing, with a different perspective from what obtains in markets for cotton and oil seeds where regulations could be enforced with success.

Provident Fund for Workers

The Standing Labour Committee which met recently have gone one more step, recommending legislation for a scheme of contributory Provident Fund for workers in industrial establishments. With 'Fair Wages Bill' still before the legislature, the Labour Ministry should examine at each stage how far these commitments would increase the cost of production, and how exactly the increased cost could be met by all parties —the Govt., the employer, and the employee. But even so, what about the poor consumer? Has he no voice in the matter?

To The Members of the W. C. I. Association

Subject :— Testing and Standardising the West Coast Products.

The Director of Industries, Madras, in the course of his reply to the Memorandum presented by the Secretary of the Association on 28th October 1950 said that he would help the industrialists for testing and standardising the West Coast Products through the Polytechnics both at Calicut and Mangalore, provided the number of enquiries from the industrialists and from the Importing Firms in foreign countries would justify such a course. If there would be sufficient number of enquiries, the Director said he would increase the equipment and personnel in the Polytechnics to answer those requirements. In the case of commodities to be certified by the Indian Standards Institution the certification should be done through the Government of India Agencies and in the case of other commodities such as timber, tiles, etc. the Government of Madras is prepared to help us in the way above suggested.

The Member-Factories are requested to inform the Secretary the nature of the enquiries they are having from foreign importers and the number of such enquiries in the course of the year so that he may communicate to the Director of Industries their actual requirements. A reply to this reference is requested as early as possible.

Sugar Production in India

A fall in 1949-'50 to 9.75 lakhs tons from 10.06 lakhs in 1948-'49 is highly perturbing.

Govt.'s Export and Import Policy

Both the reconstituted Export Advisory Council and the Import Advisory Council met during the week with the Commerce Minister presiding. We have often wondered why there should be two separate Councils for exports and imports, the objects of both being mainly to secure 'balance of payments'. If in the present context of country's requirements, exports should be encouraged, and imports reduced to a minimum, besides our usual monopolies of raw goods such as manganese and tin, exports of textiles and oil seeds could be enlarged consistent with the essential considerations — local demand and external prices. Export control should be minimised such as removal of licensing fees imposed recently, and reduction of duties and of imposition of types and standards as in the case of textiles which have discouraged exports. Frequent changes in policies have worked as a great hardship. What applies to exports applies to imports also, where zonal requirements of capital machinery and raw goods for actual users are not being taken into account. We would suggest that the whole policy of exports and imports should be revised on the basis of requirements of each industrial zone, and applications disposed in the shortest time possible.

Steam Boilers Users' Conference in Madras

No subject is of greater importance to factory men in India to-day than use of fuel most economically. Though with our increasing Hydro-projects we are hoping to have electric power increasingly spread to all factories, we shall need enormous steam power, as in fact even in advanced countries like U. S. A., more than 75% of the power consumed by the factories comes from coal. Hence there is the urgent necessity for not only economic use of limited fuel available in the country, but also of active technical help and supervision from departmental officials for maintaining the Boilers in proper condition to achieve both economy and safety. Coal supply itself, as Chief Inspector said at the recent Conference held in Madras, should properly be co-ordinated between the needs of the Industry and those of public supply such as for irrigation lighting etc. Frequent Conferences of users of Steam Boilers where both the Govt. Officials and Factory men could discuss their problems — are therefore necessary, and standing associations of the users as the one started in Madras to press upon the Govt. their needs will be highly useful.

Supply of Wagons to M. S. M. Stations.

The following letter has been addressed to the Association by the Chief Operating Superintendent, Madras and Southern Mahratta Railway, Madras, dated 24th October 1950 regarding supply of wagons for transport of goods from Malabar and South Canara Districts to and via M. & S. M. Railway Stations.

The S. I. Railway have been allowed to load freely to stations via Raichur, via Malabar and via Bezwada to stations in the Madras area and to stations on the North East Line. They were also given a quota of 30 wagons a day to stations on this Railway outside Madras area and stations on the North East Line, but this has since been restricted owing to operational difficulties. As soon as the position eases, they will again be given a quota to load to stations on this Railway.

Recommendations of Air Transport Enquiry Committee—

No Nationalisation at present

Reorganisation of the Air Transport Industry chiefly by a reduction in the number of air transport operators and operating cost, continuance of State financial assistance, restriction on disposal of profits and fixation of fares so as to give a 10 per cent return on fixed assets, has been recommended by the Air Transport Inquiry Committee.

On the important question of State ownership of air services, while the Committee is of the view that the operation of the air transport services in India by a unified State organisation would in theory have significant advantages from the practical point of view it considers that there is no justification to break away from the existing set-up under which air services are operated by private companies.

However, the Committee has suggested that, if after a fair working of its reorganisation scheme, the companies yet continue to incur losses, thus retarding development, then at the end of five years, the question of nationalisation should be considered

In the event of Government deciding as a matter of policy upon State ownership of the air transport services, the committee is of the view that their operation should be entrusted to a Statutory Corporation.

Examining the present financial plight of the industry, the Committee feels that this is due mainly to the fact that there are too many operators in the field resulting in multiplication of over-heads, increased costs, wasteful competition, and reduced revenues. According to the Committee, the companies equipped themselves with aircraft, spares and personnel far in excess of their needs. The heavy cost of aviation petrol also contributed to the high cost of operation.

The Committee considers that a reorganisation of the air transport industry is imperative and with this view has evolved a scheme. It has suggested a review of the working of its scheme after two years.

The Committee has also recommended the reconstitution of the Air Transport Licensing Board.

The report is a voluminous document dealing with a historical review of the air transport system in this country, its present state, proposals for reorganisation, financial assistance by Government and consideration of the question of State ownership. It contains numerous appendices showing important statistics, charts and diagrams which assisted the Committee in its findings.

Industry loses Rs. 110 lakhs

The following is a summary of the important conclusions and recommendations of the committee:—

Excepting Airways (India), all the operating companies in India incurred losses during the latest financial year for which they submitted figures. If the partial rebate of customs duty on aviation fuel granted by Government were excluded, Airways (India) also would have shown a loss. Excluding the petrol rebate, which amounted/to approximately Rs. 37.8 lakhs, the combined loss of all the companies for the year amounted to about Rs. 110 lakhs.

Many of the companies have not made adequate provision for depreciation and, if this were taken into account, the loss would be considerably higher.

The basic fact in the Air Transport Industry is that there are too many operators for the work to be done, resulting in multiplication of overheads, increased costs, wasteful competition and reduced revenues.

The difficulties of the companies are also largely due to their equipping themselves with aircraft and spares and recruiting personnel on a scale far in excess of what was needed for the operation of the services which they could have reasonably expected to be allotted to them. Heavy cost of aviation fuel contributes substantially to the high cost of operation in India. There has been a tendency to reduce fares, particularly after the introduction of the night air-mail services, which has accentuated the difficulties of the companies, as, while their operating costs continue to be high, their revenues have tended to go down.

Merger of Companies

In making its recommendations for the reorganisation of the industry, the Committee had to take account of the present position under which 10-year term licences had been given to six operating companies who thus had the right to operate their routes unless the number was reduced by voluntary merger.

An ideal pattern would be to have only four operators with their bases at Bombay, Delhi, Calcutta and Hyderabad, but beyond a proposal for a merger of Air Services of India and Deccan Airways which the Committee warmly supports, no constructive suggestion in this regard came from any companies. The Committee sensed opposition to any scheme of compulsory merger.

Having come to the conclusion that the existing magnitude of air transportion in the country could not sustain more than a very limited number of economic units and having also decided that the term licence holders would have to continue, the only way in which the work of the latter could be increased was by the elimination of the provisional licence-holders from the field of scheduled operations and the allotment of their routes amongst the term licence-holders on a suitable basis.

Redistribution of Routes

Accordingly, the Committee has recommended that the provisional licences of Indian Overseas Airlines, Himalayan Aviation, and Kalinga Airways should not be renewed. The routes should be distributed as follows:—

(a) Air-India should retain its present routes with its existing provisional licence for operating the Bombay-Delhi direct night service converted into a term licence;

(b) Indian National Airways should retain its present route and in addition be given a licence for running a night service between Delhi and Calcutta direct.

(c) If the merger of Air Services of India and Deccan Airways materialised, the new company should take over the routes for which Air Services of India and Deccan Airways at present hold term licences. There should then be some judicious re-arrangement in the operation of the services in order to eliminate wasteful flying hours. The new company should, in addition, be given the night service at present operated by Himalayan Aviation on the route Delhi-Nagpur-Madras. If the merger does not come off, the two companies should continue to operate their existing services, but Deccan Airways might be given in addition the Delhi-Nagpur-Madras night service.

(d) Airways (India) should retain its present roures for which it holds term licence and should in addition be given licences to operate the Bombay-Nagpur-Calcutta night and day services at present operated by Himalayan Aviation and Indian Oversees Airlines respectively.

(e) Bharat Airways should retain its present routes. The elimination of Kalinga Airlines from the field of scheduled operations would give it the whole of the freight traffic between Calcutta and Agartala.

(f) If a licence for the Calcutta-Patna-Khatmandu route is to be given in the future, the airline which could operate it most economically would be Bharat Airways.

History of Malabar Regulated Coconut Market Agitation

On 31st March 1948, the Indian Central Coconut Committee met at Ernakulam and considered the question of establishing Regulated market for Cochin. The subject was deferred as the Meeting viewed that the question of establishing Regulated markets for the whole of the West Coast, Cochin, Travancore and Malabar, should be considered together. At this meeting it was decided that at the meeting to be held in April 1948, representatives of the copra trade and Industry in Travancore, Cochin and Malabar were to be invited to attend. The deferred Meeting to consider the above subject was held on 17th April 1948 under the presidency of Dr. T. G. Shirname, Agricultural Marketting Officer to the Govt. of India. But no representatives of the copra trade were invited, or attended. Nevertheless the above meeting took the decision "that regulated markets for copra should be established as early as possible". It also recommended that "that a marketting officer be appointed ..... to study the existing copra markets and make concrete proposals to the Governments concerned in the matter of setting up regulated markets."

During Easter week (April 1949) Mr. Patil the marketting officer visited Calicut. The Produce merchants of Calicut invited him for a meeting at the Islamia School to know about the working of regulated markets in other parts and to actively co-operate with him in giving him particulars that he may desire regarding the Calicut market and also to correct the wrong notions entertained regarding the structure and economics of coconut trade in Malabar. Mr. M. I. Patil, besides telling us in his opening address that regulated markets were for the good of the trade was not at all helpful, openly refused to answer the various querries put to him, but insisted on telling us of the so-called mal-practices of trade in other parts. The Manager of the Chamber, Mr. M. Lloyd Carlton, B. A. then on behalf of the coconut trade of Calicut and Badagara then submitted to him a written statement explaining the coconut trade structure of Calicut, Badagara and Ponnani, correcting some of the so-notions entertained regarding the so-called mal-practices, and suggesting the regulation of the trade rather than a regulated market, the latter of which was pointed out to him as unsuitable for the coconut economy of Malabar. This submission nor the later submission made by the Malabar Produce Merchants' Association was not taken note of. But Mr. Patil visited one or two Gujrathi firms and left Calicut the following day, ready to make his report on the coconut trade of Malabar.

The consideration of Mr. Patil's Report was tabled for discussion for the Tenth Meeting of the Indian Central Coconut Committe. When this was known, the Malabar Chamber of Commerce as well as the Malabar Produce Merchants' Association requested for advanced copies of the report, with a view to submit their criticism before being adopted by the Indian Central Coconut Committee. In replies received and recorded by the above bodies, the Coconut Committee refused to provide opportunity to study the report to them and submit their criticism.

It was held by the produce merchants of Malabar that the Central Coconut Committee having no representatives of the coconut trade was not competent to adopt the report on behalf of these concerned, that is the producer, the trader, the exporter and the final consumer.

In May 1949, Malabar Chamber of Commerce, published an article on the subject in three leading economic Journals of India, including the 'Business Week' Madras, endeavouring to correct the sweeping statements made by the Indian Central Coconut Committee and the protoganists of Regulated Market Schemes on the trade and economic structure of Malabar. This author, closely in touch with the local trade assured the Government and the Coconut Committee that the coconut merchants, having a great stake in the industry fully realised that any expansion in coconut production meant higher quantum of trade to the mutual benefit of the producer, the trader and the consumer and ultimately of the general economy of the country. As such, any scheme for expansion would receive the whole-hearted support of the produce merchants, provided such schemes are not meant to destroy the nucleus of an established trade organisation, but to remove it by removing such defects as there may be, and make it fit to better the lot of the people and the interests of the country.

At the 10th Meeting of the I. C. C. Committee held on 22nd Sept. 1949, under the Chairmanship of Sir Sardar Datar Singh of the Indian Council of Agricultural Research, the report of Mr. Patil was adopted, without giving opportunity to the traders to criticise the same or having any representative of the coconut trade of Malabar.

The Produce Merchants again protested on the subject at their Annual Session and sent copies of their views to all important M. L. A.s connected with the Malabar economy and to the Government of Madras, but this printed report probably escaped notice of those concerned.

Coconuts and Copra were brought under the Madras Commercial Crops Act by a notification in the Official Gazette Copies of that Act were sent for by the Malabar Chamber of Commerce, but the original copies of the Act were not available at the Government Printing Press.

On 6th May 1950 under No. G. O. 857, the Govt. of Madras appointed a Market Committee. The notification was received in Calicut on 11th May. On 12th May the Malabar Chamber of Commerce again wrote to the Indian Central Cocount Committee to send them a copy of Mr. Patil's report. The report was sent to us on 25th May 1950 and placed at the Meeting of the Chamber held on 8th June 1950. This Meeting submitted the report for a sub-Committee to study and report.

The Malabar Chamber of Commerce, Calicut considered the subject again after obtaining the fullest criticism of the Patil Report and the Commercial Crops Act. The Managing Committee of the Chamber at their July Meeting decided that the Report of Mr. Patil though of academic interest contained gross mis-statement of actual conditions of the coconut trade and economy in Malabar, which could not be supported by actual facts. In the meanwhile, several meetings of the Malabar Produce merchants were held; meetings were also held among growers and staff and workers in coconut and copra trading establishments throughout the three assembling markets of Calicut, Badagara and Ponnani.

The trade of Malabar as a whole agitated. The Malabar Produce Merchants in a Memorandum of 14 typed pages made their submission to the Minister for Agriculture requesting him not to with hold sanction to the formal adoption of the Byelaws passed by the newly formed Market Committee. So far none of the submissions made by the Produce Merchants in their memorandum have been refuted by the Government of Madras.

The Malabar Chamber then sought personal talk with the Secretary of the Regulated Market Committee to clarify the position of the trade in respect of Section 5(1) and 5(3) of the Madras Commercial Crops Act. The agitation is now directed against this offending section of the Act, under which all concerned are convinced that it will not be possible to carry on their trade under the imposition of the Regulated Market

Scheme, which according to the above Section envisages the ultimate cancelling of the licencess now granted to merchants in respect of their place of business, once the regulated market yard is established. According to the structure of the marketting operation, not only the first purchase of the produce from the grower has to be sold and bought in the market yard, but all subsequent transactions even after processing by produce merchants have to be carried on in the yard, thus involving the transporting of all sale products to the market yard once the licence under Section 5(I) is cancelled.

Unlike cotton kapas, groundnuts, tobacco and such other commodities brought under regulated markets, the trade structure in Malabar is not done by Commission agents but by merchants who make outright purchases at their own risk from the growers, then process and grade the produce to sell to exporters' agents or to outside exporters in the terminal markets. These produce merchants are a link between the producer and the exporter and through the trade structure has provided benefits and facilities for both. Mr. Patil has himself reported that the exporter is satisfied with the position. The structure of the regulated market has provided for Commission agents, but has not provided for the actual trader of the type now in the established trade and who forms the backbone of the Malabar coconut economy.

The Madras Commercial Crops Act.

SECTION 5 (I) and (3)

5 (I) No person shall, within a Notified Area, set up, establish, or use, continue or allow to be continued, any place for the purchase or sale of a Notified Commercial Crop, except under and in accordance with a licence granted to him by the Collector:

Provided that after the establishment in such area of a market for the purchase and sale of a Notified Commercial Crop, no licence for the purchase or sale of such Commercial Crop shall be granted or renewed in respect of any place, situated within such distance of the market as may from time to time be fixed by the Provincial Govt.

Provided further that the Market Committee may exempt from the provisions of this sub-section any person who carried on the business of purchasing and selling any Commercial Crop in quantities not exceeding those prescribed by rules under the Act.

Provided also that a person selling a Commercial Crop which has been grown by him or a Co-operative Society registered or deemed to be registered under the Madras Co-operative Societies Act 1932, selling a Commercial Crop which has been grown by any of its members shall be exempt from the provisions of this sub-section but the Provincial Government may withdraw such exemption in respect of any such person or co-operative Society or all of them.

5 (2) Nothing contained in Subsection (I) shall apply to a person purchasing for his private use a Commercial Crop in quantities not exceeding those prescribed by rules under this Act.

5 (3) No person shall within a Notified Area set up, establish or use, continue or allow to be continued, any place for the storage, weighment, pressing or processing of any notified Commercial Crop except under and in accordance with the condition of a Licence granted to him by the Collector.

Licence fees, registration fees and cess payable under the Malabar Regulated market Committee Bye-laws:

I. LICENCE FEE under Section 5 (I) for keeping a place for purchase and sale of coconuts and its products.	(per annum)	Rs.	20	0	0
2. LICENCE FEE under Section 5 (3) for storage, weighment, pressing and processing coconuts and its products	,,	Rs.	10	0	0
3. REGISTRATION FEE under Rule 37 of the Act to be payable to the Market Committee					
For Buyers of coconuts and its products		Rs.	12	8	0
Sellers		Rs.	12	8	0
For Buyers and sellers		Rs.	20	0	0
4. CESS to be payable to market Committee Coconut per 1000		Rs.	0	2	0
Copra per candy		Rs.	0	8	0
5. LICENCE for Brokers	(per annum)	Rs.	10	0	0
For weighment	,,	Rs.	5	0	0

OTHER RESTRICTIONS

1. Returns by traders weekly giving arrivals, purchases and sales.
2. Returns by traders weekly giving stock stored or stocked, for sale or processing, crushing etc.
3. Scales subject to tests by inspectorate.
4. Commission agents to keep accounts.

HANDICAPS TO INDUSTRIAL PRODUCTION IN INDIA

SIXTH SERIES

(I)

INDUSTRIAL PRIORITIES

By

Dr. R. M. Agarwal, M. A., Ph. D.

One of the objects for which the Planning Commission has been set up is to determine industrial priorities. The Nasik session of the A. I. C. C. has also called for a careful husbanding of available resources, and the laying down of strict priorities in regard to development schemes. And this is but necessary because our resources in Money, Men and Materials are not unlimited. This is also reflected from the following table giving the Capital Budget of the Central Government for the years 1949—'50 and 1950—'51.

(Figures in lakhs of Rupees.)

Capital outlay on Industrial Development		1949-50 (Budget)	1950-51 (Budget)
Fertiliser Factory, Sindhri	....	492.95	509.00
Investment in Shipping Corporation	....	398.00	
Fisheries Research Schemes	....	19.35	7.25
Government Housing Factory	....	13.00	15.00
Construction of National Laboratories	....	75.00	
Telephone Factory	....	73.00	50.00
Steel Works	....	60.00	
Manufacture of Synthetic Oil	....	30.00	
Heavy Electrical Equipment Factory	....	30.00	
Machine Tools Factory	....	15.00	5.00
Manufacture of Dry Core Cable	....	30.00	5.00
Manufacture of Wireless Equipment	....	15.00	
Cement Factory, Sindhri	....	10.00	
Diesel Engine Factory	....	1.00	
Manufacture of Explosives for Civilian use	....	3.00	
Grants for Construction of Research Laboratories			75 00
Penicillin and Paludrine Factory	....	8.00	40.00
Capital outlay on Civil Aviation	....	292.00	149.98
Capital outlay in Broadcasting	....	96.00	60.00

The allocations for the current year constitute only 55.15 per cent of the last year's estimates. In the case of private industries, conditions have been still worse. As against our yearly capital requirements for about Rs. 150 crores, the

actual increase, as also shown below, has been only of the order of Rs. 11.30 crores:-

Total Paid-up Capital of Joint Stock Companies in India (In crores of rupees)			New Issues permitted by Controller of Capital Issues (In crores of Rupees)	
Year	Total	Increase over previous year's	Number of Companies	Amount Sanctioned
1945	388.97	+ 35.23	—	—
1946	423.24	+ 34.27	682	239.43
1947	445.45 (a)	+ 22.21	498	198.26
1948	456.75 (b)	+ 11.30	375	125.57
1949	—	—	326	63.46

(a) Provisional (b) Estimate

The above figures have further gone down during 1949 and 1950 due to a decline in the yearly increase in industrial finance and rising prices.

As regards technical personnel, the Scientific-Man-power Committee has given the following estimate of our requirements during the next ten years :—

Catagory		Number required: Senior Grade	Junior Grade
Engineers of all categories	....	25250	28700
Architects	....	310	—
Metallurgists	....	1090	150
Glass and Gramies Technologists	....	320	340
Fuel and Furnace Technologists	....	310	—
Textile Technologists	....	780	950
Leather Technologists	....	350	450
Chemists and Chemical Technologists	....	6560	3990
Physicists	....	3300	220
Mathematicians and Statisticians	....	1560	60
Geologists and Geo-physicists	....	1420	—

But, according to the Report of the University Education Commission, the intake of colleges in different branches of Engineering which is also given below forms only an insignificant part of our total requirements :—

Courses			Intake
Civil	....	....	 596
Mechanical and Electrical (Combined)			 254
Mechanical	....	....	... 138
Electrical	....	....	 228
Undifferentiated		....	 773

Communications	....	....	51
Metallurgy	....	....	46
Chemical	....	....	153
Mining	....	....	20
Others	....	....	256
		Total	2,515

SCARCITY OF RAW MATERIALS

The evil effects of scarcity of raw materials is well known in the case of cotton and jute production in India. We depend on Pakistan and foreign imports for 1,500,000 bales of raw cotton every year which constitutes more than 25 per cent of our total requirements. Similar is the case with raw jute where we used to depend on Pakistan up to 50 lakh tons per annum. As regards machinery, our dependence on foreign imports rises upto 100 per cent.

Hence, an adherence to the pattern of industrial development envisaged by the Industrial Policy statement of 1948, that is, defence industries, heavy key industries, heavy basic industries, light basic industries, and essential consumption goods industries, may not be possible. According to the Report of the Fiscal Commission, 1949-'50, the country's limited resources may not permit the establishment of all the industries included within the range of this pattern and it may be necessary to proceed step by step on the basis of an order of priorities. The same source gives the following order of development in the public sector, that is:—

firstly, the essential defence industries;

secondly, industries connected with the development of natural resources, e. g. water power, i. e. the multi-purpose projects and key minerals coal and petroleum;

thirdly, public utility industries, e-g. railway transportation, electric power generation (where it is State-managed) etc;

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, however, the priorities allocated are as given below :-

(a) the increase of production in existing undertakings upto the maximum of their installed capacity ;

(b) the expansion of existing industries upto the limits of effective demand in their markets with special reference, wherever possible, to export markets ;

(c) the establishment and development of industries which are complementary to existing industries in the public or the private sector, e. g. industries which manufacture the components of other industries which carry the processes of production a stage nearer final consumption ;

(d) the establishment of such industries as are related to existing industries and may increase the external economic resulting from the establishment of a group of connected industries ;

(e) the establishment of industries for a large market, internal and external, rather than those satisfying a limited or specific demand.

But even the above arrangement of priorities does not fully take into account the requirement of the country. Ours is predominantly an agricutural economy and what we need in order to build up a balanced economy is an ever-increasing emphasis on the industrialisation of the country. The following table gives the approximate manufacturing capacity per head of population in United States, Germany, Japan, and India :-

In dollars at 1926/29 prices

	United States	Germany	Japan	India
1896/1900	160	120	5.70	1.50
1901/05	210	130	8.50	1.90
1906/10	230	150	12	2.30
1911/13	250	170	16	2.50
1921/25	300	130	31	3.10
1926/29	350	180	41	3.50
1931/35	240	140	58	3.90
1936/38	330	210	65	4.90

From the above it is quite evident that in spite of our rich resources, we are still an undeveloped country, the reason being a lower output per head of Coal, Steel, and Electricity, the most important factors in industrialisation.

OUTPUT PER HEAD

Coal (in Tons)		Steel (in Tons)		Electricity (KWH used)	
U. K.	5.0	Germany	650	U. S. A	980
Belgium	3.5	U. S. A.	605	Belgium	976
U. S. A.	3.0	Belgium	600	U. K.	602
Germany	2.33	U. K.	500	Australia	560
Australia	2.00	Australia	380	South Africa	520
South Africa	1.1	France	330	France	433
France	1.15	Japan	168	Japan	368
Poland	1.08	Italy	131	Germany	343
Japan	.62	Poland	100	Italy	341
Italy	.46	South Africa	7	Spain	127
Spain	.26	India	6	Poland	96
India	.07	Spain	6	Brazil	68
China	.046	Brazil	6	China	9
Brazil	.025	China	.25	India	5

Hence, in any scheme of development, production of these basic materials should get the first priority. To this list must als › be added chemicals and machine making. Even defence industries which have been allotted the first priority cannot be developed without an ascertained supply of steel. Our cost of production of iron and steel is the lowest in the world and a proper development of this industry might also prove a great source of income.

After this has been decided upon, priority should next be given to the production of essential consumption goods in order to check inflationary trends in prices. No amount of Price Control Ordinance would be effective, unless and until we increase our production and allow the natural forces of demand and supply to adjust themselves.

In the end, priority should be given to export and allied industries.

CREATE CONFIDENCE IN THE INVESTING CLASS

The above order of priorities might mean an adverse balance of trade position for a few years, but that is worth having because once our economy is set on right lines it would turn favourable to us in no time. The above arrangement does not distinguish between the private and public sector of industries, because whosoever be the Planning Authority, it must essentially be co-ordinated on an All-India basis. Here some might apprehend opposition from private industrialists, but they would be ready to accept and work into practice any line of action only if the Government makes clear its nationalisation and industrial policy and does not change it too often. What is required is stability in Government policies, so as to create an atmosphere of confidence in the investing class of the country. Already, as runs the report of Dr. Gyan Chand, Economic Advisor to the Central Cabinet, a sum of Rs. 350 crores has been wasted in useless and unrealizable projects. And the Planning Commission would be well-advised to guard against committing a similar mistake. In this connection, it would do a great service to the cause of industrial development of India, if in addition to its own duties, it also recommends the Government to make a more definite statement of its industrial policy and stop the passage of the Industries Bill, lying at the floor of the Parliament.

(II)

Need for Economic Stabilisation

BY

Mr. B. S. HOLLOWAY
PRESIDENT, COCHIN CHAMBER OF COMMERCE

"The return to pre-war normal is an unrealisable dream....and the problem before the country is to restore a measure of stability to the economy before we can think of recovery and development," declared Mr B. S. HOLLOWAY, President of the Cochin Chamber of Commerce.

"No marked increase in production, agricultural and industrial, has taken place....and there is urgent need to restate the Government's policy on the role of private enterprise in the future economy of the country, as also on the question of capital control," he added.

Mr Holloway, who was delivering the Presidential address at the 93rd annual meeting of the Cochin Chamber, criticised the frequent shifts in economic policy, as a result of which the businessman "cannot apply his mind in regard to any project requiring long-term planning," and mentioned the lack of an intelligent price policy as one of the prime causes of economic instability.

Signs of the emergence of a realistic approach to the country's problems are clearly visible and particularly the decision to accord top priority to the food problem is greatly welcomed. I hope that with the increased readiness of the Government to formulate policies in consultation with commercial interests, the transition to a condition of economic stability and of subsequent development is not far off.

Abrupt changes in policy

This is not to say that the businessman is now in a position to carry on his activities in an atmosphere of certainty regarding the future. Gone are the days when those engaged in private enterprise could devote their time and energy to the prosecution of business, content in the assurance that their plans would not be upset by frequent shifts in economic policy.

To-day, the businessman has ceased to be an indifferent spectator of policy-making, but is, whether he likes it or not, an enforced participant in the results of current policy which is subject to abrupt changes, and he is called upon to make quick adjustments to the new situations which the execution of such policy inevitably creates.

As a result, he cannot apply his mind in regard to any project requiring long term planning, although, paradoxically enough, the need for such planning is admitted by the Government, which is committed to a planned economy for the country.

A contribution of great importance at this juncture would be for the Government to restate its policy on the subject of the place of private enterprise in the future economy of the country as also on the question of capital control.

The material for such a restatement appears to be readily available from announcements recently made by the Government, and I cannot think of any other action on its part which is more urgent at the moment or more clearly calculated to assist the speedy revival of confidence in industrial and commercial circles.

Economic stabilisation

The Central problem is clear, and in regard to it there is no dispute. Enough has happened in the past five years to convince us that the return to pre-war normalcy is an unrealisable dream, and that the problem before the country is to restore a measure of stability to the economy before we can think of recovery and development.

This has not proved easy with the rigidities brought into being by regulations and controls which are the necessary concomitants of shortages in supplies.

Not so long ago, the hope was entertained in many quarters that it would prove possible, within a short period, to eliminate controls, as scarcities were reduced by additions to total production, agricultural and industrial.

This expectation has not been realised as no marked increase in production has taken place, and the food situation in particular continues to cause anxiety.

Intelligent Price Policy Vital — Govt. should act

"The time seems to have arrived when a further examination of current policies, and of the burdens sought to be placed on businesses by legislation, is urgently called for. That the Government should have become sharply seized of the seriousness of rising prices is a welcome development and it is to be hoped that we shall shortly see the foundations laid of an intelligent price policy the absence of which so far has been one of the prime causes of economic instability.

"There can be no doubt in the last analysis that no policy of increased production can be executed without some ceiling on costs and prices until such time as *per capita* output increases and swells the national income out of which wages are drawn.

That low productivity is the crux of the present situation cannot be disputed and measures having the effect of increasing costs, without proportionately increasing productivity must inevitably fail of their purpose."

Legislative proposals

Referring to legislations the President said: "To the vast amount of legislative proposals and new enactments are added a large number of executive orders, all of which call for the serious attention of the commercial

community. Some proposals to amend the existing legislation, e. g., proposals in connexion with Company Law amendment, have been placed before the public in an ill-digested form. Much of the time that is devoted to the study of such proposals could be more usefully employed if more expert attention is given to the initial drafting of such proposals in consultation with the interests sought to be affected.

The volume of legislation involved at the present juncture requiring the attention of the Union and State Governments must inevitably be considerable, but the object can be gained to a far greater extent than is the case now, if provision is made for a comprehensive study of legislative proposals.

How West Coast Products have been affected

PEPPER

In the absence of substantial supplies from Indonesia, pepper from Malabar continued to command high prices, and a new record was reached in March 1950 when it fetched Rs 3.950 per candy.

Pepper was subjected to an export duty of 30% ad valorem based on a tariff value of Rs 200 per cwt. as from Nov. 22, 1949, the basis of assessment undergoing sudden alteration to an ad valorem duty of 30% on market value as from June 21, 1950.

The new basis of assessment, which is now current, is unsatisfactory as the exporter has no means of calculating in advance the amount of the duty that will be payable at the time of shipment. Representations addressed to the Government to restore the duty on the basis of a tariff value have so far borne no fruit.

COIR YARN — Supplies low

Coir Yarn prices also recorded an all-time high during the year, the peak being reached at the commencement of March 1950. Prices shot up so rapidly that suppliers in many cases were unable to complete their contracts with exporters, this, in turn, leading to chaotic market conditions. An unwelcome feature of practically all produce markets was the entry of speculators with no interest in genuine trade.

TEA

During the year, an appreciable proportion of the South Indian tea crop was disposed of in Cochin by the methods normally obtaining in other central markets of the world — London, Calcutta and Colombo.

Until recently, many South Indian sellers preferred to dispose of their teas privately, and often before the tea arrived at Cochin. During the last year, however, there has been increased realisation of the advantages available in public auction, and it has been found possible to institute regular fortnightly sales of tea.

[** It has now been officialy announced that this will be the last year of bulk buying of tea by the U. K. Ministry of Food. On July 26 last, the Minister of Food, Mr Maurice Wepp, announced that the Government had decided that the London Tea Market will reopen in April 1951. *Ed. The Ind*]

During the year, a Collectorate of Customs was established at Cochin.

Delays in allotment of wagons

The contact provided with the S.I. Railway through the formation of a Regional Committee at Cochin is greatly appreciated as it provides us with a medium of ventilating our transport problems as and when they arise.

The situation arising out of the delays attendant on the allotment of wagons at Cochin, which, combined with their inadequacy in the face of essential requirements, tends to paralyse the normal flow of goods in their transit to their ultimate destinations, has proved a vexed problem.

The position has become so serious that there is urgent need for a workable scheme whereby some permanent relief will be forthcoming from the existing conditions of congestion at the port.

The total import and export trade of Cochin port for 1949-'50 stood at 12,87,051 tons (10,03,338 tons import and 2,83,713 tons export), as compared with 12,90,010 tons in 1948-'49, a fall of 2,959 tons. If from these figures relating to food grains, bunker coal and bunker oil, are excluded, the balance figures, which may be said to represent the ordinary commercial turnover of the port, shows an increase in imports of 2,884 tons and a decrease in exports of 24,152 tons.

Commonwealth Aid Plan to be published on Nov. 21

Indian Planning Commission has recommended a 15-year plan for Hydro-electric projects costing 1900 crores, of which 500 crores to Madras.

Madras Government Loans to Cottage Industries Societies

For Societies manufacturing and selling ready-made garments, for purchase of tools, implements, machinery and raw materials and constructing work-sheds, the Registrar of Co-operative Societies is empowered to advance loans at 4% interest.

Limited Export of Wool Allowed

Upto 15 million lbs., export licenses will be issued by the Export Trade Controller.

Plastic Industry Handicapped

This rapidly expanding protected industry mostly centred round Bombay and Calcutta with an investment of 6 crores and production of 3500 tons is now suffering from short supplies of Polystrene moulding powder usually imported from U. S. A. and Canada.

(III)

Problems of Cement Companies in India

BY

Shri JAIDAYAL DALMIA

Chairman, Dalmia Cement Limited

The biggest cement combination in India is the Associated Cement Companies Ltd. This comprises several cement factories spread over the length and breadth of India and Western Pakistan.

The total production of cement in India in the calendar year 1949 has been a little over 20 lakh tons, out of which A.C.C. Ltd. has contributed about 14.5 lakh tons and its associate Patiala Cement Co. Ltd., has contributed about 1.5 lakh tons and Dalmia Cement Limited produced 0.9 lakh tons. So far as Dalmia Cement Ltd., is concerned, it has two factories in the Dominion of Pakistan and one factory in the Indian Dominion and the production as between the two Dominions during the Calendar year 1949 was about 1.6 lakh tons in Pakistan and about 0.9 lakh tons in India. During the year 1949, as mentioned in the Report of the Directors, the production capacity of the factory in India has been increased and that factory, as extended, is capable of producing 750 tons per day. So far as A.C.C. Ltd., is concerned, the partition of India has not affected so much, as out of about 16.5 lakh tons of cement produced by that Company in the calendar year 1949, only about 2.0 lakh tons were from the factories in Pakistan and the balance from India.

PRICE CONTROL

It is a truism to say that the facilities available to the A.C.C. in various matters including fuel supply, research facilities, and bargaining powers exceed in a measure far greater than can be conceived in the cases of other manufacturers including the Dalmia Cement itself. ·u· the Government of India has fixed certain maximum prices for the sale of cement. In deciding the question of prices of cement produced by manufacturers other than those belonging to the A.C.C. Group and including three new factories, which have been put up during and after the war years, the Government of India enunciated the following principle in 1949:—

"So far there has been only one public price for indigenous cement in the country which was determined on the basis of the cost of production of the factories belonging to the A.C.C. Group. The other producers, including the three new factories, represented that it was not profitable for hem to sell cement at the prevailing price of Rs. 8-/8/-per ton and they demanded an increase ranging from Rs. 6/- to Rs. 37/8/-. These representations have been carefully considered and cost accounting of the books of the Dalmia group of factories was also done. After full consideration it has been decided that there is no justification for an increase in price for the older factories, but in the case of the three new factories (Shri Digvijay Cement Co., Jamnagar, India Cements Ltd., Tinnevelly, and Travancore Cement Ltd. Kottayam), an increase may be allowed to enable them to settle down during the initial stage. The price in their cases has, therefore, been fixed at Rs. 90/- per ton. This small extra of Rs. 7/8/- per ton has been given for one year from the 1st July, 1949. They have, however, been told that they should improve their efficiency and reduce their cost of production so that at the end of the year their price may be brought to the level of that of the other units."

The position taken up by the Government proceeds on the basis that the total cost of production is the criterion of efficiency or otherwise. Unfortunately, the answer begs the question itself. Total cost of production includes the cost of raw materials, cost of labour, cost of fuel, cost of repairs and maintenance, cost of packing and overhead cost. This has been recognised by the Indian Tariff Board as well in their report dated the 26th February, 1925 regarding the grant of protection to the cement industry. The Indian Tariff Board states as follows:—

Para 33...........In discussing, therefore, the works costs other than power and fuel, we have assumed the existence of equal efficiency at the works and that all will be able to bring down these costs to approximately the same level........

Para 34. The works costs of the cement factories vary considerably, but they have all one point in common. viz; the fact that the cost of power and fuel is at least 40 per cent of the total and sometimes a great deal more...............

Para 40...................Theoretically, about half a ton of coal is required per ton of cement...............It will be seen that the freight on coal is not a very serious item in the case of Katni group of factories or of Gwalior. It is heavier in the case of Bundi and much heavier in the case of Kathiawar group.

Para 10. In respect of fuel, the cement industry in India has no natural advantage. With one exception, all the factories are situated at such a distance from the coalfields that the freight on coal is a very serious item in the cost of production. For power production, an inferior class of coal can sometimes be used, and several factories draw half their supplies from Rewa or the Central Provinces. But the coal used in the kilns must contain the lowest possible percentage of ash, and for this reason at least half the coal used in the works must be conveyed from the Bengal and Bihar coal fields. The fact that in the Indian Cement industry the cost of coal is necessarily high has a most important bearing on the claim to protection."

COST OF COAL

The above observations may be suplemented by the following facts :—

For producing one ton of cement, nearly a quarter ton of coal is used only in the burning process. The cost of coal varies from about Rs. 20/- per ton to about Rs. 65/- per ton delivered at various cement factories, depending upon the distance of cement factory from the coalfields and the means of transport It will be seen, that all factories in India and Pakistan are situated at very long distances from the collieries, the average cost of coal alone

per ton may be as considerable even higher than Rs. 50/- or it may increase the cost of manufacture compared to another by about Rs. 7/8/- per ton only for the burning process and further Rs. 7/8/- per ton if power is also generated by coal. The advantages of the factories in India belonging to the A. C. C. group are that their location is distributed in India at such parts that the average cost of coal delivered in their factories works out to about Rs. 28/- per ton if transported by rail route throughout, and about Rs. 35/- per ton if transported by rail cum sea route for Madukkarai near Coimbatore, Porbandar and Dwarka factories. The factory of Dalmia Cement in India is situated at Dalmiapuram in the district of Tiruchirapalli in South India. Coal, which is supplied to that factory by rail cum sea route costs about Rs. 65/- per ton. The increase in cost of coal alone which is transported by rail cum sea route is about Rs. 30/- per ton or the cost of the cement produced by this coal at the Dalmiapuram factory is higher by about Rs. 7/8/- per ton, while the cement produced by this coal at Shantinager (Karachi) factory where power is also generated by coal is higher by about Rs. 15/- per ton.

DEPRECIATION ALLOWANCE

Another factor is on account of depreciation on new installations. Recognising the needs to meet the inflated prices of plant in the post-war period, the Government of India have sanctioned special depreciation allowance. The initial allowance allowed on installations is 15% of the cost of buildings and 20% of the cost of plant and machinery. Besides this some depreciation of double allowance, double shift allowance and triple shift allowance are also allowed depending upon the number of days and the number of shifts, the factory works. It may be emphasised once again that even though this extra allowance goes into the cost of manufacture of new factories as also on any new installations in existing factories, any similar allowance is not present in the older plants of other factories. As pointed out above the extensions in the Dalmiapuram factory have necessitated an adjustment in books of depreciation of a very large sum, but the consequent increase in the cost of production has not been considered at all in price fixation.

Till the end of 1949, the installed capcity of cement production in India has been about 28 lakh tons and the actual production has been a little over 20 lakh tons. By the end of 1950, the installed capacity is likely to be about 30 to 31 lakh tons and the estimated actual production is likely to be about 26 lakh tons. With the Government abandoning its various Capital projects, due to financial stringency, the position has now reached a stage, where, from a seller's market it is gradually going to become a buyer's market. The Company is obliged to find a market for its production and the Company has secured by railing and shipping their cement to Bengal for supply in the North East of India; even though such a marketing means greater expense it has to be done in view of the absence of definite plan for distribution. This has become inevitable.

NATURAL DISASTERS

Excessive rains causing floods and failure of rains have become almost a regular feature in the country to add untold miseries on people, due to that the Government has to find funds and is obliged to spend many crores of rupees every year in relief work and importing foodgrains. Ultimately, river valley projects would be effective for ensuring against failure of food crops and other raw material crops for industrial development which occurs almost every year due to want of rains in proper times or excessive floods, causing untold miseries among the people. It is only with the increase of production that the prosperity of the country and living standard of the people can rise and worries of the Government on this account can be over. If capital is not available by any other means for such river valley development projects, the Govt. should restrict their activities in other directions and utilise all possible resources for completion of such projects earliest possible. If in doing so, the people have to bear hardships in other directions, they should be prepared to do so for the ultimate good of all.

It is, therefore, my suggestion and I expect this will receive the approval of all interested in the general welfare of the country, that :— 1 The Government should not slow down or abandon the river valley development projects, but carry on with them with war time emergency. 2. The Government should not adopt the total average production cost of the A. C. C. as the yard stick with which to measure the efficiency of other factories. The yard stick ought to be the total works cost excluding cost of fuel in case of old installations as recognised by the Indian Tariff Board and also excluding depreciation allowance on very high capital cost in case of new installations, whether by way of extension or otherwise. 3. The other producers in consistence with their individual efficiencies should be helped by the Government not only to continue in business but to make profits as a provision for the future and for a return to the shareholders, debenture holders and other financiers in pursuance to its policy to avoid monopolistic conditions. 4. Distribution of production should be rational, issued in a manner that it encourages the disposal of the cement to the maximum possible extent near about the place of production in case of individual factories. 5. In the matter of supply of coal, railway communication should be allowed to give top priority in order that transport by ships may become unnecessary, particularly, because that transport by sea increases the cost tremendously over rail transport. 6. The selling price of cement must be increased in the case of cement produced by factories with new installations in order to cover the increased depreciation allowance on such plant and machinery. 7. The Government should render all possible assistance in the supply of raw materials and rail transport to the industry to reach in production to the installed capacity and to bring down the production cost.

I hope that the Government of India will do every thing to assist the industry.

Mobile Post Offices in Madras and other Cities

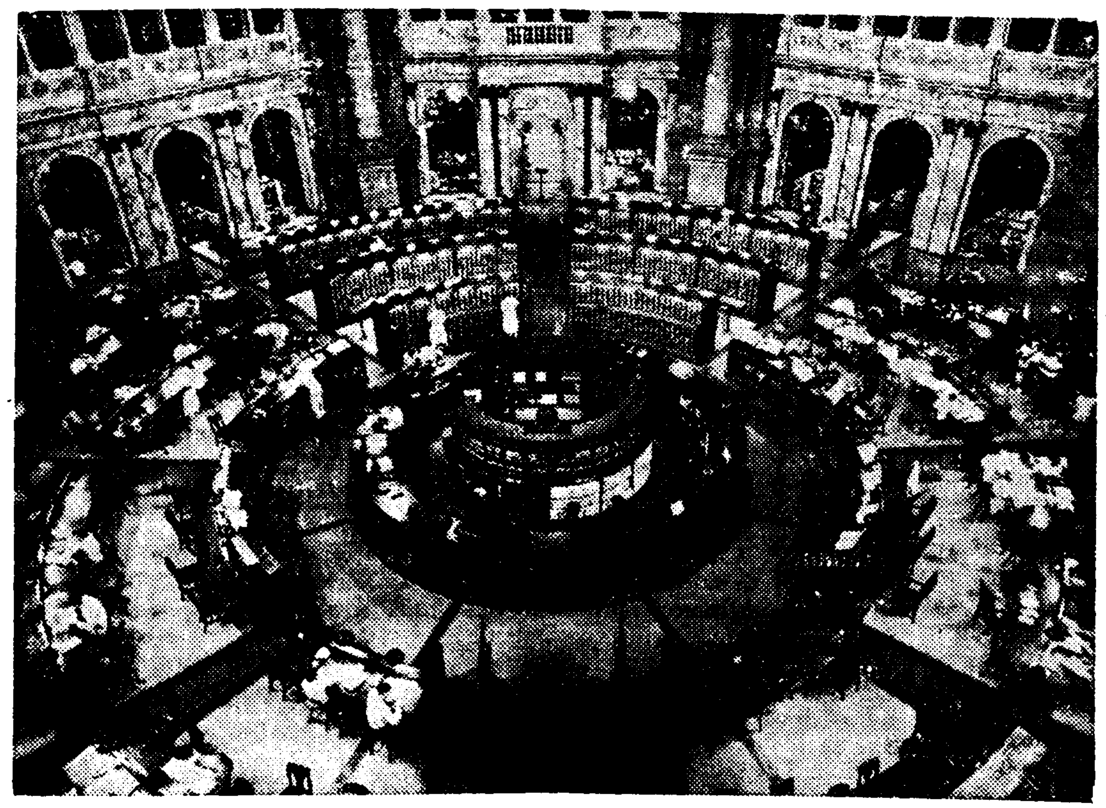
These post offices to be inaugurated shortly will be housed in specially contributed omnibuses and will function after dusk and visit important areas for postal transactions at specific times,

APPENDIX

Hosiery and Electric Fan Industries

The Government of India have decided to refer to the Tariff Board applications for protection or assistance received from hosiery and electric fan industries. Firms or persons interested in any of the industries or in industries dependent on the use of these articles who desire that their views should be considered by the Tariff Board are advised to address the Secretary to the Board, Contractor Building, Nicol Road, Ballard Estate, Bombay 1.

U. S. A. Congress Library Buildings



The Library of Congress, established 150 years ago in Washington, by the United States Congress, started with a small appropriation " for the purchase of such books as may be necessary for the use of Congress." Nucleus of the present collection was the purchase in 1815 of the 6,000-volume library of Thomas Jefferson, third President of the United States. To-day the Library contains more than 30 million books, pamphlets, maps, charts, photographs, prints, manuscripts, and other pieces of material. Its catalogues and bibliographical lists are used by thousands of libraries, schools, and individuals in the United States and other countries

The photograph shows the Library's main reading room with ranges of study tables. In the centre is the request and delivery desk, and behind it, the public card catalogue. Alcoves containing standard reference books encircle the room.

Madras Gazette Notifications

List of Factories that are required to provide canteens

(G. O. No. 3281, Development, 22nd August 1950)

In pursuance of rule 65 (1) of the Madras Factories Rules, 1950, His Excellency the Governor of Madras, hereby appoints the 1st January 1951 as the date on which rules 65 to 71-A of the said rules shall come into force in respect of the factories mentioned in the schedule below wherein more than 250 workers are ordinarily employed.

List of Member-Factories employing more than 250 workers which should provide Canteens:—

Malabar Spinning and Weaving Company, Ltd., Kallai
Commonwealth Weaving Factories, Kozhikode and Cannanore
St. Vincent's Industrials, Kozhikode
Commonwealth Tile Factories
Kerala Tile Factory, Feroke
Standard Tile and Clay Works, Ltd., Feroke
Calicut Tile Company, Feroke
Malabar Tile Works, Feroke
Standard Furniture Company, Ltd. Kallai
Modern Tile and Clay Works, Feroke
Aaron Spinning and Weaving Mills, Ltd., Pappinisseri
Cannanore Spinning and Weaving Mills, Cannanore

—:o:—

List of Factories that are required to provide rest sheds

(G. O. No. 3380, Development. 29th August 1950)

In pursuance of rule 72 of the Madras Factories Rules, 1950, and in supersession of Development Department Notification No. 227, dated the 10th February 1948 published at pages 183-186 of Part I of the Fort St. George Gazette dated the 9th March 1948, His Excellency the Governor of Madras hereby appoints the 1st January 1951 as the date on which the said rule shall come into force in respect of the factories mentioned in the schedule below and wherein more than 150 workers are ordinarily employed.

List of Member-Factories employing more than 150 workers which should provide rest-sheds:—

Malabar Spinning and Weaving Company, Ltd., Kallai
Modern Tile and Clay Works, Feroke
Commonwealth Weaving Factories, Kozhikode and Cannanore
Premier Hosiery Works, Kozhikode
Malabar and Pioneer Hosiery Works, Ltd., Kozhikode
St. Vincent's Industrials, Kozhikode
Commonwealth Tile Factories
Parli Tile Works, Parli
Kerala Tilery, Feroke
Standard Tile and Clay Works, Ltd., Feroke
Calicut Tile Company, Feroke
Malabar Tile Works, Feroke
Star Tile Works, Kallai
Standard Furniture Company, Ltd., Kallai
Dutt's Saw Mills, Kallai
Aaron Spinning and Weaving Mills, Ltd. Pappinisseri
Baliapatam Tile Works, Ltd, Pappinisseri
Cannanore Spinning and Weaving Mills, Cannanore
Western India Plywood, Ltd., Baliapatam
Commonwealth Hosiery Factory, Bullamatha, Mangalore

EDITOR'S JOTTINGS

The Hon. Mahtab's Advice to the Industrialists

The Minister for Industry and Supply, in his recent speeches has been laying stress that *nationalisation of industries* is not coming and that every possible aid will be given to aid and develop private industries in the country. If instead of repeated assertions of this kind, which are indeed welcomed by the 'shy capital' which may now come out to the open, would it not be advisable for the Govt. of India to recast the Industrial Policy of April 1948 and issue an altered communique re-defining not only the Govt. policy but also re-enunciating the various schemes which they have in view to tempt capital-formation and to aid industries in all possible ways? Such a re-declaration of the Govt. policy by the Govt. of India on a high level, even though late, would not only remove the suspicions in foreign countries which would like to invest but also in our own country where not only capital is shy, but also other favourable conditions which once existed are not there — such as easy availability of machinery, raw materials, transport and marketing. There are again the question of heavy taxation, and problem of capital-labour relationship on which too the Govt. should give their pronounced opinions satisfactory to the investors.

But, as Mr. Mahtab says, the capital is now in the hands of workers and rural folk. Also he is right in saying that regional development of Industries is the only way of tempting this wide-spread capital but also for minimising the labour troubles such as the one that happened in Bombay City, where an irresponsible strike for nearly two months concentrated in a city has reduced production by atleast 15%.

Two New Industrial Advisory Committees

We hear that the Minister for Industry and Supply at the Centre proposes to constitute two Advisory Committees of industrialists shortly to advise the Govt. on various industrial matters such as the Bill for control of industries (mostly key industries) which is however having a slow march, and on urgent measures to be taken for increasing production. Since the Industrial Conference of 1947, the Govt. of India have not implemented any of its salient recommendations affecting industries, except the Labour Bills that have created new problems and handicaps - without rights and duties for Labour—which have thwarted production. While, for example, the Labour Relations Bill, the Trade Unions Bill, and the Fair Wages Bill are intended to help labour, though without any realistic approach regarding the capacity of industries to meet the commitments, tens of other problems facing the industrialists such as difficulties of import of raw materials and machinery, bottleneck of transport, heavy taxation, lack of finance, etc., have yet to be solved in a *comprehensive way*. Here the Govt. of India can help the Industrialists by knowing first hand from the Industrialists what their difficulties are and how best they could be resolved.

Pacific Relations Conference

There is no doubt that in a war-minded and war-torn world divided by two Power-blocs, even academic discussions by representatives of several nations of world problems in a dispassionate way, would be really useful to educate the public and above all even heads of State who have been responsible for the Korean War. The Lucknow Conference of the Pacific Relations opened several subjects for discussion—such as Communist menace in the East, Korean War, Formosan question, under-development of S. E. Countries, Kashmir, and Indo-Pakistan differences. While U. N. O has not so far succeeded in solving any of the World problems in a satisfactory way, the only way of securing World-peace is not only by securing mass employment in under-developed countries, but by a genuine desire on the part of progressive countries like U. S. A. U. K. and Russia not to exploit those countries in any way. The world is tired of declarations of good faiths by the Imperialists, and what is required is a definite move to put a stop to exploitations and interference in others' affairs, such as what happened in Korea, and what is happening in Japan and Formosa.

5-year Plan of The Planning Commission

We learn that the Planning Commission has prepared a 5-year plan of utilising all the available resources of the country, to intensify both the agricultural and industrial production in the country. There will be two stages beginning with 1951-'52—the first for the first two years and the next for the next three years. While the Commission is still studying the resources of the country with the help of the State Governments., they feel as the first step that *the balancing of the budgets* and *curbing the inflationary tendencies* is essential and important. The price-level should be brought down through gradual and co-ordinated reductions both by sound fiscal and monetary policies and by reducing unit costs of production. The Commission have rightly stressed that, with very limited resources in the country, a careful selection of the existing committments is necessary, as all such resources — material and technical — should be used for production of food and raw materials. The plan also rightly emphasises that while in public sector greater co-ordination is necessary, in private sector development is possible only by indirect means such as Capital Control Issues, licensing, foreign exchange allocations, import and export controls and controls on prices, production, and distribution, including physical allocations. Here indeed the problem bristles with difficulties and the Commission should realise that a greater freedom should be given to industrialists and businessmen, and controls, if at all, should be made efficient, as the way they are administered now has created havoc in the country and demoralised the public life.

Agriculture And Cottage Industries

The Commission envisages rightly a long-term planning for development of agriculture and cottage and small-scale industries. But they have yet to formulate their definite proposals how best to achieve this end on various controversial topics such as co-operative cultivation, fixation of ceilings on individual holdings, restriction in sub-letting, economic holdings, provision of finance to the cultivator, village extension service such as multi-purpose co-operative societies, etc. More than all these, we expect the Commission to evolve constructive proposals for improving labour-capital relationship on a permanent basis, rather than allowing Industrial Courts and Tribunals giving awards and producing 'aches to the economic and industrial peace' in the country.

Madras Sales Tax —Venue Extended

16 more luxury articles are to get the benefit of sales-tax, according to a decision of the Sales Tax Advisory Committee presided by the Hon. Minister for Finance. We wonder why instead of going on adding to the list of Sales Tax impositions, the Govt. should not declare once for all that this is the only way of increasing the revenues in this poor State, and all commodities should be subject to this tax and at all points. There seems no rational way of fixing the commodities to be taxed, nor does the Government seem to have any idea at how many points every commodity is taxed before it reaches the eventual consumer. If for example there are 6 such points, the additional burden on consumer will be at least 18 pies per rupee i. e. nearly 10% or more. Also, which is a luxury or which is a non-luxury article is purely a question of opinion in the modern-day context. Thus, of the 16 articles added to the list, we find embroidery, paints and varnishes, tennis rackets, cigarette cases and sanitary fittings, etc Could these be considered as luxuries, in modern day amenities?

Malabar Tenancy Bill before Madras Parliament

The Bill has been referred to a Select Committee of 30 members mainly from Malabar including the Hon. H. Sitarama Reddi, and Mr. A. K. Kaderkutty. The Hon. K. Madhava Menon will be the Chairman. The first meeting of the Committee will be held on 1st Nov.

Madras State Cottage Industries Board

At its first meeting held recently, it was proposed to establish Cottage Industries Research Institute and to request the Economic Adviser to conduct a survey of the existing structure of Cottage Industries. It was further suggested that the Ministers for Rural Development and of Industries be deputed to Japan to study the Technique of Cottage Industries there.

India's 6-year Development Plan

Rs 1840 Crores on Capital Schemes

An expenditure of Rs. 1840 crores on capital schemes during the next six years was submitted by the Govt. of India to the last Commonwealth Finance Ministers' Conference. Out of this amount, India wants only a loan of 800 crores the balance to be met out of her own resources.

What are India's Resources to meet the Balance of 1040 Crores?

Rs. 350 crores by way of additional taxation, 120 crores by way of economies in Government expenditure, 150 crores through increased earnings by commercial enterprises run by the State, 300 crores through nett public borrowings, 110 crores from Railway Depreciation Fund, and 10 crores extra—make up 1040 crores.

EXPENDITURE SIDE

On Railways	480	crores
Major irrigation and multi-purpose projects .	400	„
Govt. and other industrial measures	180	„
Social Welfare Schemes .	100	„
Public Health, Education and Housing	100	„
Rehabilitation	75	„
	1335	„
Minor items	185	„
Imports of goods from foreign countries (Rs. 90 crores from hard currency areas)	320	„
Total	1840	„

From British Information Services

Britain's help for the Economic Development of India

With Sydney talks last May and the recent talks of the Finance Ministers in London regarding Commonwealth Aid to S. E. Asiatic Countries, it is better to know how far U K. has helped India so far. The Commonwealth has now set up a fund of 8 million £ to meet the cost of technical assistance, of which India has asked for a substantial help.

Britain's Contribution

Britain has supplied to India so far since last War 1775 million dollars mainly in the form of releases from Sterling Balances. But India's complaint is that as most of these releases are for import of food, more of these balances should have been made available for import of machinery etc. needed for industrial development. But in the field of private investment, for the period of 21 months ended December 1949, Rs. 66·2 millions have been invested out of a total of Rs. 68·3 million of foreign investments—which were mainly in the form of machinery, electrical goods and iron and steel goods.

Training Facilities

It should be recognised that Britain, apart from her Universities and Training Colleges offering facilities which have to-day nearly 2000 students from India, her industrial houses have taken in at least 200 prospective technicians.

Development of Trade Unions in British Colonies

The Trades Union Congress General Council has received a mandate to develop the work of its colonial department, though it is the primary work of Inter-national Confederation of Free Trade Unions. It is proposed to open Colonial National Centres, to offer assistance to Labour Unions, and to provide for educational work.

Jet Planes for International Air Planes

In a report just published by the British Ministry, jet-propelled planes will be introduced for passenger travel in a few years in all international routes.

New Isotope Separator

A second electro-magnetic isotope separation plant has just been completed at Harwell Research Establishment. A small separator has been running at Harwell for 2 years supplying samples of high elements for nuclear Physics Work. The new plant is capable of separating the heavy elements including uraninm at a high degree of enrichment. While this plant will be fully employed for manufacture, milligram samples of light elements made by the smaller plant will be available for export.

News about British Industries Fair—1951

It is expected that the British Industries Fair—1951 will be the biggest in recent years with nearly 1·5 million square feet of space against 1 million square feet during last year. Textile industry, has announced a display which will be a 'major effort.' At Birmingham, the greatest demand will be for the engineering and out-door sections.

A SORRY TALE ON TAX EVASIONS IN INDIA

(CONTRIBUTED)

The Income tax Investigation Commission furnished during 1949 reports to the Central Government on 101 cases, involving concealed money to the tune of Rs. 2,88,06,507 out of a total of 1,365 cases pending before it.

Though the Commission had not yet come to grips with the biggest cases, the report pointed out, the cases submitted so far gave a fair sample of the methods of evasion adopted and the magnitude of amounts involved in such concealments. "With the exception of one single case, no accounts of the secret profits could be obtained and the whole story of the evasion had to be reconstructed and the quantum of concealment determined from unexplained investments." The magnitude of the work which had to be done by the Commission would be appreciated if it was realised that in each case referred to the Commission, the authorised official had to study the available records for the years 1940 to 1948, i. e., for about seven or eight years and to make enquiries regarding all these years. Hence the number of cases for consideration was in effect seven or eight times the actual number of cases assigned to each officer. The Commission, however, hoped the new year would see greater endeavours on their part so as to complete within the time allowed the heavy work which still remained to be done.

FULL TRUTH NOT DISCLOSED

Referring to settlement cases, the report said that in a number of such cases, profits concealed from the Income-tax Department were disclosed. But the whole truth was rarely disclosed at the outset. As the law laid down that the Commission must satisfy itself that the settlement offered was fair and reasonable before recommending it to the Government for acceptance, investigations had to be continued even in cases where the parties came forward with an offer of settlement. In many cases, the investigation resulted in adding substantial sums to the amount originally offered for settlement.

DISCREDITABLE METHODS

Giving a summary of the 'discreditable methods of evasion and concealment adopted by assessees, the report said these methods "run more or less true to type." Managing agents of companies, particularly textile mills, had been found to have made secret profits for themselves in various ways, prejudicial alike to the revenue and to the shareholders Costs of production had been inflated by making entries of purchases of raw materials never made or made through the chain of intermediate concerns which were really 'benamidars' of the managing agents. The report gave an instance of a doctor who made 'colossal profits' by selling in the black-market part of the quota of quinine and sugar supplied to him by the Government for the manufacture of glucose and ampules for quinine injections for the troops and substituting chalk for quinine and some inferior sweet for sugar.

INSTANCES OF SUPPRESSION OF ACCOUNTS

On receipt of reliable information the Commission's staff made a simultaneous raid on a number of premises and seized secret books furnishing incontrovertible proofs of the amounts of profits earned by such illicit means in the shape of cash books maintained in respect of sugar account, quinine accounts and globule account. Full and complete records were found of the amounts earned and their investment, which exceeded Rs. 60 lakhs. The guilty assessee suddenly died, but his heirs admitted liability and taxes were being paid up.

A soap manufacturer was found to have acquired lands and property, the investment in which had no comparison with his known and declared incomes. It was alleged that a major portion of the money invested in their purchase came from a gift received by his son from his mother. Unexplained cash credits had been introduced in the accounts to cover up black-market profits and false loans from third parties were introduced. The concealed profits were made not merely by suppressing production and sales, but also by disposing in the black-market of quantities of raw materials of which the assessee had contrived to obtain disproportionately large quotas.

An assessee carrying on transport business was found to have courted successive assessments under Sec. 23 (4) that is, on mere estimate, by suppressing accounts. It was alleged in the assessment proceedings that the book had been burnt in a fire. The story was found to be false as some of the books somehow came into the Commission's possession. The income disclosed by these books was found to be much more than what had been offered for assessment. The concealed profits were made not only by suppressing a large part of the business actually done but also by inflating the expenses and understating the rate of freight realised.

LEGAL EVASIONS

In a case of legal evasion, entries were passed in the accounts, turning a profit on share transactions into an investment. In this case the parties contracted to purchase a large block of shares at a stipulated price. A good portion of these shares was sold away to third parties at a much higher price. The difference which represented the assessee's profit on the transaction was not taken to profit and loss account, but was adjusted against the cost price of the remaining shares which were taken delivery of by the assessee.

Black-market profits which were kept outside the accounts were earned by an assessee, (1) through sale of bullion reclaimed from silver coins. (2) through sale of synthetic camphor at a much higher price than that fixed by Government. (3) through transactions made abroad: and a private limited company was formed in a State by the partners to keep the profits outside.

A corrupt railway employee was found to have made large investment in property purchase in the name of his wife who ostensibly had no means to invest such amount. A story of strained relations with the wife was put up in order to make out that the funds invested in the properties could not have come from the husband, but it was found that the whole affair was arranged to conceal ill-gotten wealth. The lady, as usual, contended that the property was acquired by raising loans from relatives and others and the husband, writing from Pakistan where he had migrated, insisted that he had not provided his wife with any funds.

A thread-ball manufacturer who had made large profits by black-market sales of yarn, had kept false accounts in which both sales and purchases were suppressed by over 10 lakhs in a single year. The party had made huge investments in property and had also a number of bank accounts in the names of relatives and sons and bogus firms both in and outside British India. When confronted with the results obtained by the investigations made by the Commission, the party accepted the existence of some of these accounts and investments, but did not appear before the Commission thereafter. As many as 13 bank accounts in different parts of the country were traced out, nine of which were never disclosed.

DIFFICULTY OF INVESTIGATION

The difficulties of investigation work had been increased, the report said, by the fact that almost every assessee had connections, business intersts and bank accounts in different parts of the country. His possessions, whether money or other property, were found to be widely scattered. One of the main sources of leakage of revenue was the existence of Indian States, which provided a "safe sanctuary" for black-market money. The arms of the Income-tax Department were not long enough to reach out to those places, and concealed money was put in "these asylums" during the war period successfully. The Commission, however, early in the year moved the States Ministry and got legislation passed in various States so as to compel parties and institutions in the States to comply with requests from the Commission for information. Some delay necessarily occurred as the political conditions at that time were in a fluid State and it was not desired to press these matters in a way which might mebarrass the States Ministry in this work, but legislation had now been passed in all the States to this effect.

REQUISITIONS TO STATE BANKS

The Commission, the report said, had issued requisitions to banks in the States on promulgation of ordinances or regulations empowering the Commission to obtain information. So far replies had been received to 340 requisitions issued by the Commission, covering over 6,000 foolscap pages. The number of sheets containing information relating to the Provinces of India was 11,000. This was being scrutinised by the Commission's authorised officers.

The magnitude of information obtained from banks, the report pointed out, would be appreciated if it was realised that the number of entries obtained as a result of these requisitions was not less than two lakhs. As this kind of collection of information had never been done in the Income-tax Department in the past, the information was likely to prove very useful not only in the cases referred to the Commission, but also for the working of the department in the years to come.

INVESTMENTS IN INDIAN STATES

According to the report, rich assessees of Indian Provinces invested their money in loans floated by Indian States in the belief that such investments might not come to the notice of the authorities here. Replies had been received from several States regarding such investments. The Commission was also collecting relevant information from railway records. It was hoped the material collected would be found useful in connection with the tracing of despatch of finished goods and raw materials from place to place and of black-market transactions which had not been recorded in the regular books of accounts.

News in Glare

British Parliament

Labour Government in Britain has survived another Tory challenge on the running of Nationalised Transport Industry.

South Koreans in North Korean Capital

Fierce fighting is on in Pyongyang, Capital of North Korea. Truman and MacArthur are scheming the future of Korea, Formosa and Indo-China.

Indian Cotton Advisory Board

A 11-member Cotton Advisory Board has been set up consisting of representatives of Mill-owners' Associations to advise the Textile Commissioner in the matter of allocation of cotton to the mills. Mr. K. Srinivasan will represent the S. I. Mill-Owners' Association, Coimbatore.

The W. C. I. A. Meeting at Mangalore

At a meeting of Industrialists held on 18th Oct. at Mangalore presided by Rao Bahadur B.S. Tripuranthaka Mudaliar convened by Mr. F. X. D. Pinto (President, W. I. Tile Manufacturers' Association), among the subjects discussed, the import control policy of the Government came in for a lot of criticism. The Government do not freely grant licenses for imports of machinery and raw materials for each factory and they do not realise that 'time factor' is the main consideration for imports. Also, unless the supply of wagons is increased, the business is bound to have a great slack. Among other subjects discussed, it was decided that, with a view to increase the shipping facilities in the West Coast, Mr. M. C. Veerabahu, M. P. Managing Director, Tuticorin Shipping Concern, be invited to express his views on the possibility of starting a Shipping Concern here.

Sound Banking Institutions in rural areas are essential

Inquiry Committee's Recommendations

The Rural Banking Inquiry Committee, in its reports to the Government of India, has recommended the extension of sound banking institutions to the rural areas.

The seven-man Committee was appointed by the Government in November, 1949, with Sir Purshottamdas Thakurdas as Chairman. The members of the Committee included Mr. C. H. Bhabha, Mr. B. Venkatappiah, and Mr. N. D. Nangia, member-Secretary.

The Committee suggests to the Government to examine the feasibility of implementing, with suitable adjustments the recommendations of the Gadgil Committee for the establishment of Agricultural Credit Corporations with effective State control and participation.

In a discussion of the role which the Imperial Bank of India should play in rural banking, the Committee indicates from the information furnished to it, that the Bank will be completely Indianised in 1954.

The Committee considers it necessary to provide the institutional framework for such an extension without which the mobilisation of savings from rural people, who account for the major part of the national income, will be impossible. In the opinion of the Committee that will help internal capital formation—a factor very essential for the undertaking of schemes for rural prosperity, such as multi-purpose projects and rural credit schemes.

NO PROSPECT OF ATTRACTING LARGE SUMS OF MONEY

An important aspect of the Committee's inquiry relates to the measure that can be immediately adopted for the extension of banking facilities to rural areas. The Committee believes that the object of such a measure in the present circumstances should primarily be to provide proper facilities to help the Government's anti-inflationary programme as well as to provide resources for national development to the maximum extent possible.

The Committee appears to hold the view that the immediate prospects of attracting spectacularly large sums of money from rural savings into the banking system or into Government Bonds are "not very bright".

It is understood that the Committee expresses itself "definitely against" the Government giving any grant or direct cash subsidies to Commercial Banks working in the rural areas for the probable deficits of branches.

The Committee is, however, in favour of giving all reasonable assistance for their expansion and consolidation in the interior areas such as exemption from local laws relating to shops assistants and labour, conferment of privileges enjoyed by co-operative institutions and facilities for the remittance of funds through the Reserve Bank, the Imperial Bank, and the Treasuries.

CHEQUE HABIT

The Committee has also recommended steps for increasing the usefulness of the postal savings banks in the rural areas. Among them are the opening of new offices with due emphasis on the tapping of rural savings, and the fixing of emoluments to branch Post Masters as to provide a definite incentive to expand savings activity and propaganda.

The Committee supports the proposals of the Reserve Bank of India for reform in the Treasury and the Sub-Treasury system, and suggests the "gradual elimination" of the system "to reduce the handling of cash, and develop the cheque habit in the country."

In this connexion, the Committee emphasises that the Imperial Bank of India should be enabled by stages to establish its branches or Treasury Pay Offices at all places where the cash work at Treasuries is now done by the Government. The Committee is stated to have fixed a five-year period for reaching a target of 200 branches and Treasury Pay Offices.

Vocational Schools in U. S. A.

Young men and women in the United States are learning skills at vocational schools that will enable them to earn a living upon graduation. Vocational classes, organized by the public school systems in all the 48 States, have a total enrollment of more than 3.5 millions. The programme is aided by the National Vocational Education Act passed by the United States Congress in 1947.

The photograph shows students studying the construction and operation of an electric motor at a vocational school at Duluth, in the Midwestern State of Minnesota. The school's curriculum also includes automobile mechanics baking, watchmaking, refrigeration, shoemaking, radio maintenance, architecture, and furniture upholstery.

Harbour Development in India

The National Harbour Board, at its recent meeting has approved of development schemes for harbour at Cochin, Madras, Bombay and Calcutta. The following estimates have been sanctioned:— For Cochin Rs. 191 lakhs, Madras 450, Bombay 1300 and Calcutta 75.

Record Tyre Exports

Britain exported 6.1 lakhs tyres during the first six months of 1950.

Cost of Living Index number for Kozhikode for September 1950 was 439.3 (Base Average Price from July 1935 to June 1936.= 100)

Madras Gazette Notifications

MINIMUM WAGES ACT

DRAFT RULES PUBLISHED BY MADRAS GOVT.

THE ACT COVERS 12 INDUSTRIES INVOLVING 'SWEATED LABOUR' INCLUDING AGRICULTURE

Government have published the draft Minimum Wages (Madras) Rules, 1950, which will be taken into consideration after Dec. 20, 1950, along with any objection or suggestion received by then.

The Rules, which extend to the whole of the State, propose the constitution of a Board, a Committee, and an Advisory Committee.

In the matter of the computation of the cash value of wages paid in kind and of concessions in respect of essentia commodities supplied at concession rates, the Rules provide that the retail prices at the nearest market shall be taken into account.

The Rules require that the wage period with respect to any scheduled employment for which wages have been fixed shall not exceed one month and the wages of a worker in such employment shall be paid before the expiry of the seventh day after the last day of the wage period.

Deductions from the wages of a person employed in a scheduled employment which have been enumerated under the rules include fines, deductions for absence from duty, deductions for loss of or damage to goods, deductions for house accommodation supplied by the employer and for such 'amenities and services' as have been authorised by Government.

In the case of employment in agriculture, notices containing the minimum rates of wages fixed under the Act are required to be displayed in all the District Offices of the Agricultural Department and in the case of any other scheduled employment in all the District Offices of the Industries Department.

Under the Rules, a "week" would mean a period of seven days beginning at midnight on Saturday night and the workers in scheduled employments have been provided a weekly holiday.

It is provided that "no adult worker shall be required or allowed to work in a scheduled employment for more than nine hours in a day and 48 hours in any week. The period of work of an adult worker shall be so fixed that no period shall exceed five hours and that no worker shall work for more than five hours before he has had an interval for rest of at least half an hour."

The rules prohibit the employment of children for more than 4-1/2 hours on any day.

When a worker works in an employment for more than nine hours on any day or for more than 48 hours in any week, it is laid down that he shall in respect of overtime work, be entitled to wages: (a) In the case of employment in agriculture, at one and a half times the ordinary rate of wages; (b) in the case of any other scheduled employment, at double the ordinary rate of wages.

The expression 'ordinary rate of wages' has been defined to mean "the basic wage plus such allowances including the cash equivalent of the advantages accruing through the concessional sale to the person employed of foodgrains and other articles as the person employed is for the time being entitled but does not include a bonus."

EDITOR'S JOTTINGS

Economic Trends in India

THE Reserve Bank of India's Annual Report for 1949—'50 makes an interesting reading, and as usual enumerates the various economic causes at work that have produced economic in-equilibrium in the country. But instead of diagnosing the disease, the Reserve Bank, which is the custodian of 'all symptoms,' notes the symptoms only, for others 'to diagnose and to dissect.' Thus the report places *scarcity of raw materials* as a major symptom mainly due to partial closure of cotton and jute mills; and the Bank was not interested to know why this had taken place.

Again, while in most of the European countries, inflationary pressure had declined, in India both the *price-inflation* and *wage-inflation* were having a quick parallel march. Thus between March 1949 to Oct. 1949, there was a rise in *price level* from 370.2 to 393.3 while wage level showed an increase of 80%. On the side of agricultural production and distribution, the procurement in 1950 was expected to be 5.4 million tons, while there is no indication so far for reaching that target, and for attaining the goal of self-sufficiency which the Govt. have in view. The only factor which restored to a certain extent the economic equilibrium was 'devaluation of the rupee' which reduced the balance of payments by 20% during Sept. 1949—Aug. 1950 as compared to previous year. India's trade in 1950 (except to Pakistan) amounted to Rs. 1021 crores—an increase over last year's, mainly due to 22% increase in imports.

Credit Facilities for Ryots

AT a two-day session of the Agrarian Sub-Committee of the Planning Commission held recently, it was resolved that rural loans by Govt. should be channelled through co-operative societies only, instead of being given *direct* and that a unified co-operative structure should be organised to provide short, medium, and long-term credit to the farmer. Considerable importance was attached by the speakers for improving the administrative efficiency and organising adequate extension services linked with multi-purpose societies and private demonstration farms. But with Dr. Kumarappa's report 'still hanging', and with the State Govt.s proposing to effect land-reforms, a central legislation combined with State Aid to implement the Planning Commission's schemes is the only way of giving relief to the cultivator, without in any way disturbing the long-standing traditions of agricultural economy.

Resignation of Sir Stafford Cripps

IT is said that owing to ill-health, Sir Stafford Cripps has resigned the Chancellorship of the Exchequer. An outstanding and commanding personality, as he was, it was felt for a long time that Mr. Cripps was not the right man in charge of the Treasury. The financial problems in U. K. had become very complex, in spite of colossal attempts on the part of the Govt. 'to bring out a balance.' In post-war England, while production has trebled as compared to pre-war, which is to the redounding credit of the factories and labour, her sterling balances combined with 'Marshall dues' had become too huge for any single country, however competent, to bear the burden. The devaluation of the £ on which Sir Stafford himself was not keen has not solved the question of 'full-value for the increased production,' while in home matters the nationalisation of a few key industries has resulted in heavy deficits.

Thus, while the Labour Party would not confess the mistake of their ideology but would nationalise even the complex steel industry, the problem of post-war reconstruction in U. K. is becoming more and more acute. But England has been bearing the world sterling burden to an extent, which no other country could have borne.

U. N. O. General Assembly

WHILE the General Assembly is by Charter free from 'the head-ache of a veto,' while the Security Council has, by plan, this chronic disease (with Russia also vetoing the decisions of the majority), the General Assembly has now asserted its superiority by arming itself with powers to assume the role of the Security Council, and to summon the Assembly within 24 hours. The Political Committee has now appointed two Committees, one of 14-nations for 'patrolling peace' and another for 'ensuring collective security!' The much-debated selection of Secretary-Generalship is now in the forefront of the Agenda.

Cotton Advisory Board's Recommendations

THE new cotton crop is estimated at 32,33000 bales. The Board has recommended that (1) trading in the new crop in ready and delivery contracts be allowed after initial allocation for mills (2) quotas for mills to get 70% of their consumption in 1947-'48 (on two shifts working, (3) allocations to be made according to Sub-Zones (4) mills not to change quotas once made from Sub-Zones (5) staggering of allocations in terms of four periods — October, Dec./Jan., Jan./Feb., and April.

FURTHER RECOMMENDATIONS

Thirty-three and a half per cent of the quotas should be allocated for October from the production. Half of this 33½ per cent should be reserved for local mills in each sub-zone and half for outside mills.

Of the crop which moves late, such as Surat crop, a quarter should be allocated in October, half of it being for the consumption of local mills and half for outside mills. The second allocation, for the period December/January should be made on the same basis as for October, and subsequent allocations and the procedure in making them should be decided at a later stage. The mills should be prohibited from entering into contracts for cotton other than that from zones allocated to them.

After April, the last month of the staggering period for quotas, the Textile Commissioner should notify the time before which *kappas* must be ginned and disposed of by the trade.

The Board recommended that mills which were consumers of Pakistan cotton should get Indian cotton instead, and those entirely dependent on Indian cotton should be granted extra quotas. The Textile Commissioner agreed to reconsider the question of granting allowances for foreign cotton in its entirety under expert advice.

The Board decided to set up regional committees at Surendranagar (Sourashtra), Indore (Madhyabharat), Hyderabad, and Tirupur. The regional committees will be responsible to the Board, which will also prescribe their functions.

The Board rejected a suggestion that trading in hedge contracts should be permitted this season. The general opinion was that this would not be possible, considering that the contracts would lack sufficient backing of cotton, and also that the movement of cotton was not free under the present control.

U. S. A. cuts Natural Rubber Supply by 25%

WITH a view to conserve natural rubber and forcing tyre manufacturers to use greater proportion of synthetic rubber, the U. S. A. has decided to reduce imports by 25% from 1st November.

Food Technology

THE opening of the Food Technological Research Institute at Mysore in the chain of 11 Research Institutes sponsored by the Board of Scientific and Industrial Research, has not come a day too soon, as, in India, to-day the food position is assuming an extreme and urgent importance in the economy of the land. We suffer not only from a deficit of food-grains estimated between 7 to 8%, but also from a lack of knowledge of a minimum dietary need of an individual in whatever form. Supplementary foods have played an important role in dietics in all industrial countries, and in a deficit agricultural country like ours, not only should increase of agricultural production be aimed at, but also production of concentrated foods, vitamins and other food accessories, composite multi-purpose foods etc. suited to different classes of society. The treatment of different coarse food materials, study of new and unfamiliar sources of food, materials such as substitutes, study of problems relating to food industries, and processing of food-stuffs to improve and maintain their quality—should be undertaken by the Institute in a comprehensive way with a view to make cheap, concentrated foods easily available to lower middle class and poor classes of this land. Doubtless, study of improved methods of storage of food-grains in a famine-stricken country like ours, should be undertaken, scientifically in the shortest time possible, so that the cultivator may know how best to store his food grains to help him in 'lean years'. The new Institute, unlike its compeers programmed by the Govt., should be in constant touch with the research conducted in Agricultural Research stations with a view to stabilise their research- but also with the aim to develop the commercial aspect of 'cheap foods', which should supplement the normal food supply in this country.

Export Advisory Council Reconstituted

WITH the Commerce Minister as Chairman, the Council has been reconstituted for a term of two years, totalling 17, with representations as follows :—

Chairman	1
Federation of India Chambers	2
Oils and oil seeds interests	2
Mica and Shellac	2
Associated Chambers	1
Indian Jute Mills	1
Southern India Hides Association	1
East India Cotton Association	1
All-India Exporters' Association	1
Farmers' Federation, Kanpur	1
Standing Handloom Committee	1
Textile Advisory Committee	1
All-India Manufacturers' Association	1
United Planters and Indian Tea Association	1
Total	17

Rolling Stock imports in India

THE present rolling stocks in India will be reinforced by imports of 250 passenger coaches and 8000 wagons within 18 months—according to Railway Rehabilitation programme of the Govt. of India.

Export Licensing Fees

As in the case of import licenses, fees will be charged for export licenses also.

Office of the Chief Controller of Exports

The Office of the Chief Controller of Exports, located at Church Road Hutments, New Delhi, has been shifted to Travancore House Hutments, New Delhi, from October 10, 1950. Exporters are asked to send their applications and address all correspondence to the new address.

Handicaps to Industrial Production in India

—AN ANALYSIS BY THE FEDERATION OF INDIAN CHAMBERS

Irksome controls and unremunerative prices, fall in productivity of labour, the lack of adequate credit facilities, and shortage of vital raw materials have been listed by the Federation of Indian Chambers of Commerce and Industries as some of the chief obstacles in the way of increased production.

In a memorandum the Federation has outlined some of the problems facing about 50 industries in producing to their full installed capacity, and remedies to remove these difficulties.

While the role of planning in economic regeneration is "fully realised," full utilisation of installed capacity is of "equal importance."

Referring to suggestions that the fall in production could be traced in certain industries to "faults in Management," the Federation says: "It is obviously difficult to say how far this is correct because it cannot be in the interests of the management itself to reduce production, or not to strain every nerve to maintain the highest efficiency."

The Federation, however, appeals to all concerned to consider it as their duty "to try their utmost to remove all cases of such complaints and trusts that "the business community would rise to the occasion in the present moment of crisis."

OTHER OBSTACLES

Among the other chief obstacles against increased production given by the Federation are:-delay in granting import licences to actual users of raw materials, indeterminate relation of tariff policy with the balance of payments position, "marked preference" by certain Union and State Governments' Departments to place orders with foreign concerns, uncertainty in regard to the role of private enterprise in the economic life of the country, existing tax-structure, and "the rather speedy pace of social legislations which act as a serious drag on production."

Suggesting the establishment of State Finance Corporations to supplement the efforts of banking institutions in providing credit facilities to industries, the Federation says: "In order to cater to the financial requirements of industries in regard to credit for medium-term and long-term duration, the time would seem to have come when the question of providing such facilities through the existing commercial Banks will have to be considered by the Reserve Bank of India, which has the responsibility of advising Banks regarding restrictions on loans and advances."

Giving an example of what it calls "eloquent testimony to the effect of Governments' nationalisation policy," the Federation says that the Electricity Supply) Act, of 1948, under which the purchase price that has to be paid by a State Government to acquire an undertaking, is limited to the cost or book value of the assets, has stood in the way of credit facilities being extended by Banks to electrical undertakings.

Unremunerative Prices

SAP INITIATIVE TO STEP UP PRODUCTION

Sugar and cotton textiles are given by the Federation as examples of two industries in whose cases the fixing of "unremunerative prices" by controls had 'sapped' the manufacturers' initiative to increase production.

In regard to low productivity of labour, the Federation feels that while the reduction in the number of man-days lost in 1949, as compared with those lost in 1948 and 1947, seems to indicate that the Industrial Truce resolution has borne some fruit, the recent strike-wave "originating in the illegal strike in Bombay's textile industry" threatens to belie expectations of improvement in the labour situation.

Suggesting an inquiry into causes of low productivity by Indian labour the Federation says that the inquiry should include replacement of the present system of bonus payment by a system of *incentive bonus.*

The memorandum refers in detail to the impediments in the way of and remedies for increasing production in the case of about 50 industries. The following are some of the points made in respect of important industries:

WANTED DEFINITE PRICE POLICY FOR STEEL

Iron and Steel: Production of crude steel in the first five months of 1950 has been 108.5 per cent of that in 1946. There has been a fall in labour productivity—16.30 tons per worker in 1948-'49 compared to 24.36 tons in 1939-'40 at the Tata plant, and 31 tons in 1948-'49 compared to 51 tons in 1942 at the SCOB plant.

A definite price policy for a reasonably long period in the case of indigenous steel should be fixed. Before new steel plants are set up by the Government in Madhya Pradesh and Orissa, financial assistance should be given to existing units to increase production.

Coal: Unlike others it faces a problem of over-production due to a fall in demand for low-grade coal from Pakistan. Labour is still adopting go-slow tactics, and is indisciplined. Some Government collieries operate at a loss, and at high cost. The question of economising operating costs or the closing down of high cost Government collieries should be settled soon.

SUGAR PRODUCTION

Sugar: Production in 1949-'50 is only 9.8 lakh tons compared with the maximum of 12 lakhs in 1943-'44 and 10.01 lakhs in 1948-'49. The lack of unified policy between States, one of the causes for the uneconomic price structure, and a free market for gur and khandsari sugar were two most important causes for the fall in production.

Reasonable rates should be fixed for crystal sugar, while the prices of gur and khandsari sugar should be brought down.

Licensing of indigenous sugar crushing mills has been announced from Oct. 10 in 28 districts of Uttar Pradesh. The Bombay Government's Prohibition policy has placed "impossible restrictions" on utilisation of molasses an important by-product of the sugar industry.

Cotton Textiles: The recent textile strike in Bombay has upset production. Fall in production in early months of 1950 was due mainly to the non-availability of indigenous cotton at ceiling prices fixed by the Government, and lag in the arrival of imported cotton. Compared to world prices, Indian cotton prices are low.

Artificial fixing of cotton textile prices at a low level is not in the interests of the country. Ceiling prices of cloth should be fixed at a reasonable level. Though there was a case for increase, the Government forced the industry "voluntarily" to reduce prices by four per cent in 1949.

Crisis in Jute

DUE TO UNCERTAINTY OF SUPPLY FROM PAKISTAN

Jute: The industry is facing a crisis because of the uncertainty of supply of raw jute from Pakistan. A normal flow of raw jute from Pakistan to India can alone solve the immediate problem of the short supply of jute, but the long-term solution lies in increasing Indian production of raw jute.

Cement: Proposals to set up a common marketing organisation is afoot. Production in new units will decline, if an unremunerative price is fixed compulsorily or even voluntarily for new units.

Chemicals: The most potent cause leading to a disturbance in the production programme is the "vacillating" import policy of the Government. The heavy import of soda ash in 1949 is an example in point. Special concessional freight rates should be provided for the chemical industry.

Urgent high level steps should be taken to secure for the sulphuric acid industry adequate supplies of sulphur from the United States, as America is understood to have suddenly refused supplies because of the war situation.

Fine Chemicals and Pharmaceuticals: The anomaly in the existing system and rate of excise duty in different States is the main difficulty in the way of progress. Article 246 of the Constitution, under which excise duties on medicinal and toilet preparations have been made a Union subject, should be implemented without delay.

Non-Ferrous Metals: Over-all production is insufficient for internal requirements. The development of the industry depends on a sound import policy. The Government-owned Hindustan Aircraft factory is offering "serious competition to the industry on a very unequal basis."

Automobile Industry: Manufacturing activity, instead of assembling activity, should be encouraged. The present *status quo*, by which all assemblers are allowed to import cars in complete-knocked-down condition, should be ended.

PAYMENT FOR IMPORTS

A Press Note says: "The attention of importers is hereby drawn to the Exchange Control Regulations regarding payment for imports, which permit payment to be made only in the currency of the country of origin of the goods, or in sterling or rupees to the appropriate non-resident account, and they are advised that in cases, where payment has to be made in any other manner, they should arrange to obtain the prior approval of the Reserve Bank of India through their bankers."

COIMBATORE TEXTILE WORKERS

APPEAL AGAINST INDUSTRIAL TRIBUNAL'S AWARD ON 'BASIC WAGES'

The Coimbatore District Textile Workers' Union (Congress), the Coimbatore District Textile Mills Staff Union and the Coimbatore District Textile Jobbers Union (all affiliated to the Indian National Trade Union Congress) are filing an appeal to the Labour Appellate Tribunal, Bombay, on the award of the Industrial Tribunal, Coimbatore, published on Sept. 10.

The points in dispute are that all mills in Coimbatore should pay four months' basic wages as bonus for 1948-'49, and that production and night allowances and other allowances should be construed as basic wages for the purpose of payment of bonus.

The Unions also seek revision of the clause in the Labour Tribunal's award stipulating a minimum of 75 working days for a labourer to claim bonus.

THE AWARD

The Industrial Tribunal, Coimbatore, had submitted an interim award last month in respect of payment of bonus for the Coimbatore Textile workers for the year 1948. The Tribunal held: "All workers inclusive of the staff shall be paid a bonus of 33 1/3 per cent of their basic earnings of 1948. The bonus year of 1948 shall be for each mill, according as it has adopted for the purposes of the balance sheet. Those workers who have already received bonus from the 29 mills as have paid the same will receive the balance due from them, but no person who has drawn more than 33 1/3 per cent will be liable to refund the same. The balance will be paid by the concerned mills at their option before Gandhiji's birthday or Vijia Dasami, 1950 or at least, one half thereof before then, while the other half shall be paid before Deepavali 1950. All persons on the rolls during the year 1948, who have worked for not less than 75 days irrespective of whether they continued in service or not after such bonus year, shall be entitled to the bonus. Mills which have paid no bonus yet for 1948 shall pay 33 1/3 per cent of basic earnings to each workman and member of the staff in a lump sum or two equal instalments as aforesaid."

Trade Talks between India and Spain

The Trade Talks between the official Spanish Trade Delegation and representatives of the Govt. of India have been concluded. The minutes incorporting the conclusions reached in the trade discussions have been signed on Oct. 10, 1950 and they will be submitted to the Governments concerned for approval.

BOMBAY CHIEF MINISTER ON LABOUR STRIKES

Mr B. G. Kher, Chief Minister of Bombay, appealed to labour and capital to co-operate in the interests of the country. Addressing the members of the Ahmedabad Mill-owners' Association he complimented the mill-owners and workers of Ahmedabad on maintaining industrial peace for 30 years and said: "Bombay saw about 1,000 strikes and lock-outs during the last 20 years. When the Congress first assumed power in 1937, a plan of compulsory conciliation and arbitration was introduced in Bombay Province, which cannot be said to have worked quite successfully in Bombay city. There was recently 60 days' strike to secure three months' bonus, and over a dozen men lost their lives in the unrest that followed.

"Labour is always swayed by propaganda," Mr Kher added "It resorts to strikes if it is told that it would gain thereby. The Socialists claimed that labour was behind them in Bombay city. But labour did not listen to their call to continue the strike, and resumed work after two months' loss of wages and production.

Mr Kher expressed a desire that Ahmedabad, which had led the country in the freedom struggle, should act as an example in ensuring industrial peace.

INDUSTRY'S PROBLEMS

Mr Chandulal P. Parikh, President of the Ahmedabad Millowners' Association, welcoming the Chief Minister, said: "Though it has maintained industrial peace for 30 years, the Ahmedabad textile industry has its own problems. It is paying since 1930 the highest wages in India. The result is that 11 mills lost Rs 40 lakhs last year, which is unprecedented in the history of the Ahmedabad textile industry.

"Till 1947 Ahmedabad was making the highest profits, as Ahmedabad mill owners concentrated on the management of their mills. But now they are paying Rs 20 per worker per month as dearness allowance more than any other centre. This has reduced the competitive capacity of the Anmedabad industry, which has repeatedly drawn the attention of the Government to this and pressed for justice."

IMPORT INQUIRY COMMITTEE'S RECOMMENDATIONS

Foreige Exchanbe Budget for Import Trade

Minimum Ceiling of Rs. 400 Crores Suggested

Inquiry Committee feels need for stability in Control Policy

Stability in administration and policy is recommended in four principal directions:

1. In the overall exchange allocations;
2. In general licensing policy;
3. In the licensing policy in respect of particular commodities; and
4. In administrative methods and practices.

Without such stability, the Committee observes, import control would be liable to serious fluctuations causing uncertainty in the trade, and consequent dislocation in commercial dealings.

One of the principal recommendations of the Committee to ensure the desired stability is to fix a minimum annual ceiling of Rs 400 crores in the foreign exchange budget for import trade for the next two years, to reduce fluctuations as far as possible.

BASIC OBJECTIVES

The basic objectives of import control policy, the Committee recommends, should be:-

1. To limit the aggregate imports on Government or commercial account to the total available foreign exchange earnings from different sources, including Sterling releases;
2. To distribute the available foreign exchange resources in the most equitable manner in order to secure planned development of agriculture and industry, and to meet the essential requirements of the consumers; and
3. Consistently with the above objectives, to moderate the fluctuations in the prices of particular commodities where they may have abruptly risen far above the parity of general level of prices.

Decentralisation of the licensing procedure extension of the free licensing system, increased facilities for new-comers, and steps to improve the efficiency of the import control organisation are some of the principal recommendations made by the Committee.

BALANCE OF PAYMENTS AND IMPORT CONTROL

So long as the present difficulties regarding the balance of payments last, the Committee recommends, the policy of the Government should concentrate on the maintenance of the existing Open General Licences, followed by a gradual liberalisation of imports of licensible articles.

The Committee feels that the O. G. L. list should not be extended unless the Government is satisfied that it will be able to maintain the items on the O. G. L, for a sufficiently long time. "It is no use placing a commodity on O. G. L, unless it can be maintained on it for some considerable time", the Committee observes.

Free licensing system, on the other hand would give the Government an opportunity to consider whether the stage has been reached when an item can be placed on the O. G. L. As regards the existing O. G. L., the Committee recommends their indefinite continuance, subject to an immediate review in consultation with the trade interests concerned.

The Committee, while acknowledging the difficulties in the framing of the foreign exchange budget of the Government of India, observes that utmost effort should be made .o reduce "the inevi able fluctuations" to a minimum in fixing the budget for imports. It has prescribed a ceiling for the next two years, and suggests that India's commerial imports during this period should be maintained at a minimum peace-time level of Rs 400 crores annually.

Order of Priorities

SHOULD BE REVISED IN CONSULTATION WITH TRADE

The Committee has recommended that the present policy of priorities for import of goods should be revised in consultation with the trade. Pending such revision, it suggests the following order of priorities for the next two years:

1. Raw materials for existing industries, including semi-manufactured raw materials;

2. Spare parts and accessories for existing industries;

3. Machinery and equipment essential for agricultural production;

4. Plant and machinery for replacement or balacing of the existing capital equipment for industries;

5. Essential consumer goods;

6. Machinery and equipment required for expansion of existing industries or for other schemes where the withholding of imports is likely to hold up immediate increase in production, or add to costs already incurred;

7. Machinery and equipment necessary for the establishment of other industries and;

8. Non-essential goods.

The normal period of licensing is recommended to be extended to one year instead of six months as at present. In regard to capital goods and heavy electrical plants, the period of licence should continue for three years with only one re-validation after six months.

GRANT OF LICENCES

In regard to distribution of licences the Committee endorses the present policy of distribution to actual users, established importers, and new-comers.

To the actual users, the Committee recommends granting of 100 per cent of their requirements, but suggests that the Director-General, Industry and Supply, and/or the State Directors of Industries should carry out a test audit, on random sampling basis, of the details submitted by the actual users, and report the result to the Chief Controller of Imports.

Liberal extension is recommended to several categories of essential industries including jute, paper, cotton textiles, chemicals and pharmaceuticals, and coal. Similar bulk licensing facilities are recommended for established importers.

As regards new-comers, the Committee, while endorsing the Government's policy, has recommended that the list of items for which new-comers are eligible should be kept stable. Further, if monthly ceilings for these items are large enough to accommodate actual users and established importers up to 100 per cent of their requirements, the excess should be shared between established importers and new-comers.

In the case of new-comers the income tax limit is recomended to be reduced to Rs 250 from Rs 500 at present. The Committee has also suggested modification of the existing procedure regarding grant of licences to new comers by which returns on business turnover may be certified by auditors rather than by bankers as at present.

FREQUENT CHANGES DEPRECATED

The Committee deprecates frequent changes in licensing instructions, and suggests that orders concerning policy and procedure should not be changed

except to correct gross mistakes and secondly to meet any unforeseen development requiring immediate action, and which cannot be left over for rectification till the expiry of the licensing period without grave damage to the country's economy.

Decentralisation of the licensing procedure "to the utmost extent possible" is another important recommendation that the Committee has made. All licensing should be done at the ports except the following which, because of their special nature, should be handled by the office of the Chief Controller of Imports at New Delhi.

(a) Applications for capital goods and heavy electrical plants; (b) applications for imports against Government indents:(c) applications by quasi-public authorities and State Governments; and (d) applications for a few specialised items, for example, fertilisers, tractors, and motor parts, which are covered by special policy decisions at the Centre.

The Committee devotes considerable attention to the administrative aspects of the working of the import control organisation.

Chief Controller Of Imports

PRINCIPAL FUNCTIONS OUTLINED

With the vesting, as proposed by the Committee. of the bulk of work regarding licensing to the control authorities at the ports, it hopes that the Chief Controller of Imports would be relieved of much of his routine work, enabling him to devote his attention largely to the problems of policy, supervision, and control.

According to the Committee, the principal functions of the Chief Controller of Imports should be to assist in the formulation of general licensing policy, licensing of special categories of goods, supervision of port offices, hearing of appeals against decisions of the Import Controllers at the ports, and finally, to undertake "continuous review" of the working of licence in their effects on trade and industry, in order to apply such corrective steps as may be necessary.

In the Office of the Chief Controller of Imports, the Committee recommends the setting up of separate licensing divisions, a central registry, a statistical organisation and an inquiry cum complaints division.

The Committee attaches considerable importance to the need for a proper statistical organisation the absence of which at present is characterised as a "serious administrative lacuna." This section, the Committee feels, should undertake in addition to normal statistical work, "trend" studies so that they may be used for fixing exchange allocation and commodity quotas among the industries concerned in the next licensing period.

EFFICIENCY

The administrative recommendations of the Committee which cover improvement in the quality of the personnel employed in import control, and the methods of work to be followed, are aimed at increasing the efficiency of the organisation. The Committee hopes that these proposals, if they receive fullest cooperation from the officials as well as trade, will go a great extent in removing "the administrative abuses."

It says: "No administrative systems are fool-proof and few indeed can be made knave-proof, much less the working of a body like the Import Control Administration, which deals daily with hundreds of applications for import licences all over the country.

It is only through constant vigilance alike by Government Officers and businessmen that the standard of administration can be improved and maintained at a high level. We have gone far in our proposals to provide the fullest measure of cooperation between them and hope that our confidence in the value of the cooperative approach will be justified".

"The United States should continue to support the United Nations 'to the full' because it symbolizes one of mankind's highest aspirations, an international house of democracy, a true brotherhood of the nations," declared General George C. Marshall, in the annual Memorial Day address at the Tomb of the U. S. Unknown Soldier, in Arlington National Cemetery, near Washington, D. C. The World War II Chief of Staff and former U. S. Secretary of State who proposed the European Recovery Program said, "The most important thing for the world today is a spiritual regeneration."

On Memorial Day (May 30) every year, the people of the United States pay tribute to their war dead at cemeteries at home and in many parts of the world. Citizens of all faiths, races, and backgrounds in the United States take part in parades. Memorial services are held in churches and cemeteries, and graves of veterans are decorated with flags and flowers.

The photograph shows General George C. Marshall delivering the annual Memorial Day address (May 30, 1950) at the tomb of the U. S. Unknown Soldier.

THE FOLLOWING

MEMORANDUM

TO

M. T. Raju, Esqr., I. C. S.,

Director of Industries, Madras

HAS BEEN SUBMITTED

BY

The West Coast Industrialists' Association, Calicut

AT

CALICUT

ON

Saturday, the 28th October 1950

THE West Coast Industrialists' Association, Calicut, submits this Memorandum for the favourable consideration of the Director of Industries.

(1) **Board of Industries.** The Director of Industries may remember that in October 1949 when the Hon. C. Perumalsami Reddi presided over the First Anniversary of this Association, when the Director of Industries was also present, the Hon. Minister agreedt o the repesentation of individual members of this Association in the Board of Industries. But so far, this has not been done. The Association, which consists of prominent industrialists and businessmen of this area, requests that in view of its growing importance, its representation on the Board may be taken up urgently.

(2) **Grant of Import Licenses.** In obtaining Import Licenses, the Certificates of the Director of Industries from Factories here are being inordinately delayed, which affect grant of licenses in time. The Association requests that, in future, recommendations from this Association on the requirements of the individual Factories direct to the Director of Industries may be considered sufficient, to grant the required Certificates, which might save time and ensure speedy grant of licenses by the Import Control Officers. Also it is necessary that in granting licenses the Govt. should know whether existing factories in each zone are working to full production, and whether fresh imports are necessary at all.

(3) **Karnataka Polytechnic and the Kerala Polytechnic to test and standardise the West Coast Products.** The Director of Industries may remember that he himself gave an assurance at the time of the First Anniversary of this Association, when the Hon. C. Perumalsami Reddi presided, that arrangements would be made for the starting of a Research Laboratory in West Coast. But so far, nothing has been done, and this Association has now suggested to the Government that the local Polytechnics be utilised for the purpose of testing and standardising the West Coast Products such as tiles, timber, handloom, etc. This Association requests that sufficient equipment and technical personnel be provided for in the Polytechnics at Calicut and

Mangalore for this purpose, as is being done in the Engineering Colleges. The Principals of the Polytechnics may be authorised to issue Certificates for goods tested by them and to charge scheduled fees, if necessary, for this work.

(4) **Representation in Cottage Industries Board.** The West Coast disrticts, as the Director of Industries is aware, are interested mainly in medium-sized and cottage industries. It is requested that representation be given to this Association in this Board.

(5) **Representation in the Advisory Committees in Kerala and Karnataka Polytechnics and in Kerala Soap Institute.** This Association as such has no representation in the above Committees. In view of the representative nature of this Association, it may be given representation in these Committees.

(6) **Admission of Casual Students in Polytechnics.** The Association requests that to train labour employed in Malabar and South Kanara Factories, special vocational and training classes running for short periods be opened in the Institutes for training those recommended by the Factories in Civil, Mechanical, and Electrical Engineering vocations.

(9) **Government Advertisements in "The Industrialist."** As the Director of Industries is aware the Government have now included "The Industrialist" in the list of Newspapers suitable for advertisements (See G.O. No. 4116, P. W. (I & P), dated 7—11—1949, and that 'INDCOM' published by the Government is to be exchanged for this Journal. The Association requests that all advertisements pertaining to the Department of Industries may in future be kindly included in 'The Industrialist' at the usual rates fixed by the Journal.

The Association requests the Director of Industries kindly to consider the various points contained in this Memorandum sympathetically.

"Brabazon" Ladder Put To Industrial Use

A mobile extendible platform designed for use in servicing the Bristol Brabazon, the world's largest airliner, is now being manufactured in Britain for other industrial applications.

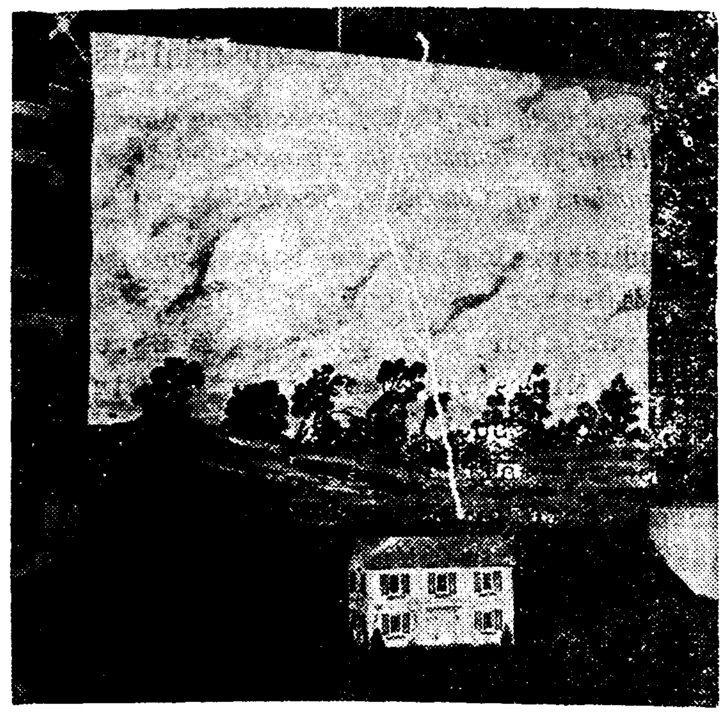
The unit consists of a ladder fitted with handrails and a working platform mounted on a triangular tubular base. This base is carried on three castoring wheels and it can be raised on four quick-action screw jacks. The angle of the ladder can be adjusted through a screw-operated gear and it can be extended by means of hand crank-operated winch. The platform is adjustable to height up to 32 ft.

Inexpensive Cycle Dynamo Set

A compact light-weight headlamp of a completely new design is the principal feature of an inexpensive cycle dynamo set recently introduced by a British electrical firm. In the design of this headlamp, the usual internal type of reflector is replaced by an external type of unbreakable plastic lens.

The beam obtained by means of this lens is equal in power to that provided by the normal type of reflector. The lens is firmly secured to the rim of the headlamp by means of a simple clip.

Included in the cycle dynamo set is a light-weight dynamo whose eight-pole system ensures smooth running with-out pulley drag. It also enables a light to be obtained even when the bicycle is wheeled at a walking pace. The magnet is made from a special alloy steel which retains its magnetism even if the dynamo is subject to severe mechanical shocks.



'MAN-MADE' LIGHTNING AT A HIGH VOLTAGE LABORATORY IN U. S. A

Fifteen-million-volt bolts of 'man-made" lightning are being used at the new High Voltage Laboratory of the Geneva Electric Company at Pittsfield, Massachusetts, in Eastern United States, to aid engineers in their research to develop reliable, inexpensive lightning control materials, to protect electrical systems in industrial plants and in homes.

Editor's Jottings....

Old Game Still!

WE had two outbursts from two Central Ministers during last week against the industrialists and businessmen in the country. While both the Prime-Minister and the Deputy Prime-Minister have been trying to make strong amends to the wrong policies followed by the Government in the matter of industrialisation, since the famous communique of April 1948, and while the Minister for Industry himself has started feeling that private industries should be encouraged in all possible ways, here is a spectacle of the Hon. Minister for Labour roaring to an audience of labourers at Bundlekand that the days of industrialists are numbered and that labour should be considered as a senior partner in a Factory. In another place, the Hon. Minister without Portfolio declared that every industrialist should pay 90% of his profits as taxes to the Government without realising that this was impossible. Both the Ministers should know that these statements are not only highly irresponsible at a time when capital is shy and when private industries are terribly suffering from a number of handicaps which have retarded production in the country, but also their reactions on the general public will be to shake the confidence in the Government and in the very economic structure of the country. While the Labour Minister has already put in the anvil a number of social legislations, some of which have been well-received by the industrialists themselves, we see no justification for this ill-timed speech which would discourage private industries, already losing confidence in the Government policies and administration.

The West Coast Industrialists perturbed over the Hon. Jagjivan Ram's attack on Industrialists

The following telegram has been sent by the W. C. I. A. to the Prime Minister, Deputy Prime-Minister, Minister for Industry, the Finance Minister, and Federated Chambers of Commerce, New Delhi.

"The West Coast Industrialists' Association strongly protests against Labour Minister's reported speech at Bundlekand which was contradictory to policy of Government as often declared by Prime Minister, Deputy Prime Minister, and Industries Minister, stop, such ill-advised statements cause tremendous harm to the already waning spirit of initiative and industrial enterprise in the country stop this Association requests the Prime Minister to dissociate himself and his Government from the views so expressed in order to restore confidence".

'The Hindu' writes:— Nationalisation Problems

THE Labour Minister addressing a Labour Conference has every right to tell his audience that industrialists must consider labour as senior partners in their enterprises, if that is the way he feels. But it is difficult to understand Mr. Jagjivan Ram's object in telling the world in the same breath that "the declared policy of the Government was to keep going the big businessmen and industrialists for only a few years more because they possessed the necessary means and resources to push up the production of the country." Nothing lasts for ever in this world of change and even industrialists have, one supposes, a suspicion that their day might some time come to an end. But the Prime Minister and the Deputy Prime Minister have been vying with each other in assuring industrialists and, indirectly, the outside world that they are not wedded to the idea of nationalisation for nationalisation's sake. They have pointed out that we have neither the capital resources nor the trained technical personnel that would be needed to attempt nationalisation on a large scale, that for a fairly long period to come we shall have to proceed cautiously, not biting more than we can chew, and that there will always be a private sector in industry and that not a negligible one by any means. Responsible men like the Labour Minister should not, in their praiseworthy desire to hearten the workers, ignore the utterances or the objective realities that drew them forth. The course of nationalisation elsewhere is not so smooth that we can afford to indulge in loose thinking and 'pet' talk which might raise false hopes.

What is happening in Britain ?

Britain, according to outside observers, has on the whole done fairly well. But it is not merely the cantankerousness of the Tories that has been responsible for the serious consideration that some of the problems thrown up by nationalisation are receiving at the hands of the Government. Many of the nationalised industries are under the control of great public corporations. The African groundnut controversy has brought into the limelight the need for devising proper methods of public scrutiny of the work of such corporations which would not however impair their responsibility or prove a hindrance to enterprise. The Parliamentary question, which is so potent an instrument for drawing attention to individual grievances or injustices, is not considered suitable for this purpose, as the issues involved may be both complicated and technical and the authorities concerned would not be present to speak for themselves. On the other hand, the suggestion that the corporations might be superseded and control directly vested in a Government Department is even less acceptable. It is felt that a Minister and his Department, being directly responsible to Parliament, might be so harassed by fear of political trouble from the Opposition that they might be inclined to play for safety and thus sacrifice efficiency and expedition. Another suggestion that has been made is that a Select Committee of Parliament should be set up to examine publicly-owned industries and report to the House on their conduct. Mr. Morrison, who moved in the Commons the other day a motion raising the issue of public scrutiny of nationalised industries, said the Government were against the proposal for a Select Committee. If it were to be effective it would have to be provided with expert staff and its enquiry would develop into a kind of elaborate cross-examination, which might, beside wasting much valuable time of the chairmen and other officials of the industry boards, make them nervous and apprehensive, since commercial men were not used to that kind of inquest. Mr. R. A. Butler speaking for the Conservatives agreed that it was premature to think of the Select Committee as a solution. At the end of the debate, Mr. Morrison announced that the Government had come to the conclusion that a periodic review of the socialised industries on the lines of those followed by the B. B. C. was the best solution in the circumstances. These Reviews would take place once in seven years.

Much was said in the course of the debate on two matters which are apt to be ignored in similar discussions in India. They were the need for ensuring that consumers' interests were not neglected and that the workers had an adequate voice in the ordering of the affairs of the industries concerned. The Opposition contended that consumers' councils where they had been set up "had not acquired sufficient reputation for independence or efficiency." And a Labour member added the criticism that these councils "were equipped with inadequate specialist knowledge to enable them to stand up to the officials of the boards. They were presented with decisions but were not consulted before decisions were reached." As regards workers' councils, which were also being formed, the Government themselves seemed to labour under the feeling that all was not well with them. Said Mr. Morrison, "suggestions put forward by the works people ought to be carefully examined. It was not good enough when the management forgot them or merely said 'No'." Having said this he was constrained to add, "The workers' representatives should strive to acquire a sense of responsibility and educate themselves so as to get as near as possible to a basis of intellectual equality with the management." If in a country like Britain nationalised industries have not been able to steer clear of the dangers that are attendant on the unlimited monopoly and bureaucracy that go with socialisation, it would be merely wishful thinking to imagine that nationalisation would act as an 'Open Sesame' in India.

Repercussions—Tibetan War

ACCORDING to an old Chinese saying reactions and repercussions are the fundamental and normal feature of a live organism'. This truth is more than illustrated in World Politics to-day, when power-blocs are acting and reacting and indulging in mutual recriminations without arriving at any seettlement. If the Korean War had not solved the fundamental issues of world politics except showing the military superiority of one party, there is now the spectacle of China invading Tibet without one word of explanation, while India has strongly protested and is even championing the cause of Communist China in U. N. O. Unless and until old methods of asserting one's military superiority give place to frank talks and settlement of issues between the parties themselves or with the help of an arbitrator, the U. N. O and its subsidiary Councils lose all their meaning. We are afraid that we shall then be reverting to the 18th century again when 'colonisation' and 'invasion' were the policy of the conquerors.

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YARN PRODUCTION IN MILLS

Textile mills in India have been permitted from November 1 to employ 2,000 spindles or ten per cent of the total number of spindles installed, whichever is higher, for the production of yarn out of cent per cent staple fibre. A Press Note issued by the office of the Textile Commissioner to the Goverenment of India announcing this added: "Mills producing such yarn are also permitted to employ looms for the weaving of fabrics from the staple fibre yarn so spun by them. The Textile Commissioner has also prescribed the markings to be made on such yarn and fabrics. The general permission is effective from November 1, 1950, and supersedes all previous permission issued to mills in this regard."

SRI. V. S. NATARAJA MUDALIAR

Member of the Committee of the W. C. I. A.
Writes:—

TO
The Editor, 'THE INDUSTRIALIST'

RAJAJI'S HOMILIES

Sri Rajaji has become a great preceptor. He cannot resist the temptation to give advice and homilies on every possible occasion. We unfortunately have a spate of Counsellors but too few who practise them. It is very painful that the hard-pressed Industrialist has again been the target of a veiled attack by Rajaji. His advice that they should smilingly part with 90% of their earnings is ridiculous in the extreme and to the vast majority of people who have been taught to think of the Industrialist as a parasite of society, this homily would be one more proof of his rapacity. It is pertinent to ask in this connection if our high placed Congressmen, who are held ing offices like Ministers, Presidents, Governors, etc., smilingly offer 90% of their salaries to the Government ?

Payment of 90% of their profits as taxes would soon land any businessman into bankruptcy. There are such things as in lean years ploughing back profits into business and above all the much needed capital formation. If the 10% that remains out of the earned profits could meet the above requirement for a progressive economy, the Industrialist must have a tremendous margin of profit indeed. Then of course he will be deemed to be a black-marketeer..

In Madras, Sri Rajaji advised the students of the Polytechnic Institute to take great interest in their subject and exhibit such great devotion to their work that they would melt the heart of Industrialists as well as of the Government. In our country, the Industrialist sector has certainly many shortcomings. But I venture to think that they alone do not monopolize all the evils that our entire society is overwhelmed with.

From British Information Services

Commonwealth Trade Department of the Federation of British Industries

The Federation consists of 6000 individual firms and some 280 Trade Associations representing 85% of productive industry of U. K. Indian firms who wish to contact manufacturers either for placing orders in U. K. or discussing the possibility of local manufacturing arrangements may contact the local representative. Mr. A. T. St. J.W. Shuttleworth, Janmabhoomi Chambers, Fort Street, Ballard Estate, Bombay.

New Uses for Rayon

The British Rayon Federation is arranging an exhibition at Manchester between Nov. 9 to Nov. 24. The articles to be displayed range from ribbons to high tenacity ropes and from dental flows to surgical stockings.

Flourescent Inks for Poster Printing

New Colour Inks which may revolutionise poster advertising have been produced by a British Firm—Inks much brighter than natural colours.

New Indian Vessel undergoes initial trial

The Cargo-passenger turbine steamer 'Jai Vallabh' built by Clyde Firms on behalf of Scindia Stean Navigation Company of Bombay — is undergoing trial before being sent to India. It is the 12th ship supplied by Clydes and the 7th by Lithgows, Limited.

Indian Trade Unionists' visit to U. K.

The British Council of U. K. Trade Union Congress is contributing £ 800/- towards expenses of visits of Indian and Pakistani Trade Union representatives to U. K.

INDIAN NEWS

More Powers to Income-Tax Department to check evasions

The Indian Finance Minister has forecasted a new legislation to check Tax evasions, on the lines of recommendations by the Income-Tax Investigation Commission. Also the Central Board of Revenue would be appointing Public Relations Officers whose function would be to ensure no unnecessary hardship to assessees dealing direct with the Department.

India-West Germany Trade Agreement

A supplementary Trade Agreement has been signed 'mainly Technical'—with 27 million dollar volume of trade between the two countries.

Planning Commission's scheme for Fertiliser Industry

A programme of developing the Sindhri Factory and other Cement Factories to bring their production to their full installed capacity has been envisaged. With domestic requirements of 4½ lakhs tons a year during next few years, it is said that the major portion could be produced in the country itself.

Illegal 'Strikes' - Order of the day.

After the Bombay strike which has ended, more illegal strikes are coming to the fore. The strike of 2500 employees including clerks in the Fertilisers' Factory, Alwaye sponsored by the Employees' Association affliated to the socialist Hind Mazdoor Sabha—is the latest, and its demands range from increased allowances to reinstatement of ex-secretary and to avoid retrenchments.

Sales Tax on Handloom Goods

We hear that the Sales Tax Committee in Madras is considering the question of exemption of Handloom goods from Sales Tax now levied at one point, and also from license fee. The matter requires sympathetic consideration by the Finance Ministry, as Handloom manufacture suffers from high costs and any addition by way of tax would not only be a heavy burden on the consumer but would work as a great hardship to the Industry itself.

Retrenchment in Industries

We are glad that the Govt. of India are considering the question of enacting a legislation to regulate retrenchment in Industrial establishments. Under the provisions of the Bill, retrenchment of surplus workers will not be subiect to adjudication, and the reduction of staff on account of rationalisation will not be included under 'retrenchment'. The bill will specify the terms and conditions under which an employer can retrench a worker who has been in continuous employment for not less than a year and the Govt. may also refer the question of retrenchment to a Tribunal on a request from the employer.

MR. HARIDAS GORDHANDAS

Member of the Committee of the W. C. I. A

WRITES :

To

The Editor, "THE INDUSTRIALIST"

DISPARITY IN RAILWAY FREIGHTS

Tea Chests—Freight rates to Calcutta (Shalimar)

We are writing this in order to bring to your notice a glaring disparity in the freight rates between the same commodity—plywood—when booked by rail under different names, viz., 'commercial sizes and tea chests' to Shalimar. For your information, we give below the current rail freight being charged for these two categories from Cannanore to Shalimar :

Commodity.	Class	Conditions	Rate per maund.
Timber, NOC. and Plywood sheets.	WL/E	W/350 RRL	Rs. 1-11-4
Boxes, cases, Casks, Tea Chests wodden unassembled, with or without fittings	2	B/PB	Rs. 3-11-4

As both manufacturers on a large scale, and suppliers of tea chests for consumption in well-known Tea Estates in Bengal, our experience has been that this divergence between rates, where tea chests are being singled out for higher rates, has thoroughly dislocated our normal trade channels in Calcutta. We have reports that as free flow of quality tea chests manufactured by well-equipped factories like ours on the West Coast is not possible, thanks to the high rates charged by railway for these tea chests, Calcutta markets are dumped with miserable specimens of plywood tea chests of cottage industries in Calcutta. It is further reported that the European Tea interests readily pounce on these tea chests of cottage productions and take them and to condemn all Indian made tea chests with a view to get some excuse to clamour for Tea chests imorts from foreign countries.

In order, therefore, to counter this propaganda effectively the National Railways of our country should, in our opinion, do something to ease the position of the manufacturers of indigenous tea chests by allowing concessions in railway freight, instead of as at the moment, placing obstacles on the way of industries by charging too much. We do not quite know on what basis the railways have classified tea chests under class 2, but, in effect, this has definitely upset our marketing programmes in alcutta, where we find it impossible to compete effectively with low-priced tea chests produced by mush-room factories there, without running into loss. Our difficulties in this regard are on the increase these days when the high cost of production is another disadvantage for us.

We take this occasion to point out that as a matter of fact the high rates charged for tea chest panels in comparison to goods coming under Classification WL/E. is contradictory to the industrial development policy of the Government of India,who are pledged to protect the indigenous tea chest industry.

In the circumstances, we request you to please take such action as is necessary to bring the rail freight charged on Tea Chests on a par with class WL/E., and thus help the industry to keep a free flow of quality chests to Calcutta, off-setting the interested attempts of the enemies of the indigenous industry to strangle it.

Proceedings of the Second Annual General Body Meeting of the West Coast Industrialists' Association, Calicut.

1) The Second Annual General Body Meeting of the Association was held on Sunday, 29th October 1950 at 3-30 P. M. at the Office Premises, amidst scenes of lively enthusiasm among the Members. There was a large attendance of Members including visitors. The President Rao Bahadur B. S. Tripurantaka Mudaliar opended the proceedings by a lucid speech explaining the present position of industries in the country and how best the Association of this nature could be of help. He appealed to the industrialists to join the Association in larger numbers to strengthen the usefulness of the Association. The Association has been in existence for two years now and it has achieved great success in the matter of representation to the authorities on various matters concerning them. It has done very useful work and impressed the authorities upon its usefulness. The Association has been making repeated representations on various subjects concerning the industries such as supply of raw materials, import of machinery, requirements of electricity, shortage of wagons, lack of yarn supply, import controls, relief from taxation, etc. The President summarised the various handicaps which the industries are facing now such as shyness of capital, heavy taxation, difficulties in getting imports etc. The Govt. have not been very helpful in meeting the requirements of the Industries. He appealed for the co-operation of members to develop industries and to increase production, which is the crying need of the hour.

2) The following Resolutions were passed by the General Body Meeting :—

(1) Speech of Hon. Jagjivan Ram, Minister for Labour, at Bundelkhand

The Members expressed their great resentment at the speech of the Hon. Jagjivan Ram, Minister for Labour at Bundelkhad saying that labour should be considered as a senior partner in a Factory and that 'the days of industrialists are numbered". Speeches were made that such irresponsible speeches should not have been made in the larger interests of the country. The meeting decided to send telegrams to the Prime Minister, the Deputy Prime Minister, the Minister for Industry, the Minister for Finance and the Federated Chambers of Commerce, New Delhi, recording their strong protest against the speech of the Hon. Minister for Labour (See the Text of the telegram—page 2)

(2) The Malabar Tenancy (Amendment) Bill 1950

The meeting them passed the following resolution on The Malabar Tenancy (Amendment) Bill, 1950 to be sent to the Select Committee on the Bill :—

"The West Coast Industrialists' Association, Calicut, records its strong protest against the principles of The Malabar Tenancy (Amendment) Bill, 1950, and the hasty manner in which it is being rushed through in the Legislature."

The meeting nominated the following gentleman to give evidence before the Select Committee on the Bill :—

Rao Bahadur S. Chellam Iyer, Member of the Committee

(3) Other subjects discussed

Next in importance among the subjects discussed and resolved upon, was the recommendation to impose *salt duty* in place of proposed Capital Levy to help the refugees. This duty would easily give an income of atleast Rs. ten crores which could be utilised to give immediate relief to the refugees and also to create a Sinking Fund for giving permanent relief to the refugees.

Business side of the meeting

The meeting adopted the Report of the Committee, the audited Balance Sheet, and Statement of Accounts together with the Auditor's Report for the year ending 30th June 1950. The Budget for 1950-'51, as approved by the Committee, was passed.

The meeting then proceeded with the election of the Committee for the year 1950-'51. The same members as constituted last year were re-elected as Members of the Committee for 1950-'51. Rao Bahadur B. S. Tripurantaka Mudaliar will be the President, the two Vice Presidents Dewan Bahadur K. V. Suryanaryna Iyer, B. A., B. L and Mr. C. Samuel Aaron and the Treasurer Mr. P. S. Nair, L. M. E.

Dewan Bahadur K. V. Suryanarayana Iyer's Lecture

After the General Body Meeting was over, Dewan Bahadur K. V. Suryanaryana Iyer, B. A., B. L., Vice-President of the Association delivered an eloquent and interesting lecture on "Fundamental Rights envisaged in the Indian Constitution with special reference to the Industrial policy of the Government.

(The full text of his speech will be published in the Weekly Industrial Snippets to appear on 11th Nov. '50)

Deputation of the West Coast Industrialists' Association to the Director of Industries, Madras on 28th Oct. 1950

The Secretary of the Association waited on Depuation to the Director of Industries and submitted a Memorandum to him. The Director of Industries was very sympathetic and promised to consider the following requests of the Association:-

(1) *Representation of the Association in the Board of Industries*

A representative of the Association will be nominated when a vacancy occurs. in the Board

(2) *Grant of Import Licenses*

In granting import licenses the Director promised to take into account the recommendations of the Association in forwarding the Import Licenses to him.

(3) *Karnataka and the Kerala Polytechnics to test and standardise the West Coast Products*

The Director agreed that he would try to help the industrialists in testing and standardising the West Coast Products through the Polytechnics both at Calicut and Mangalore. In the case of commodities to be certified by the Indian Standards Institution, the Director said that the Govt. of India should be approached.

(4) *Representation of the Association in Cottage Industries Board*

The Director promised representation of the Association in the Cottage Industries Board.

(5) Representation of the Association in the Advisory Committee to Karnataka Polytechnic.

The Director assured representation of the Association in the Karnataka Polytechnic. In the case of Kerala Polytechnic there are already six members of the Association as Members in the Advisory Committee.

(6) *Government Advertisements in "The Industrialist"-*

The Director assured he would arrange advertisements in "The Industrialist" from April 1951.

WEST COAST INDUSTRIES

TIMBER & SAW MILLS

BY

Sri. S. Nagaraja Rao.

Although in the evergreen Forests of Malabar large varieties of timber are grown, and Kallai and Baliapatam are two of the principal Timber Markets in India, paradoxical though it may seem, the Timber Trade continues to be conducted in a very unsystematic manner. There are market prices, quoted from day to day, for all the other commodities—from Bullion and Diamond to Wire nails and all produces, like Tapioca, Cocoanuts, Ginger, Pepper, and Cardamoms. The same is the case in respect of all oils and oil seeds. Yet, curiously enough, there are no ruling prices for the different species of timber —Logs or Cut-timber—and each seller quotes his price, according to the urgency of the demand of the buyer. It is time that something is done towards stabilising this trade and bringing it, as nearly as possible, at par with other trades, so that the producer and the seller will each be assured of a definite price and the buyer knows what exactly to pay. As things now stand, there is very little margin of profit, corresponding to the soaring price of round-logs and the large capital invested, unlike in other trades, like yarn, piecegoods, hardware, etc.

Another vital factor is that the arrivals of logs from the Forests are dwindling year after year, although the prices have gone up approximately five or six times to what was prevailing before the Second world War. Also, unlike some 15 or 20 years ago, the arrivals of logs at Kallai and Baliapatam is not wholly dependent on the Monsoon and the water in the Rivers. The transport of logs by Lorries has made it possible to move logs right from the source to the River-beds or Saw Mills and very quickly. The position now is easier, due to the abolition of Petrol-rationing from 1st of September, 1950.

The reason for the paucity of felling operations appear to be mani-fold. Principally, they are due to the prohibitive wages demanded by labour, want of sufficient rice for elephants, very heavy seigniorage demanded by the forest-owners and inadequate finance. The persons who actually extract timber from the Forests are not, generally, all of them wealthy to stand the strain and hold-on, until the timber logs are transported and sold and the proceeds realised. There is no organisation which could come to their aid, as in other trades—like Sugar-cane, Cotton and Ground-nuts, to name a few. Even if they are able to borrow, it is only at a high rate of interest and that a short-term loan. I suggest organising Co-operative Credit Societies by the Timber Merchants, Saw Mill Owners and the rich landlords, etc., (and membership being confined to them) so that things will swiftly and materially improve. This step will be mutually beneficial to all, in the long run.

The Government of Madras should be urged to allot more rice to the elephants and also extra rations to the labour working in the Forest operations.

In conjunction with the efforts of the private persons who work in the Forest and bring logs, the Government Forest Department should come to the rescue of the timber trade. At present, they are very lethargic and appear to be quite content with cutting a few Teak Poles, Short Logs and Measureables

and offer them at Public Auctions and thereby realise maximum prices. They do not take any pains to see to the regular inflow of the various species of logs from year to year, from the Forest areas to the milling centres, like Kallai and Baliapatam, by any planned system. In this respect, the work of the Forest Department in the Travancore-Cochin States Union, despite some drawbacks, is really commendable. The Madras Forest Department should immediately ascertain the difficulties of the trade and work in unison with those in the trade, including the saw-mill owners.

Allied closely with the proper extraction of timber and their regular arrivals from the forests, stands the Sawmills, working at Kallai and Baliapatam. At present, however, it is found that there are not enough logs to feed all the Band mills—as many as 35 in Kallai and 30 in Baliapatam—throughout the year. It should be admitted that as it is, the Saw Mills work only part of their capacity, during a major portion of the year. Only during the months of October, November and December each year, there is some regular work for all the Mills. However, with the present condition of labour and the labour laws, it is a difficult problem to pay and maintain the workmen and others working in the saw mills, throughout the year.

The only remedy to prevent such difficulties is this: Instead of working the Factories intermittently, in a haphazard way, during the whole of the year, the working could be restricted to the period when normally there is a rush for sawing, due to the seasonal and other factors, peculiar to this trade. During the months, May to August (inclusive) when the South-West Monsoon is at its height, the Mills may be closed and from September to April, the Mills may be worked in turn for about 6 months, continuously, according to a schedule. During the months October to February, however, all the mills may be arranged to work, to meet with the peak sawing work. In other words, the Saw Mills may be placed in the category of Seasonal Factories, which will mean some changes, principally in the total working hours per week—54 hours instead of 48 for non-seasonal factories—and other rules regarding holidays to workmen, etc.

As regards labour, much may not be lost by them, as the total emoluments earned by each of them will practically remain the same as now. They will have an added advantage of having more or less full employment during the period the Saw Mills work. During the heavy monsoon months, however, when all the mills shut down, they may have to find some substitute work. The State Government should assist them.

To implement the above scheme of working the Saw Mills as Seasonal Factories and to ensure sawing work equitably to all the Mills, a well-organised Association, on the model of the Southern India Millowners' Association, Coimbatore, may be set up. This Association will allocate sawing to various Member-mills, according to their installed capacity and the sawing available, so that all the mills will have the benefit of having work and this Association will also draw up the schedule regarding the periods in the year during which each of the various Member-mills will open and close down.

Incidentally, by adopting the above course, the sawmills will be able to prevent any possible reduction in the existing sawing rates and there can be no fear of a rate-war between one Sawmill and another. It will be admitted that, with the increased wages, etc. to labour and the high prices of Plant, Machinery, Mill Stores and Spares and Tools and the highly depreciating nature of the existing assets, any reduction in the present schedule of sawing rates will not be economical.

The Association can also cater to the requirements of the various items of daily use in Saw Mills, such as Oils, Firewood, Saw Blades, Beltings, etc., by purchasing these at favourable rates in bulk quantities and supplying them to the member-mills, on a non-profit-making basis.

In the long run, it may, perhaps, be necessary for the Saw Mills to arrange for the procurement of necessary logs; themselves, in times of need, so that there may not be any breakdown in the sawing work during any period. This, again, will be analogous to the Southern India Millowners' Association, Coimbatore, who arrange for the required cotton to feed all their member-mills. The proposed Association, therefore, will be the mouth-piece of the Saw-mills at Kallai and Baliapatam, as the case may be.

As things stand now, the time may not be far off when no mill could be just content with merely cutting logs for others and doing only outside sawing work, without bothering to buy logs and finding a market for the sawn timber. The sale of timber of various species should rest in a co-operative organisation whose duties it will be to fix the selling rates for the different species of Malabar Timbers, according to sizes and quantities.

I suggest a Conference should discuss all matters on a high-level. The Conference may be convened by the West Coast Industrialists' Association and attended by the Timber Merchants, Saw Mill Owners, persons actually engaged in the extraction of timber logs from the Forests, and others who have interest in timber trade, besides the Officials of the Madras Forest Department. This Conference may be convened at an early date, before further deterioration sets in, in the timber trade and Sawmills on the West Coast.

REGISTERED No. M. 5438.

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